



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

**March 12, 2019**

**ADDISON TOWN HALL**

**5300 BELT LINE RD., DALLAS, TX 75254  
6:00 PM WORK SESSION  
7:30 PM REGULAR MEETING**

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**WORK SESSION**

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1. Present and Discuss a **Personal Transport Vehicle Pilot Program to Regulate Bikesharing and Scootersharing Companies in the Public Right-of-Way and on Town Property.**
  2. Present and Discuss **the Format for the Town Meeting on April 15, 2019.**
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**REGULAR MEETING**

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**Pledge of Allegiance**

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## Announcements and Acknowledgements regarding Town and Council Events and Activities

### Discussion of Events/Meetings

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#### 3. 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.

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#### 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.*

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#### 4. Consider Action to Approve the **February 20, 2019 Work Session and Regular Meeting Minutes.**

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### Regular Items

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#### 5. Consider Action to Approve a **Resolution for a Performance Contract Between the Town of Addison and Gary Osier Presents, Inc. for the Personal Services of Musicians, Josh Abbott Band, and to Authorize the City Manager to Execute the Contract** in an Amount not to Exceed \$130,000.

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#### 6. Consider Action to Approve a **Resolution for a Performance Contract Between the Town of Addison and The All-American Rejects Corp. O'Touring for the Personal Services of Musicians and to Authorize the City Manager to Execute the Contract** in an Amount not to Exceed \$80,000.

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7. Hold a Public Hearing, Present, Discuss, and Consider Action to Approve an **Ordinance Amending Planned Development Ordinance 007-034, as Amended by Ordinances O13-026, O16-017, and O16-018, Which Zones that Area of the Town Known as Vitruvian Park, Containing Approximately 121 Acres of Land Generally Located at the Southeast Corner of Marsh Lane and Spring Valley Road in Order to Add Veterinary Clinic as an Additional Permitted Use. Case 1791-Z/Vitruvian Park.**

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8. Present, Discuss, and Consider Action on an **Ordinance Granting a Meritorious Exception for Make-A-Wish, Located at 16803 Dallas Parkway, from the Code of Ordinances, Chapter 62 Section 62-163. – Area, in Order to Permit a Sign Exceeding the Allowed Letter/Logo Height Requirement.**

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9. Present, Discuss, and Consider Action on an **Ordinance Granting a Meritorious Exception for Lupe Tortilla, Located at 4535 Belt Line Road, from the Code of Ordinances, Chapter 62 Section 62-163. – Area, in Order to Permit a Sign Exceeding the Allowed Letter/Logo Height Requirement.**

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10. Present, Discuss, and Consider Action to Approve an **Ordinance Amending Chapter 22 - Businesses of the Code of Ordinances by Adding Article VIII, Short Term Rentals, in order to Establish Regulations for Short Term Rentals, and Amending Chapter 74 - Taxation of the Code of Ordinances to Amend the Definition of a Hotel to Include Short Term Rentals.**

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11. Present, Discuss and Consider Action on a **Resolution Authorizing the Submission of a Grant Application to The State of Texas, Office of the Governor, Public Safety Office - Criminal Justice Division for the National Crime Statistics Exchange (NCS-X) Implementation Assistance Program; Authorizing the City Manager to Apply for, Accept, Reject, Alter, Terminate or Execute the Grant Agreement; and Providing an Effective Date.**

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12. Present, Discuss and Consider Action on **Acceptance of the Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR).**

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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.

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Posted: \_\_\_\_\_  
Irma Parker, City Secretary  
DATE  
Time:

**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

1.

Meeting Date: 03/12/2019

Department: Infrastructure- Development Services

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### AGENDA CAPTION:

Present and Discuss a **Personal Transport Vehicle Pilot Program to Regulate Bikesharing and Scootersharing Companies in the Public Right-of-Way and on Town Property.**

### BACKGROUND:

During a Work Session on November 27, 2018, the City Council discussed potential regulations for bikesharing and scootersharing companies operating in the Right-of-Way and on Town properties such as parks and trails. Based on the discussion, Council directed staff to develop a pilot program with similar requirements to those currently being utilized by the City of Plano.

Staff has prepared a draft ordinance amendment and permit agreement for the Council's review. The proposed ordinance amendment would group bicycles, scooters and similar vehicles under a new term called "Personal Transport Vehicles" (PTVs). Any company offering PTVs for rental in the Right-of-Way or other Town property would be required to obtain a permit. The permit would require the PTV sharing company to agree to a number of requirements regarding the maintenance and upkeep of PTVs, the placement and parking of PTVs, as well as other operational requirements explained in the attached presentation.

### RECOMMENDATION:

Staff requests direction from Council.

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### Attachments

Ordinance - Personal Transport Vehicles

Draft- Personal Transport Vehicles Permit

Presentation - PTV Pilot Program

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**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING CHAPTER 2 – ADMINISTRATION OF THE CODE OF ORDINANCES TO ALLOW FOR THE SALE OF UNCLAIMED IMPOUNDED PERSONAL TRANSPORT VEHICLES; AMENDING CHAPTER 70 – STREETS, SIDEWALKS AND OTHER PUBLIC PLACES OF THE CODE OF ORDINANCES ADDING ARTICLE VII, DIVISION 2. PERSONAL TRANSPORT VEHICLES; PROVIDING A DEFINITION; PROVIDING FOR THE PERMITTING OF PERSONAL TRANSPORT VEHICLE SHARING SERVICES IN THE PUBLIC RIGHT-OF-WAY; PROVIDING FOR IMPOUNDMENT FEES FOR UNPERMITTED PERSONAL TRANSPORT VEHICLES; PROVIDING A PENALTY NOT TO EXCEED FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) WITH EACH DAY CONSTITUTING A SEPARATE OFFENSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS/REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to Texas Transportation Code Section 311.001, the Town of Addison (the “Town”) maintains and regulates the streets and alleys within the City; and

**WHEREAS**, pursuant to Texas Transportation Code Section 316.021, cities may grant permission and prescribe the consideration and terms for the use of a portion of a municipal street or sidewalk for a private purpose if it does not interfere with the public use of the street or sidewalk or create a dangerous condition on the street or sidewalk, and

**WHEREAS**, bicycle and scooter sharing service companies now possess GPS, 3G, and self-locking technology such that the bicycles and scooters may be locked and opened by users with a smart phone application and tracked to provide for operations and maintenance; and

**WHEREAS**, the goals of the Town are to provide safe and affordable multimodal transportation options to all residents and visitors, increase mobility across the town, maintain all current uses of streets and sidewalks, and regulate the placement and proliferation of bicycles and scooters in the Town’s right-of-way; and

**WHEREAS**, bicycle and scooter sharing services are a component to help the Town achieve its transportation goals and the Town desires to make bicycle and scooter sharing services available to residents, employees and visitors in the City, while maintaining the right-of-way for use by the public for passage and maintaining or enhancing property values; and

**WHEREAS**, the Town desires to create a pilot program to allow the Town to evaluate the regulations of bicycle and scooter sharing services in the Town’s right-of-way; and

**WHEREAS**, at the end of the term of the pilot program, the City may re-evaluate the conditions for granting permits to bicycle and scooter sharing services or this ordinance.

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

**Section 1.** Chapter 2, Administration, of the Code of Ordinances is hereby amended by amending Section 2-301. – Authority to sell; deposit of cash, subsection (a) to read in its entirety as follows.

CHAPTER 2, Administration

...

ARTICLE VI. – DISPOSAL OF UNCLAIMED OR SURPLUS PROPERTY

**Sec. 2-301. – Authority to sell; deposit of cash.**

(a) The following property may be sold by the Town in the manner provided in this article:

- (1) Abandoned, stolen or recovered property, except motor vehicles or perishable property which may be sold immediately, that remains unclaimed with the Town for 60 days, whether or not the owner is known; and
- (2) Abandoned, stolen or recovered motor vehicles that remain unclaimed with the town for 30 days, whether or not the owner is known; and
- (3) Impounded Personal Transport Vehicles, as defined in Section 70-335 of this Code, that remain unclaimed with the Town for 30 days, whether or not the owner is known; and
- (4) Personal property owned by the Town that has been declared surplus, obsolete, worn out or useless by the head of a department and that is no longer needed for public use.

**Section 2.** Chapter 70, Streets, Sidewalks, and Other Public Places, of the Code of Ordinances is hereby amended by adding a new Article VII – License for Use of Public Right of Way, Division 2, Personal Transport Vehicles, which shall read in its entirety as follows:

CHAPTER 70, Streets, Sidewalks, and Other Public Places

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ARTICLE VII. – LICENSE FOR USE OF PUBLIC RIGHT OF WAY

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DIVISION 2. Personal Transport Vehicles

**Sec. 70-335. – Definitions.**

*Personal Transport Vehicle* means bicycles, scooters and other similar devices which may or may not be motorized.

**Sec. 70-336. – Personal transport vehicle sharing services permit.**

- (a) It shall be an offense for a company or person that provides personal transport vehicles for use on a short term basis in exchange for compensation, to place such personal transport vehicles in the Town's right-of-way without a permit.
- (b) Permits may be issued and amended by the director of Infrastructure Services, or their designee and shall regulate the use of the Town's right-of-way to allow sufficient access for pedestrians, comply with the American's with Disabilities Act, ensure no significant adverse effect on the property rights of third parties, and avoid creating conditions that are a threat to public health and safety.
- (c) Where other sections of the Code of Ordinances conflicts with this division relating to the regulation of Personal Transport Vehicles, this division shall apply.

**Sec. 70-337. – Personal transport vehicle impoundment.**

If a company or person places Personal Transport Vehicles in the Town's right-of-way without a permit, the Town may remove and impound the Personal Transport Vehicle. If a Personal Transport Vehicle is impounded in accordance with this section, an impoundment fee shall be assessed against and collected from the owner as a condition for the redemption of such Personal Transport Vehicle in accordance with the following:

Number of Personal Transport Vehicles Impounded	Fee per Personal Transport Vehicle
1	\$25.00
2	\$50.00
3	\$75.00
4 or more	\$100.00

**Section 3.** Any violation of the provisions or terms of this ordinance by any person, firm, or corporation shall be a misdemeanor offense and shall be subject to a fine not to exceed the sum of Five Hundred Dollars (\$500.00) for each offense and each and every day such violation shall continue shall be deemed to constitute a separate offense.

**Section 4.** Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. Addison hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional or invalid.

**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 take effect on \_\_\_\_\_, 2019 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 \_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

\_\_\_\_\_  
Irma Parker, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda N. McDonald, City Attorney

PUBLISHED ON: \_\_\_\_\_

## PERSONAL TRANSPORT VEHICLE SHARE PERMIT AGREEMENT

STATE OF TEXAS           §  
                                      §       **KNOW ALL MEN BY THESE PRESENTS:**  
COUNTY OF DALLAS     §

**THIS PERMIT AGREEMENT** is made and entered into by and between the Town of Addison, a home-rule municipal corporation, hereinafter called "Permitter" or "Town" and \_\_\_\_\_, a \_\_\_\_\_ corporation licensed in \_\_\_\_\_, hereinafter called "Permittee." In consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, Town does hereby grant a Personal Transport Vehicle Share Permit, hereafter called "Permit."

This Permit is granted subject to the terms and conditions set out below:

1.     Term. This Permit shall expire on December 31, 2019.
2.     Use of Town of Addison Public Right-of-Way. The Town hereby grants permission to use the Right-of-Way on a non-exclusive basis, according to the terms of this Permit, solely for the purpose of offering Personal Transport Vehicle (PTV) Sharing Services within the Town. For purposes of this Permit, the term "Right-of-Way" means sidewalks, curbs, gutters, streets, alleys, roads and other pathways open to the public. The term "Personal Transport Vehicle (PTV) Sharing Services" means the renting of bicycles, scooters or similar devices on a short-term basis generally in exchange for compensation. This authorization is not a lease or an easement, and is not intended and shall not be construed to transfer any real property interest in Town property.
3.     Use of Town of Addison Parks, Trails and Open Spaces: The Town hereby grants permission to use Town of Addison parks, trails and open spaces ("Parks") on a non-exclusive basis, according to the terms of this permit, solely for the purpose of offering PTV Sharing Services within the Town. This authorization is not a lease or an easement, and is not intended and shall not be construed to transfer any real property interest in Town property.
4.     Other Town Property: The use of other Town of Addison property for PTV Sharing Services may be appropriate. The City Manager or their designee may authorize such use in a separate writing and may allow use of that property under the same terms as this Permit or different terms, at the sole discretion of the City Manager or their designee and such writing shall be a part of this permit to the same extent as if it was set forth herein.
5.     Use. Permittee customers may use the Right-of-Way and Parks for parking of bicycles and scooters owned and maintained by Permittee, and for riding PTV Fleet vehicles. For purposes of this permit, the term "PTV Fleet" refers to all bicycles, scooters and similar vehicles owned by the Permittee operating in the Town and the term "" refers to all scooters owned by the Permittee operating in the Town. Use of the Right-of-Way and Parks, and Permittee's operations within the Town, shall, at a minimum:
  - a.    not adversely affect the property of any third parties;

- b. not inhibit pedestrian movement or ADA access within Rights-of-Way, Parks and Other Town Property; and
- c. not create conditions which are a threat to public safety and security.

6. PTV Docking Stations. Permittee shall not place or attach any personal property other than PTVs, fixtures, or structures, including but not limited to PTV docking stations, to the Right-of-Way or Parks without the prior separate written consent and at the sole discretion of the City Manager or their designee, and such writing shall be a part of this permit to the same extent as if it was set forth herein.

7. PTVs. All PTVs that are part of the PTV Fleet shall:

- a. Meet any applicable requirements in the Texas Transportation Code, including for lights and reflectors, and all other state, federal and local requirements for the PTVs.
- b. Have an emblem of Permittee, current contact information (including telephone number and email address for relocation requests) and a unique identifier prominently displayed on the PTV.
- c. Be high quality and sturdily built to withstand the effects of weather and constant use for at least five years.
- d. Accommodate a wide range of users.
- e. Be well-maintained and in good riding condition.
- f. Not display third-party advertising.

8. PTV Parking. Permittee and the Town will collaboratively identify designated PTV parking zones to station PTVs in the PTV Fleet and corral rebalanced PTVs ("Home Zones.") In the event the parties cannot agree, the City Manager, or his designee, will be the final arbiter for designating Home Zones. The Home Zones will be identified on an up-to-date online map, to be maintained by Permittee, and available for viewing by the Town at all times. Link and password, if any, to be provided at time of permit.

- a. PTVs in the Bicycle Fleet and Scooter Fleet shall be parked on the sidewalk, or other hard surface, or a docking rack owned by the permittee, or at a public bicycle or scooter rack, or in a Town Park, or at another Town-owned location with prior written approval of the Town.
- b. PTVs in the Bicycle Fleet and Scooter Fleet shall be restricted to parking in accordance with the following:
  - i. Bicycles and Scooters can only be parked on hard surfaces (e.g. concrete, asphalt, brick).
  - ii. Bicycles and Scooters shall not be parked at the corners of sidewalks or within five (5) feet of crosswalks or curb ramps.
  - iii. PTVs parked on sidewalks must not reduce the minimum ADA clear sidewalk width of thirty-six (36) inches.
  - iv. PTVs shall not be parked on blocks where the sidewalk is less than forty-eight (48) inches in width.
  - v. PTVs may not be parked on blocks without sidewalks.
  - vi. PTVs may not be parked on sidewalks in front of single-family or duplex homes.

- vii. The Town reserves the right to determine certain block faces where PTV parking is prohibited.
- viii. PTVs shall not be parked in any way blocking:
  - 1. Transit stops, shelters or platforms;
  - 2. Commercial loading zones;
  - 3. Rail Road tracks and crossings;
  - 4. Passenger loading zones or valet parking service areas;
  - 5. Disabled parking zone;
  - 6. Street furniture that requires pedestrian access (for example - benches, parking pay stations, etc.);
  - 7. Curb ramps;
  - 8. Entryways; and
  - 9. Driveways.
- ix. PTVs parked in residential areas that do not impede pedestrian travel will be allowed to remain in place for up to forty-eight (48) hours after they are parked. However, upon receiving any complaint or request for removal, Permittee shall respond in the time periods as outlined in Section 15.

- c. PTVs in Parks must be parked to allow sufficient width for accessible pedestrian travel.
- d. PTVs may be parked on private property only with the permission of the private property owner.
- e. PTVs shall stand upright when parked.
- f. With the advance approval of the Town, Permittee may indicate virtual PTV racks with paint or decals where appropriate to guide riders to these preferred, though not required, parking zones in order to assist with orderly parking of PTVs throughout the Town. The Town, at its own discretion, may choose to support bike sharing with the installation of additional PTV racks or designated PTV parking zones.
- g. Permittee may remove Home Zones at their discretion; however, Permittee shall remove Home Zones upon Town request.
- h. Permittee will actively manage the PTV Fleet to ensure orderly parking and the free and unobstructed use of the Right-of-Way and Parks. Any PTV that is parked improperly shall be re-parked in a correct manner or shall be removed by Permittee within the timeframe as outlined in Section 15.

9. Communication with Town. Permittee shall provide the Town with a current contact name and phone number for staff that are capable of relocating, rebalancing, removing, and repairing their PTV Fleet. Permittee shall notify Town of any changes to contact information within 24-hours.

10. Customer Communication. Permittee shall:

- a. Educate users regarding laws applicable to riding and operating a PTV in the Town of Addison.
- b. Instruct customers on where parking is allowed and how to park a PTV legally and properly.



- c. Provide a mechanism for customers to easily and quickly notify the company that there is a safety or maintenance issue with the PTV, such as in the mobile application.
- d. Maintain a 24-hour customer service phone number for customers to report safety concerns or complaints, or ask questions.
- e. At the discretion of the Town, distribute a customer survey developed by the Town before the end of the pilot term.
- f. With direction and guidance from the Town, lead outreach efforts to business associations, major developers and property managers, community groups and other key stakeholders, to solicit input on the location of PTV Home Zones, program operations and program feedback.

11. Condition of Town of Addison Right-of-Way and Parks

- a. Town makes the Right-of-Way and Parks available to Permittee in an "AS IS" and "WITH ALL FAULTS" condition. Town makes no representations or warranties concerning the condition of the Right-of-Way and Parks or its suitability for use by Permittee or its customers, and assumes no duty to warn either Permittee or its customers concerning conditions that exist now or may arise in the future
- b. Town assumes no liability for loss or damage to Permittee's PTVs, Docking Stations or other property. Permittee agrees that Town is not responsible for providing security at any location where Permittee's PTVs are stored or located, and Permittee hereby waives any claim against Town in the event Permittee's PTV, Docking Stations or other property are lost or damaged.

12. Maintenance and Care of portion of Right-of-Way and Parks: Permittee expressly agrees to repair, replace or otherwise restore any part or item of real or personal property that is damaged, lost or destroyed as a result of the Permittee's use of Right-of-Way, Parks and other Town Property. Should Permittee fail to repair, replace or otherwise restore such real or personal property, Permittee expressly agrees to pay Town's costs in making such repairs, replacements or restorations.

13. Operations & Maintenance. Permittee shall be responsible to maintain the PTV Fleet. Permittee shall be solely responsible for all maintenance and service costs in order to maintain the PTV Fleet and associated maintenance to minimum level of service and reporting as outlined in Section 15.

- a. The Town will notify Permittee of any PTV that is found adversely affecting the Right-of-Way or Parks. Permittee shall be responsible to correct improperly parked PTVs within the timeframes outlined in Section 15.
- b. Any inoperable PTV, or any PTV that is not safe to operate shall be removed from the Right-of-Way within 24 hours after notice from the Town, and shall be repaired before the PTV is returned to revenue service.

- c. Permittee shall give the Town special rights access, via Permittee's app or other device, to immediately unlock and remove PTV blocking access to the Right-of-Way or Parks.
- d. Any PTV found and retrieved by the Town in a stream, lake, or other water body shall be deemed unsalvageable and may be immediately discarded.

14. Research. Permittee agrees that the Town may use a third-party researcher to evaluate the PTV Sharing Services program. Permittee will share data with the third-party researcher for purposes of evaluating or enforcing the requirements of this pilot program.

15. Level of Service. The Permittee must meet the following Minimum Performance Standards. Additionally, Permittee shall provide reports monthly as described in Measurement Tools below to the Town in order to help the Town measure the success of the PTV Sharing Services program in serving its residents and visitors and improving the livability and mobility of Town of Addison residents and visitors.

Minimum Performance Standard	Measurement Tools
<u>Customer Service:</u> The app will be operational 99.5% of the time (uptime).	Uptime reporting.
<u>Distribution &amp; Usage:</u> Fleet will focus on serving people in the Town of Addison. No more than 3 PTVs deployed in a Home Zone without consent of Town.	Maps showing aggregate/heat map usage patterns.
<u>PTVs and Scooters in Service:</u> Number of PTVs shall be commiserate commensurate with expected level of service.	Daily uptime reports showing number of PTVs in service, broken out by vehicle type.
<u>Rebalancing:</u> General rebalancing shall occur no less than weekly. Upon request or complaint, PTVs will be relocated or rebalanced within two (2) hours of receiving notice, Monday-Friday from 8am-8pm, not including State and Federal holidays. At all other	Log containing number of requests for rebalancing and response time.

time, within 24 hours of receiving notice.	
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16. Impoundment. If the Permittee fails to comply with the performance standards outlined in Section 15 or if the Permittee's property poses an eminent danger to the safe operation or free flow of traffic, the Town may remove and impound the Permittee's property. If a PTV is impounded, an impoundment fee of \$25 per bicycle or scooter shall be assessed against and collected from the Permittee as a condition for the redemption of such PTV. The Director of Infrastructure and Development Services shall have the authority and discretion to abate such impoundment fees upon showing of good cause. If after the expiration of fifteen (15) days of the Town mailing a notice of failure by the owner to redeem the PTV from impoundment, and such property is not redeemed by the owner or their agent, the Town may dispose of the property.

17. Special Events. For special events in the Town that require temporary changes to Home Zones or the removal of PTVs from the Right-of-Way or a Park, the Permittee shall be responsible for any adjustment or removal of its PTV Fleet in accordance with the following:

- a. Two weeks prior to the event, Town staff will contact the Permittee alerting them to the upcoming event.
- b. Permittees must relocate or remove any PTV Fleet vehicles prior to a deadline established by Town staff and as requested by Town staff during an event.

18. Required Reports. Permittee shall cooperate with the Town in the collection and analysis of aggregated data concerning its operations. The Permittee will provide reports at the Town's request. Such reports will include, but not be limited to:

- a. Aggregated breakdown of customers using PTVs broken out by vehicle type in Town as to whether they are Addison residents or not.
- b. Number of reported collisions, and primary collision factor, if available.
- c. Within Town boundaries: the total number of trips taken per day, total number of trips by hour of the day, plus monthly and cumulative totals for each vehicle type.
- d. Origin and destination data.
- e. At least once during the pilot period, Permittee will conduct a survey of its users in the Town focused on age and will provide aggregated data to the Town. Age will be reported into these age groups: 5-17, 18-24, 25-34, 35-44, 45-54, 55-64, 65 and over.

19. Nonexclusive Permit. This Permit is nonexclusive and is subject to (i) any existing utility, drainage, or other facility located in, under, or upon the Right-of-Way or Park;

(ii) to any existing permit, easement or other similar interest granted by Town to any individual, corporation or other entity, public or private; and (iii) to all other matters of record.

20. Superior Right. This Permit is subject and subordinate to the prior and continuing right of Town, its successors and assigns to use all of the public property for the public benefit. Town, for itself and other permitted users, reserves full rights, consistent with the rights herein granted.

21. Revocable. This Permit is revocable and may be terminated by either party for convenience upon thirty (30) days written notice.

22. Permit Fee. Permittee shall pay Town the sum of **FIVE HUNDRED AND NO/100 DOLLARS (\$500.00)** upon submission of application.

All permit payments shall reference this Bike and Scooter Share Permit on the check and shall be paid to Town at the following address:

Town of Addison, Texas  
Attention: Infrastructure and Development Services Department  
P. O. Box 9010  
Addison, TX 75001-9010

23. Escrow Accounts. Upon submission of application, the Permittee must provide \$5,000.00 in cash per 1,000 PTVs (not prorated) that the Town will hold in escrow for the term of this Permit. In the event of default and termination as described in Section 27 below, the Town may use such funds to remove or dispose of the PTV Fleet or any part thereof or repair Town property that was damaged by the Permittee or its customers or invitees. At the conclusion of the term of this Permit, the Town will return such funds to Permittee or its designee within thirty days after the Town receives a written request for a refund from the Permittee.

24. Liability Insurance. During the permit term Permittee shall maintain a policy of general liability insurance at Permittee's expense insuring Permittee against liability assumed by Permittee hereunder and insuring Permittee and Town against liability arising out of or in any way incident to use or occupancy of Town property. Such policy or policies shall provide that the policy is primary and shall apply without regard to other policies separately carried. The initial amount of required insurance shall be at least \$1,000,000.00 Combined Single Limit for Personal Injury, Bodily Injury including death and Property Damage and shall be subject to period increases based upon inflation, recommendation of professional insurance advisors, and other relevant factors.

Town, its elected officials, officers, agents and employees must be named as an additional insured under all liability insurance policies required by this Permit. All policies shall be endorsed to provide a waiver of subrogation in favor of the Town. All policies shall be endorsed to include the following provision: "It is agreed that this policy is not subject to cancellation, nonrenewal, material change, or reduction in coverage until ten (10) days prior written notice has been given to the City Manager of the Town of Addison." The insurance carrier must be authorized to do business in the State of Texas and the must be rated A- or

better by AM Best rating. A certificate of insurance reflecting the required coverage shall be presented to Town prior to Town's approval and execution of this Permit. Subsequent certificates of insurance shall be provided to Town whenever Permittee renews, changes or amends their insurance policies or upon request by Town.

25. **Indemnity.** Permittee shall defend, indemnify, protect and hold Town, its officers, directors, parents, subsidiaries, affiliates, agents, servants and employees harmless from and against any and all claims, expenses (including but not limited to attorney's fees), demands, judgments and causes of action of every kind and character, including but not limited to claims in contract, tort, including negligence, or strict liability arising in favor of any person (including but not limited to employees, servants, agents, customers or invitees of Permittee) or entity for personal injury, bodily injury, including death, or damage to property whether or not arising from the sole or concurrent negligence or fault of Town or employees or independent contractors directly responsible to Town arising out of, incident to, or in anyway connected with Permittee's exercise of rights herein granted or obligations pursuant thereto, including but not limited to separate operations being performed on Town property or any condition of Town property.

26. **Compliance With Law.** Permittee shall, at its own cost and expense, comply with all applicable laws, including but not limited to existing zoning ordinances, governmental rules and regulations enacted or promulgated by any governmental authority and shall promptly execute and fulfill all orders and requirements imposed by such governmental authorities for the correction, prevention and abatement of nuisances in or upon or connected with said premises because of Permittee's use thereof. Permittee shall also comply with all laws and regulations pertaining to hazardous waste, hazardous materials and the environment.

27. **Condition Upon Termination.** Upon termination of this Permit due to default or convenience to the Permittee, Permittee shall immediately vacate the Right-of-Way and Parks, removing all improvements and personal property so as to return the Right-of-Way and Parks to the condition in which they existed on the date this Permit was executed. All personal property not removed at Town's request shall become Town's property at no cost or expense to Town. Upon termination of this Permit for default of or convenience to the Town, Permittee shall have fourteen calendar days to remove all improvements and personal property so as to return the Right-of-Way and Parks to the condition in which they existed on the date this Permit was executed. All person property not removed at the Town's request at the end of the fourteen-day period shall become Town's property at no cost or expense to Town.

28. **Assignment and Subletting.** This Permit is personal to Permittee and may not be sold, transferred, assigned or sublet without prior written approval by an authorized representative of Town.

29. **Notices.** All written notices required under this Permit must be hand delivered or sent by certified mail, return receipt requested, and addressed to the proper party at the following addresses:

**TOWN**

Town of Addison, Texas  
Attention: City Manager  
P. O. Box 9010  
Addison, TX 75001-9010

with copy to:

Town of Addison, Texas  
Attention: Director of Infrastructure and Development Services  
P. O. Box 9010  
Addison, TX 75001-9010

**PERMITTEE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each party may change the address to which notices are to be sent by giving the other party notice, within ten (10) days, of the new address in the manner provided by this paragraph.

30. Default. It is understood and agreed that, in case of default by Permittee in any of the terms and conditions herein stated and such default continues for a period of ten (10) calendar days after Town notifies Permittee of such default, Town may, at its election, terminate this Permit and upon such termination all rights of the Permittee hereunder shall cease and come to an end. If such termination results from Permittee's default there shall be no prorated refund to Permittee of the permit fee for the then current term; however, in the event that termination of this Permit is for the convenience, Town shall refund to Permittee the prorated portion of the permit fee for the then current term. If Permittee files for bankruptcy it shall be a default under this Permit, Town may waive this default in writing at its discretion.

31. Prior Agreements. This Permit constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this Permit.

32. Texas Law. This Permit shall be construed under, and in accordance with, the laws of the State of Texas. Venue shall lie in Dallas County, Texas.

33. Amendment. No amendment, modification, or alteration of the terms of this Permit shall be binding unless it is in writing, dated subsequent to this Permit, and duly executed by the parties to this Permit.

34. Authority to Sign. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Permit on behalf of the parties hereto.

**EXECUTED** as of the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

TOWN

**TOWN OF ADDISON, TEXAS**  
**a home-rule municipal corporation**

By: \_\_\_\_\_  
Wesley Pierson  
City Manager

PERMITTEE

a \_\_\_\_\_ Corporation

\_\_\_\_\_  
By: \_\_\_\_\_  
Name  
Title

# Personal Transport Vehicle Pilot Program

March 12, 2019

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font. The text is centered within a white circle, which is itself set against a blue background. The blue background is part of a larger graphic on the right side of the slide, consisting of a blue triangle pointing downwards, with a white circle inside it. The word "ADDISON" is written in blue capital letters inside the white circle.

**ADDISON**



# Previous Discussion

ADDISON

- November 27, 2018 discussion with Council
  - First Mile/Last Mile Issue
  - Bike and Scooter-Share Overview
  - Other Local Regulations
  - Council Direction
    - Pilot program allowing docked and dock-less options



# Proposed Ordinance Change

- Define Personal Transport Vehicle (PTV)
  - Meaning bicycles, scooters, and other similar devices which may or may not be motorized
- Require permit to operate PTV sharing services in the Right-of-Way
  - Permit would be administratively approved by Director of IDS
- Establish impoundment process and fee for unpermitted PTVs

Number of PTVs Impounded	Fee per PTV
1	\$25
2	\$50
3	\$75
4 or more	\$100

- Enable Town to dispose of unclaimed PTVs after 30 days

# Proposed Permit Agreement

- Permit Agreement would end December 31, 2019 (Pilot Program Period)
  - Council will re-evaluate in Fall to determine if Town wishes to continue
- Allows PTV sharing companies to operate in Right-of-Way and Town Parks, Trails and Open Spaces
- Docking stations require separate agreement
- Use of other Town property for operations requires separate agreement
  - Ex. Town Hall, Athletic Club
- Requires PTV sharing companies to share data on usage and users
- Requires PTV sharing companies to repair, replace or restore damage to Town property
- \$500 permit fee

# Requirements for PTVs and PTV Companies

- PTVs must:
  - Meet applicable state and federal safety requirements
  - Be in good condition
  - Display emblem of the permittee, current contact information and a unique identifier
  - Not contain third-party advertising
- PTV sharing company must:
  - Educate users regarding applicable requirements
  - Provide mechanism for customers to notify company of safety or maintenances issues
  - Maintain a 24-hour customer service phone number
  - At Town's discretion, distribute customer survey developed by the Town and lead outreach efforts to solicit feedback prior to the end of pilot program

# Dockless Parking Requirements

- Town staff will approve “Home Zones” where PTVs can be staged
- Whether staged by PTV company or parked by users, PTVs must be:
  - Upright
  - On a paved service
  - Not at corners of sidewalks within five feet of crosswalk ramps
  - Not obstruct ADA required clearance
  - Not on blocks without sidewalks or where sidewalk is less than 48 inches
  - Not block transit stops, street furniture, or driveways
  - Not be in front of single-family or duplex homes
- Permittee must correct any of these issues within established time frames

# Maintenance and Performance Standards

- Inoperable PTVs must be removed within 24 hours after notice
- No more than 3 PTVs deployed in a Home Zone without Town approval
- Number of PTVs shall be commensurate with expected demand
- General rebalancing (adding to/removing from Home Zones) shall occur no less than weekly
- Upon request or complaint, PTCs will be relocated or rebalanced within:
  - 2 hours after notice Monday-Friday 8am-8pm
  - 24 hours after notice all other times
- PTVs must be relocated or removed at the request of Town staff prior to and during special events

# Impoundment of Permitted PTVs

- Permittee must allow Town the ability to unlock PTV
- Town may impound PTV if:
  - Permittee fails to comply with performance standards
  - Property poses an eminent danger to the safe operation or free flow of traffic
- Impoundment fee of \$25 per PTV
- Town may dispose of PTV after 15 days notice

# Liability Issues

- PTV sharing company accepts the condition of the Right-of-Way and Parks as is with all faults
- Town assumes no liability for loss or damage and permittee waives any claim against the Town
- PTV sharing company required to establish escrow account of \$5,000
- PTV sharing company must hold liability insurance
  - Town must be named as an additional insured
- PTV sharing company must defend, indemnify, protect and hold Town harmless from and against any claims



# Questions?

ADDISON

## **Work Session and Regular Meeting**

**2.**

**Meeting Date:** 03/12/2019

**Department:** Communications & Marketing

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### **AGENDA CAPTION:**

Present and Discuss **the Format for the Town Meeting on April 15, 2019.**

### **BACKGROUND:**

Town Meetings are held twice a year in the spring and fall. This year, the spring meeting will be held on April 15, 2019 at 7:00 pm at the Addison Conference Centre. The purpose of this item is to discuss the format and topics for the presentation.

### **RECOMMENDATION:**

Staff requests direction from Council.

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**Work Session and Regular Meeting**

**4.**

**Meeting Date:** 03/12/2019

**Department:** City Manager

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**AGENDA CAPTION:**

Consider Action to Approve the **February 20, 2019 Work Session and Regular Meeting Minutes.**

**BACKGROUND:**

The City Secretary has prepared the minutes for Council approval.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Minutes - February 20, 2019

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# DRAFT

## OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION & REGULAR MEETING

February 20, 2019

ADDISON TOWN HALL  
5300 BELT LINE RD., DALLAS, TX 75254  
6:00 PM WORK SESSION  
7:30 PM REGULAR MEETING

**Present:** Mayor Joe Chow; Mayor Pro-Tempore Paul Walden; Deputy Mayor Pro-Tempore Tom Braun; Council Member Ivan Hughes; Council Member Guillermo Quintanilla; Council Member Lori Ward; and, Council Member Marlin Willesen

1. **Call Meeting to Order:** With a quorum present, Mayor Chow called the meeting to order at 6:02 PM.

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### WORK SESSION

2. **Present and Discuss the Draft Report and Appendices for the Parks, Recreation and Open Space Master Plan.**

**Presentation:** *Janna Tidwell, Parks & Recreation Director; Cindy Mendoza - Moore, Iacofano, and Goltsman, Inc. (MIG).* The Fiscal Year 2018 Budget included the development of a city-wide Parks, Recreation and Open Space Master Plan. MIG was hired to complete this Master Plan. MIG presented an update from data received from Council, the Special Projects Committee, citizens input and staff. COUNCIL COMMENTS: Favorable comments were received. Adoption of the Master Plan will be presented as an agenda item at a future meeting.

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### REGULAR MEETING

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**Pledge of Allegiance**

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**Announcements and Acknowledgements Regarding Town and Council Events and Activities**

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## Discussion of Event/Meetings

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3. **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.*

No citizens appeared to address the City Council on a topic not on this agenda.

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**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.*

4. **Consider Action to Approve the February 7, 2019 Regular Meeting Minutes.**
5. **Consider Action to Approve a Resolution for a Contract Agreement with Tenly Landscape Construction, Inc. for Miscellaneous Landscape Planting Projects Throughout the Town and Authorize the City Manager to Execute the Agreement in an Amount not to Exceed \$103,000.**
6. **Consider Action to Approve Change Order Number 1 to the Professional Services Agreement with Criado and Associates, Inc., for the Oaks North Drainage Improvements Design and Authorize the City Manager to Execute the Change Order in an Amount not to Exceed \$35,555.**

Mayor Chow announced the Consent Agenda and asked if any Council Member wished to pull any item from the Consent Agenda for individual consideration. Council Member Hughes requested to pull Item #6. There being no further requests, Mayor Chow called for a motion.

**MOTION:** Council Member Ward moved to approve CONSENT AGENDA Items #4 and #5. Council Member Quintanilla seconded the motion. The motion carried unanimously.

**Resolution No. R19-013:** Tenly Landscape Construction, Inc. – Miscellaneous Landscape & Planting Projects.

\* \* \* \* \*

Council Member Hughes spoke to the reasons he requested Item #6 be pulled from the Consent Agenda for individual consideration. Council Member Hughes reviewed that the item had been tabled at the January 8, 2019 Council Meeting so that staff could evaluate whether additional drainage concerns in the Oaks North neighborhood should be included in this project. Council Member Hughes described and thanked Staff for their extensive efforts to re-create the drainage or ponding issues described by the Oaks North residents. Assistant Director of

Infrastructure Jason Shroyer recommended these additional drainage issues be addressed in a separately.

**MOTION:** Council Member Hughes moved to approve CONSENT AGENDA Item #6. Mayor Pro-Tempore Walden seconded the motion. The motion carried unanimously.

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## Regular Items

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### 7. **Present and Discuss the Planning and Zoning Commission Annual Report for 2018.**

In accordance with the Code of Ordinances Planning & Zoning Chair Kathryn Wheeler submitted the Commission's 2018 Report to Council which summarized Commission activities, major accomplishments, proposed future areas of study, membership information and the attendance record of each Commissioner. A short discussion followed with no action taken or required.

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### 8. **Hold a Public Hearing, Present, Discuss and Consider Action to Approve an Ordinance Changing the Zoning on Property Located at 14380 Marsh Lane Suite H, Which Property is Currently Zoned PD, Planned Development, Through Ordinances 007-034, O16-017, and O16-018, by Approving a Special Use Permit For a Restaurant Only. Case 1789-SUP/Sunny Street Cafe.**

Charles Goff, Assistant Director of Development Services, presented the proposed Ordinance to approve Case 1789 - Special Use Permit (SUP) for a restaurant only at 14380 Marsh Lane, Suite H- Sunny Street Cafe. The Planning & Zoning Commission addressed this request at the January 15, 2019 Commission meeting and approved this request which is in accordance with the Town's adopted Comprehensive Plan. Council Members inquired about parking requirements at restaurants and similar uses. Mr. Goff indicated parking requirements will be evaluated as part of the Unified Development Code review process currently underway.

Mayor Chow opened a Public Hearing and requested any comments from the audience or property owners. There were no comments on the item. Mayor Chow closed the Public Hearing.

**MOTION:** Council Member Willesen moved to approve Case 1789-SUP/Sunny Street Café as submitted. Council Member Hughes seconded the motion. The motion carried unanimously.

**Ordinance No. O19-03:** Case 1789-SUP/Sunny Street Café, 14380 Marsh Lane Suite H, PD Zoning – Special Use Permit for a Restaurant Only.

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9. **Hold a Public Hearing, Present, Discuss and Consider Action to Approve an Amendment to the Comprehensive Land Use Plan in Order to Adopt the Findings of The Addison Circle Special Area Study. Case 1790-Z/Town of Addison.**

Charles Goff, Assistant Director of Development Services, presented this Ordinance to amend the Town's Comprehensive Plan by adding a new section to adopt the findings of the Addison Circle Special Area Study. The Comprehensive Plan was officially adopted in 2013 and amended in 2017. In 2018 the City Council authorized a special area study to establish a vision and goals for Addison Circle/Cotton Belt Area. The findings were presented to the City Council at the November 13<sup>th</sup> meeting. The proposed Ordinance formally adopts these amendments.

Council Member Willesen questioned the allowance of assisted living facilities near the airport and fire station due to noise concerns. It was noted that any construction within the airport noise contour would be required to conform to an established standard that mitigated noise heard in the buildings. The consensus was to leave assisted living facilities as an option thereby keeping the plan open and flexible. Storm water drainage capacity and the cost of additional storm water infrastructure required as development occurs was discussed. Council Member Hughes requested clarification to indicate the preference for Addison Central to develop as a Master Development to allow for flexibility but providing direction as to developers. City Manager Pierson requested a motion and vote to memorialize any amendment. This amendment language, with the addition identified as bold and underlined in the appropriate section, follows:

Addison Central:

The Strategic Direction for Addison Central maximizes the benefits of the new DART Cotton Belt Station to Addison and creates a destination with opportunities for appropriate and successful new development on some of the last remaining underdeveloped land in Addison. This strategic direction includes **seven** **nine** additional concepts that add detail to this direction:

- **Uses and character of development should create a unique, mixed-use, integrated regional destination with a preference that this occur under a Master Development Plan.**

Mayor Chow called for any questions and/or comments regarding this amendment. There being none, Mayor Chow called for a motion.

**MOTION:** Deputy Mayor Pro-Tempore Braun moved to approve the amendment as noted. Council Member Hughes seconded the motion. The motion carried unanimously.

Since the adoption of this Ordinance requires a Public Hearing, Mayor Chow open the Public Hearing to comments from the audience. There being no comments on this action, Mayor Chow closed the Public Hearing and called for a motion.

**MOTION:** Deputy Mayor Pro-Tempore Braun moved to approve **Ordinance No. 019-04** as amended. Council Member Ward seconded the motion. The motion carried unanimously.

**Ordinance No. 019-04:** Case 1790-Z/Town of Addison, Amend the Comprehensive Land Use Plan to adopt Addison Circle Special Area Study.

10. **Present, Discuss and Consider Action to Amend Section 34-207 (Landscape Standards and Specifications) of Article VI (Landscaping Regulations of Chapters 34 (Environment) of the Code of Ordinances to Add Section 34-207 to Provide for An Artificial Turf Pilot Program for Townhome Properties With a Homeowners Association Within the Urban Center Zoning District.**
11. **Present, Discuss & Consider Action on a Resolution to Approve an Agreement Between the Town of Addison and Meridian Square Homeowners Association (HOA) to Initiate an Artificial Turf Pilot Program.**

Mayor Chow requested that Items #10 and #11 be discussed together.

Jana Tidwell, Parks & Recreation Director, presented this ordinance to amend the Landscaping Regulations in our Code of Ordinances. Council direction was sought after Staff discovered that the Meridian Square Townhomes had installed artificial turf which placed the property in non-compliance. This Ordinance allows for an Artificial Turf Pilot Program and the development of an agreement with the Meridian Square Homeowners Association to allow the implementation of an Artificial Turf Pilot Program.

Mayor Chow called for a motion to adopt Item #10.

**MOTION:** Council Member Ward moved to adopt Item #10. Council Member Willesen seconded the motion. The motion carried unanimously.

**Ordinance No. O19-05:** Amend Chapter 24 “Environment” Article VI “Landscape Standards and Specification” adding Section 34-207 “Artificial Turf Pilot Program”.

Mayor Chow next called for a motion on Item #11.

**MOTION:** Mayor Pro-Tempore Walden moved to approve Item #11. Council Member Hughes seconded the motion. The motion carried unanimously.

**Resolution No. R19-014:** Agreement with Meridian Square Homeowners Association (HOA) to initiate an Artificial Turf Pilot Program.

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12. **Hold a Public Hearing, Present, Discuss and Consider Action on a Resolution to Adopt the Master Plan Developed for Belt Line 1.5 Beautification Between Marsh Lane and Midway Road.**

Janna Tidwell, Parks & Recreation Director, provided a brief history of this project which began



in 2017. Pacheco Koch consultants worked with Staff and the community to develop this plan. Pacheco Koch consultants Amber Davis and Wade Peterson presented findings and answered questions. The consultant previously presented a Draft Master Plan, an opinion of probable cost and options, a design vision board and gateway signage options. Council expressed a preference for the medium layout option with high finishes, the addition of bus shelters and a slight modification to the proposed gateway signage. After those modifications were made, Staff began meeting with the property owners along the Belt Line corridor. Input received was favorable; however, the property owners expressed concerns regarding business visibility and restoration of their landscape after the utility undergrounding project.

Council Member Willesen noted that the brightly colored bubbles shown on the bus shelters on the vision board were not positively received during the comment period and asked if they should be removed. Ms. Tidwell concurred and stated that a translucent image or artwork would be substituted during the construction document phase.

Mayor Chow opened a Public Hearing. Since no audience members requested to speak on this item, Mayor Chow closed the public hearing. Although this action did not require a public hearing, a public hearing was held to provide an opportunity for public input. Mayor Chow called for a motion.

**MOTION:** Council Member Ward moved for approval of Item #12 as presented. Council Member Hughes seconded the motion. The motion carried unanimously.

**Resolution No. R19-015:** Adopt the Belt Line 1.5 Beautification Master Plan, between Marsh Lane and Midway Road.

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**13. Present, Discuss and Consider Action on Recommendations for Belt Line 1.5 Phase I Scope for Implementation of the Enhancements.**

Pacheco Koch consultant Amber Davis presented the Opinion of Probable Cost for the overall Master Plan as \$2,505,000. This amount includes several add/alternate items. Parks and Recreation Director Janna Tidwell advised the funds available for Phase 1 is estimated at \$2,127,022. This represents Fiscal Year 2019 budgeted funds, savings from the Belt Line underground project and funding available from DART. There may be additional DART dollars available after DART reviews more finalized construction documents. Staff advised that the proposed scope of Phase 1 was derived from community input and the Advisory Committee's direction. Staff requested Council provide direction regarding the scope of work, so the consultant can put together a contract that will be presented for approval at a future meeting.

Ms. Davis presented Phase 1 Master Plan Elements – bus stop shelters, enhanced intersections, enhanced medians, gateway monument, sidewalk addition, retaining walls, and removal and replacement of existing pavers. To stay within the estimated budget for this project, the consultant reworked their Opinion of Probable Cost by reducing the number of bus shelters and changing one landscaping repair line item to become an alternate bid item. Council questioned the inclusion of certain landscape repair in this project. Staff clarified that the utility undergrounding contractor is fulfilling those landscape repair requirements. The

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landscaping repair line item in Phase 1 is intended to be used in negotiations with property owners to obtain property, access, etc. Council Members discussed the impact of a reduction in the number of bus shelters areas. The Council's consensus was to move forward with the original unifying concept, that included an aesthetically pleasing and walkable section of roadway. City Manager Pierson advised Council that there is a difference between the available funding and the anticipated cost of the project. Council acknowledged this and advised there are still unknown variables in both the project costs and available funds at this time.

**MOTION:** Council Member Hughes moved to approve the Master Plan Elements with six enhanced bus shelters, reduction of the landscape repair line item and the replacement of brick pavers for a unified look. Mayor Pro-Tempore Walden seconded the motion. The motion carried unanimously.

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**14. Present and Discuss the Addison Police Department's 2018 Annual Report.**

Police Chief Paul Spencer presented the 2018 Annual Report. Updates for ongoing projects were presented including the license plate reader system, recruiting and hiring status, false alarm reduction measures, notable events, community outreach events, goals and objectives for FY 2019 and security improvements at the Public Safety Building. This item was for presentation and discussion only. No action was taken or required.

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**15. Present, Discuss and Consider Action on a Resolution Accepting the Addison Police Department's 2018 Racial Profiling Report And Motor Vehicle Contact Search Analysis Report.**

Police Chief Paul Spencer presented the 2018 Town of Addison Racial Profiling Report and Motor Vehicle Contact Search Analysis Report as required by law. The Town has contracted with Del Carmen Consulting, LLC to compile and analyze the report. Chief Spencer advised that State Law required this information to be collected and reported to the respective governing body on an annual basis. A copy is also required to be submitted to the Texas Commission on Law Enforcement.

**MOTION:** Mayor Pro-Tempore Walden moved to accept as presented. Council Member Ward seconded the motion. The motion carried unanimously.

**Resolution No. R19-016:** Accept the 2018 Racial Profiling and Motor Vehicle Contact Search Analysis Report.

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**16. Present and Discuss the Finance Department Quarterly Financial Report of the Town of Addison for the FY 2019 First Quarter Ended December 31, 2018.**

Budget Manager Teri Doby and Chief Financial Officer Olivia Riley presented the Fiscal Year 2019 1<sup>st</sup> Quarter Financial Report in compliance with the Town's financial policies. This report covers the financial performance for the period beginning October 1, 2018 to December 31,

2018. The financial condition of the Town remains strong and all reported funds adhere to the 25% fund balance requirements. Also presented was the 1<sup>st</sup> Quarter Investment Report which also adheres to the Town's Investment Policy. Council Member Hughes, also a member of the Council Finance Committee, advised that the Finance Committee had met and reviewed the report in detail. This item was a presentation and discussion only. No action was taken or required.

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## **Adjourn Meeting**

There being no further business to come before the Council, Mayor Chow adjourned the meeting.

**TOWN OF ADDISON, TEXAS**

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Joe Chow, Mayor

**ATTEST:**

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Irma G. Parker, City Secretary

## Work Session and Regular Meeting

5.

Meeting Date: 03/12/2019

Department: Special Events

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### AGENDA CAPTION:

Consider Action to Approve a **Resolution for a Performance Contract Between the Town of Addison and Gary Osier Presents, Inc. for the Personal Services of Musicians, Josh Abbott Band, and to Authorize the City Manager to Execute the Contract** in an Amount not to Exceed \$130,000.

### BACKGROUND:

The Town is using the professional services of Gary Osier Presents, Inc., to negotiate and secure performing talent for Town of Addison events. The company's reputation for securing and routing talent is highly regarded in the industry. The Town has used the company's services in the past and has been pleased with its ability to secure talent within the parameters of our music genres, the artists' routing availability and within budget. As the talent producer, a representative of Gary Osier Presents, Inc. will be on site for all performances booked through his agency. The fee for the company's services is 8.75% of the band's proceeds, with no commission from the gate or merchandise sales.

Country artist Josh Abbott will perform on Friday evening at Taste Addison 2019 for 90 minutes. The cost for this talent is not to exceed \$130,000. Funding for this entertainment agreement is funded and budgeted for in the Hotel Fund.

The resolution approves the agreement between the Town of Addison and Gary Osier Presents, Inc. for the services of (f/s/o) Josh Abbott for Taste Addison 2019.

### RECOMMENDATION:

Administration recommends approval.

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### Attachments

Resolution - Performance Contract with Gary Osier Presents, Inc. for the Josh Abbott Band

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**TOWN OF ADDISON, TEXAS**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS APPROVING AN AGREEMENT BETWEEN THE TOWN OF ADDISON AND GARY OSIER PRESENTS, INC. FOR THE PERSONAL SERVICES OF MUSICIANS, JOSH ABBOTT BAND, FOR THE AMOUNT OF \$130,000; AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT, AND PROVIDING AN EFFECTIVE DATE.**

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

**Section 1.** The Agreement between The Town of Addison and Gary Osier Presents, Inc, a copy of which is attached to the Resolution as **Exhibit A**, 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 12<sup>th</sup> day of March 2019.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

By: \_\_\_\_\_  
Irma Parker, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Brenda N. McDonald, City Attorney

# EXHIBIT A

GARY OSIER  
P R E S E N T S

817-235-2036  
3601 Euclid Ave ~ Dallas TX 75205  
gar@garyosier.com

This contract ("Contract") for the personal services of musicians on the engagement described below is made this 20th day of January 2019, between the undersigned purchaser of music (herein called "Purchaser") and the undersigned artist or artist representative (herein called ("Producer")). Gary Osier Presents Inc. acts only as agent for artist and assumes no liability hereunder.

Artist: JOSH ABBOTT

Play date(s): May 31 2019 (Friday)

Place of Performance: Taste of Addison (Event)  
Addison Circle Park  
Addison, Texas

Venue phone: cell 214 205 0184

Doors: TBA / Show Time(s): 9:30pm. For 90mn.

Fees agreed upon rain or shine to be paid in cash, money order, certified check or cashier's check in U.S. dollars (company check with approval) to Producer or his representative upon demand as stated in method of payment. Any other arrangement must be made in advance, in writing, with Producer.

The agreement of the Artists to perform is subject to proven detention by sickness (confirmed in writing to Purchaser by a medical doctor licensed in the United States), riots, strikes, epidemics, acts of God, or any other legitimate conditions beyond Artists' control and not avoidable by diligence, and if Artist is prevented from performing as a result of any such items, Purchaser's obligations hereunder shall end and Purchaser shall have no obligation to compensate or pay Artist, and any funds paid to Artist by Purchaser shall be immediately returned by Artist to Purchaser. Provided, however, if Artist is ready, able, and willing to perform in accordance with the terms and provisions of this Contract and is at the address and the Place of Performance on the Play date and at the Show Time set forth in this Contract, and if neither Artist nor Producer is then in violation of any provision of this Contract, if Artist is prevented from performing as a result of an Act of God, fire, accident, riot, strike, or event of a like and similar character, then Purchaser agrees to compensate Artist one-half of fee agreed upon set forth below in accordance with the terms hereof, regardless of such acts of God, fire, accident, riot, strike or any like and similar event(s); otherwise, Purchaser's obligations hereunder shall end and Purchaser shall have no obligation to compensate or pay Producer or Artist, and any funds paid to Producer or Artist by Purchaser shall be immediately returned to Purchaser (and any repayment or refund obligation of Artist hereunder shall survive the termination of this Contract). If Artist cancels at no fault of Purchaser, Purchaser is to receive an immediate refund of all money deposited.

**Without limiting any other provision of this Contract, should the Event be postponed or canceled due to a Force Majeure Event or for any other reason whatsoever, Artist and Producer hereby release Purchaser, its officials, officers, employees, agents, representatives, and volunteers (both in their official and private capacities) from any and all liability, losses, harm, and claims for damages, and any other actions whatsoever, which result from such postponement or cancellation.**

In the event of cancellation by Purchaser, Artist and Purchaser shall be discharged from any further liability hereunder and the Artist shall be entitled to retain one-half of the fee agreed upon set forth below as Artist's sole and exclusive remedy for such cancellation (and in the event Purchaser has paid Artist an amount in excess of one-half of the fee agreed upon, Artist and Producer shall promptly reimburse Purchaser such excess). Should Artist cancel at no fault of Purchaser, Purchaser shall promptly receive a complete refund of any deposits paid.

Purchaser, at its sole cost and expense, shall provide General Liability Insurance including contractual liability endorsement, with limits of \$1,000,000 with respect to bodily injury and death and \$1,000,000 for property damage. Such policies shall be in full force and effect from the time of load in to the time that Producer and all of Producer's affiliates have left the Venue and Producer's production has been loaded out of the Venue. Purchaser shall provide a copy of the certificate of insurance naming Producer, Josh Abbott as an additional insured not less than fourteen (14) days prior to the date of the Engagement. Purchaser's failure to deliver such certificate shall not relieve Purchaser of its obligation to provide the General Liability Insurance as set forth in this Contract.

**PRODUCER AGREES TO INDEMNIFY AND HOLD PURCHASER, AS WELL AS ITS OFFICERS AND EMPLOYEES, HARMLESS FROM AND AGAINST ANY CLAIMS, COSTS (INCLUDING REASONABLE ATTORNEY'S FEES) EXPENSES, DAMAGES, LIABILITIES, LOSSES, AND/OR JUDGMENTS ARISING OUT OF ANY CLAIM, DEMAND OR ACTION MADE BY ANY THIRD PARTY, TO THE EXTENT SUCH ARE SUSTAINED AS A DIRECT RESULT OF THE NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS OF THE PRODUCER, ITS AGENTS AND/OR EMPLOYEES.**

Pursuant to Texas Government Code Chapter 2270, Producer's execution of this Contract shall serve as verification that Producer does not presently boycott Israel and will not boycott Israel during the term of this Contract.

## PAYMENT AS FOLLOWS:

Fee agreed upon: \$130,000.00

Deposit: \$65,000.00 payable to Gary Osier Presents Inc. due immediately

Balance due: \$65,000.00 payable to Gary Osier Presents, Inc. Due (05/31/19)

## EXHIBIT A

Additional provisions: The parties shall also execute a Production Rider, which shall be attached to this Contract and incorporated herein for all purposes. In the event of a conflict between the terms of this Contract and the Production Rider, this Contract shall control. Purchaser to supply and pay for racks, stacks, stage lights and labor all to artist's specifications, plus internal ground transportation in the form of 1-15 passenger van with driver, and appropriate day of show catering or buyouts per advance with artist's tour manager. Artist to attend a meet and greet for 30 VIPs at a mutually agreeable time. Merch is 80/20 – 90/10 artist sells Radius: Clean from Jan 15th 2019 and 60 days following in the Dallas / Ft Worth market.

<p>Purchaser –</p> <p>Wesley S. Pierson Town of Addison</p> <p>_____ Signature of Purchaser</p>	<p>Producer –</p> <p>Gary Osier Gary Osier Presents, Inc. f/s/o Josh Abbott Band</p> <p>_____ Signature of Producer</p>
<p>Address of Purchaser PO Box 9010 Addison TX 75001 City, State, Zip Phone: 972-450-6231</p>	<p>Address of Producer 3601 Euclid Ave Dallas, TX. 75205</p>

## Work Session and Regular Meeting

6.

Meeting Date: 03/12/2019

Department: Special Events

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### AGENDA CAPTION:

Consider Action to Approve a **Resolution for a Performance Contract Between the Town of Addison and The All-American Rejects Corp. O'Touring for the Personal Services of Musicians and to Authorize the City Manager to Execute the Contract** in an Amount not to Exceed \$80,000.

### BACKGROUND:

The Town is using the professional services of Degy Booking International, Inc., to negotiate and secure performing talent for Town of Addison events. The company's reputation for securing and routing talent is highly regarded in the industry. The Town has been pleased with its ability to secure talent within the parameters of our music genres, the artists' routing availability and within budget. As the talent producer, a representative of Degy Booking International, Inc. will be on site for all performances booked through the agency. The fee for the company's services is 10% of the band's proceeds, with no commission from the gate or merchandise sales.

Pop rock artist The All-American Rejects will perform on Saturday evening at Taste Addison 2019 for 75-90 minutes. The cost for this talent is not to exceed \$80,000. Funding for this entertainment agreement is funded and budgeted for in the Hotel Fund.

The Resolution approves the agreement between the Town of Addison and All-American Rejects Corp O'Touring for the services of (f/s/o) The All-American Rejects for Taste Addison 2019.

### RECOMMENDATION:

Administration recommends approval.

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## Work Session and Regular Meeting

7.

Meeting Date: 03/12/2019

Department: Infrastructure- Development Services

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### AGENDA CAPTION:

Hold a Public Hearing, Present, Discuss, and Consider Action to Approve an Ordinance Amending Planned Development Ordinance 007-034, as Amended by Ordinances O13-026, O16-017, and O16-018, Which Zones that Area of the Town Known as Vitruvian Park, Containing Approximately 121 Acres of Land Generally Located at the Southeast Corner of Marsh Lane and Spring Valley Road in Order to Add Veterinary Clinic as an Additional Permitted Use . Case 1791-Z/Vitruvian Park.

### BACKGROUND:

#### COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on February 19, 2019, voted to recommend approval of an ordinance amending Planned Development Ordinance 007-034, as amended by ordinances O13-026, O16-017, and O16-018, which zones that area of the Town known as Vitruvian Park, containing approximately 121 acres of land generally located at the southeast corner of Marsh Lane and Spring Valley Road in order to add veterinary clinic as an additional permitted use, without conditions.

Voting Aye: Catalani, Dougan, Groce, Meleky, 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.

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### Attachments

1791-Z Staff Report

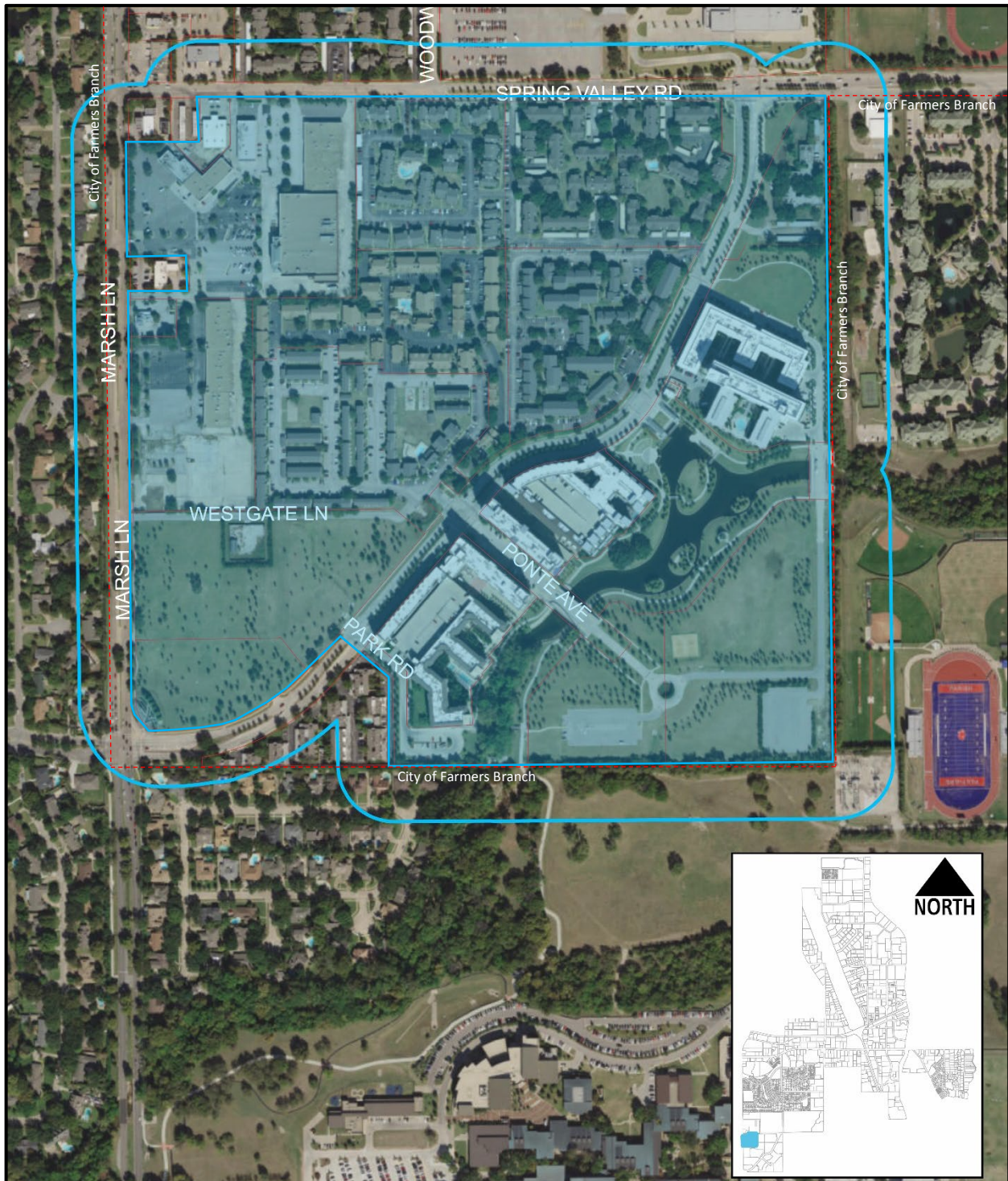
1791-Z Ordinance

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# 1791-Z

**PUBLIC HEARING** Case 1791-Z/Vitruvian Park. Public hearing, discussion, and take action on a recommendation regarding an ordinance amending Planned Development Ordinance 007-034, as amended by ordinances O13-026, O16-017, and O16-018, which zones that area of the Town known as Vitruvian Park, containing approximately 121 acres of land generally located at the southeast corner of Marsh Lane and Spring Valley Road in order to add additional permitted uses.

## LOCATION MAP





February 14, 2019

## STAFF REPORT

RE: Case 1791-Z/Vitruvian Park

LOCATION: 121 acres of land generally located at the southeast corner of Marsh Lane and Spring Valley Road

REQUEST: To amend Planned Development Ordinance 007-034, as previously amended by ordinances O13-026, O16-017, and O16-018, to allow an additional permitted use

APPLICANT: Rob St. John, UDR

## DISCUSSION:

Background: In 2007, UDR obtained approval to rezone a 99-acre neighborhood, which is bordered by Spring Valley Road on the north, the City of Farmers Branch on the east, Farmers Branch and Brookhaven College on the south, and Marsh Lane on the west, from the A (Apartment) and PD-CC (Planned Development – Condominium Conversion) zoning districts to a Planned Development District. The planned development district established permitted uses, development standards, and a concept plan.

Following the original zoning approval, UDR purchased four additional tracts totaling 21.7 acres. This integrated the Brookhaven Village Shopping Center into the project, as well as an office tract on the corner of Spring Valley Road and Vitruvian Way. To accommodate this, a new concept plan was approved by the City Council in 2013. Additionally, the PD ordinance was amended to establish development standards for the shopping center and add permitted uses in the district, including pet grooming and overnight boarding.

In 2016, the concept plan was revised in an attempt to capture market demand for additional office space, create a more definitive retail orientation, and better plan for the phasing of future development.

Proposed Plan: A veterinary clinic has expressed interest in a lease space within the newly completed retail building in the Brookhaven Village Shopping Center. In reviewing the list of permissible uses, veterinary clinics are not currently allowed. The applicant is requesting to add veterinary clinic as an allowed use in this PD district.

RECOMMENDATION: **APPROVAL**

Vitruvian Park is a fast-growing, large-scale, mixed-use community. Staff believes that the intent of this ordinance was to incorporate a variety of uses especially those relating to neighborhood services, allowing residents and workers access to a variety of amenities in close proximity. The intent of including these uses was to allow for a pet friendly community, which undoubtedly includes veterinary services.

Additionally, the ordinance already allows pet grooming and overnight boarding. Staff believes that veterinary clinic was not intentionally left off the list of permissible uses for any reason, it had just never come up before.

Staff recommends approval of the request, subject to no conditions.





Case 1791-Z/Vitruvian Park

February 19, 2019

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on February 19, 2019, voted to recommend approval of an ordinance amending Planned Development Ordinance 007-034, as amended by ordinances O13-026, O16-017, and O16-018, which zones that area of the Town known as Vitruvian Park, containing approximately 121 acres of land generally located at the southeast corner of Marsh Lane and Spring Valley Road in order to add veterinary clinic as an additional permitted use, without conditions.

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

Voting Nay: none

Absent: none

SPEAKERS AT THE PUBLIC HEARING:

For: none

On: none

Against: none

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING ORDINANCE NO. 007-034 (AS AMENDED) THAT ZONES AS PD PLANNED DEVELOPMENT DISTRICT THAT AREA OF THE TOWN KNOWN AS VITRUVIAN PARK AND CONTAINING APPROXIMATELY 121 ACRES OF LAND (GENERALLY LOCATED SOUTH OF SPRING VALLEY ROAD, WEST OF THE CITY OF FARMERS BRANCH, NORTH OF BROOKHAVEN COMMUNITY COLLEGE AND THE CITY OF FARMERS BRANCH, AND EAST OF MARSH LANE (AND AS MORE PARTICULARLY DESCRIBED IN ORDINANCE NO. 013-026), BY AMENDING EXHIBIT B (“PLANNED DEVELOPMENT CONDITIONS AND STANDARDS”) TO PROVIDE ADDITIONAL USES; PROVIDING A PENALTY NOT TO EXCEED TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00); AND PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the Town of Addison, Texas (the “City”) is a home rule municipality having full power of local self-government pursuant to Article 11, Section 5 of the Texas Constitution and its Home Rule Charter; and

**WHEREAS**, at its regular meeting held on February 19, 2019, the Planning & Zoning Commission considered and made recommendations on a request to amend Planned Development District 007-034, as amended by ordinances 013-026, 016-017, and 016-018, to provide for an additional permitted use. (Case No.1791-Z); 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.** 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.** Ordinance No. 007-034, Exhibit B, Subsection 5. Uses, as amended by ordinances 013-026, 016-017, and 016-018, shall be amended to include veterinary clinic in addition to all other uses permitted under the existing Planned Development District.

**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.** 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 12th day of March, 2019.**

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

\_\_\_\_\_  
Irma Parker, City Secretary

CASE NO: 1791-Z/Vitruvian Park

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda N. McDonald, City Attorney

PUBLISHED ON: \_\_\_\_\_

## Work Session and Regular Meeting

8.

Meeting Date: 03/12/2019

Department: Infrastructure- Development Services

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### AGENDA CAPTION:

Present, Discuss, and Consider Action on an **Ordinance Granting a Meritorious Exception for Make-A-Wish, Located at 16803 Dallas Parkway, from the Code of Ordinances, Chapter 62 Section 62-163. – Area, in Order to Permit a Sign Exceeding the Allowed Letter/Logo Height Requirement.**

### BACKGROUND:

In 2018, Make-A-Wish Foundation purchased the building located at 16803 Dallas Parkway to serve as their regional headquarters.

On August 27, 2018, the tenant's sign contractor contacted staff inquiring about the Town's Sign Ordinance and specific requirements for this property, as well a proposal for two attached wall signs and a monument sign. On August 28, 2018, it was communicated to the sign contractor that the proposed letter/logo heights for one of the attached walls signs would be out of compliance with the Town's regulations. Since then, staff has been in communication with the sign contractor as well as the tenant with regard to this sign proposal.

The Sign Code, Chapter 62 of the Code of Ordinances, regulates attached signage as follows:

Section 62-163. – Area.

(5) Maximum letter/logo height of attached signs shall not exceed twice the allowable effective area as specified in subsections (1) and (2) of this section. The street curb referenced in Schedule B shall be the street curb closes and/or adjacent to the property where the sign is to be installed. Maximum letter/logo height of attached signs shall be determined by Schedule A or Schedule B as follows:

#### Schedule A:

Sign Height Above Grade (Feet)	Maximum Letter/Logo Height (inches)
0-36	16
37-48	36

#### Schedule B:

Horizontal Distance of Sign From Street Curb (feet)	Maximum Letter/Logo Height (inches)
100-149	24
150-199	27
200-249	30

b. Not more than 50 percent of the letters in each individual sign height category in Schedules A and B may be 25 percent taller than the specified maximum letter/logo height.

The sign Make-A-Wish has proposed is 44 feet above grade and is setback about 190 feet from Dallas Parkway. Based on this, it is most advantageous for Make-A-Wish to utilize Schedule A, which would require letter/logo heights of up to 36 inches tall with an allowance that 50% of the letters to be up to 45 inches tall. All of the letters, with the exception of the letter/logo "A", are proposed at 36 inches tall, and the letter/logo "A" is proposed at 58.75 inches tall. While the letter heights of 36 inches meet the Sign Code requirements for attached signage, the "A" letter/logo does not comply. The proposed letter/logo



does not comply with the height requirement set forth in Sign Code Ordinance Section 62-163, exceeding the allowed letter/logo height by 13.75 inches. This equates to a 30% increase in size from what is allowed by the Code.

The applicant is requesting a meritorious exception to install the sign as proposed, with the 58.75 inch tall letter/logo, on the south facade.

Staff believes that the ordinance intends for the logo to be viewed as one cohesive unit and not separated as requested by Make-A-Wish. The Code states that meritorious exceptions should be considered on the basis that the Town's standard requirements, "by reason of exceptional circumstances or surroundings, constitute a practical difficulty or unnecessary hardship." Staff understands the desire for brand visibility, but believes that the ordinance provides Make-A-Wish other options for displaying their sign in other locations that would be more visible and not require a meritorious exception.

**RECOMMENDATION:**

Administration recommends denial.

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**Attachments**

Ordinance - Meritorious Sign - Make-A-Wish

Application - Make-A-Wish

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**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. 019-\_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS GRANTING A MERITORIOUS EXCEPTION TO SECTION 62-163 OF CHAPTER 62 OF THE CODE OF ORDINANCES TO ALLOW A 58.25 INCH TALL LETTER/LOGO ON THE SOUTH FAÇADE, ON THE PROPERTY LOCATED AT 16803 DALLAS PARKWAY; PROVIDING A PENALTY NOT TO EXCEED FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Chapter 62 of the Code of Ordinances regulates signage in the Town of Addison; and

**WHEREAS**, Section 62-33 permits the City Council to approve exceptions to the provisions of Chapter 62 in cases that have obvious merit in not only being appropriate to the particular site or location, but also in making a positive contribution to the visual environment; and

**WHEREAS**, the City Council has determined that the grant of the meritorious exception contained herein is in the best interest of the public and promotes the visual environment of the Town.

**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 meritorious exception to Section 62-163 of Chapter 62 of the Code of Ordinances is hereby granted to allow a 58.25 inch tall letter/logo on the south facade, as detailed in **Exhibit A**, for Make-A-Wish, located at 16803 Dallas Parkway. No other additional signage is permitted unless it complies with Chapter 62 of the Code of Ordinances.

**Section 3.** Any person, firm, corporation, or other business entity violating any of the provisions or terms of this Ordinance shall, in accordance with Section 62-35 of the Town of Addison Code of Ordinance (Violations), be fined, upon conviction, in an amount of not more than Five Hundred and No/100 Dollars (\$500.00), and a separate offense shall be deemed committed each day during or on which a violation occurs or continues.

**Section 4.** That this Ordinance shall take effect from and after its date of adoption and publication as required by law.

**PASSED AND APPROVED** BY THE CITY COUNCIL OF THE TOWN  
OF ADDISON, TEXAS, on this the 12th day of March, 2019.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

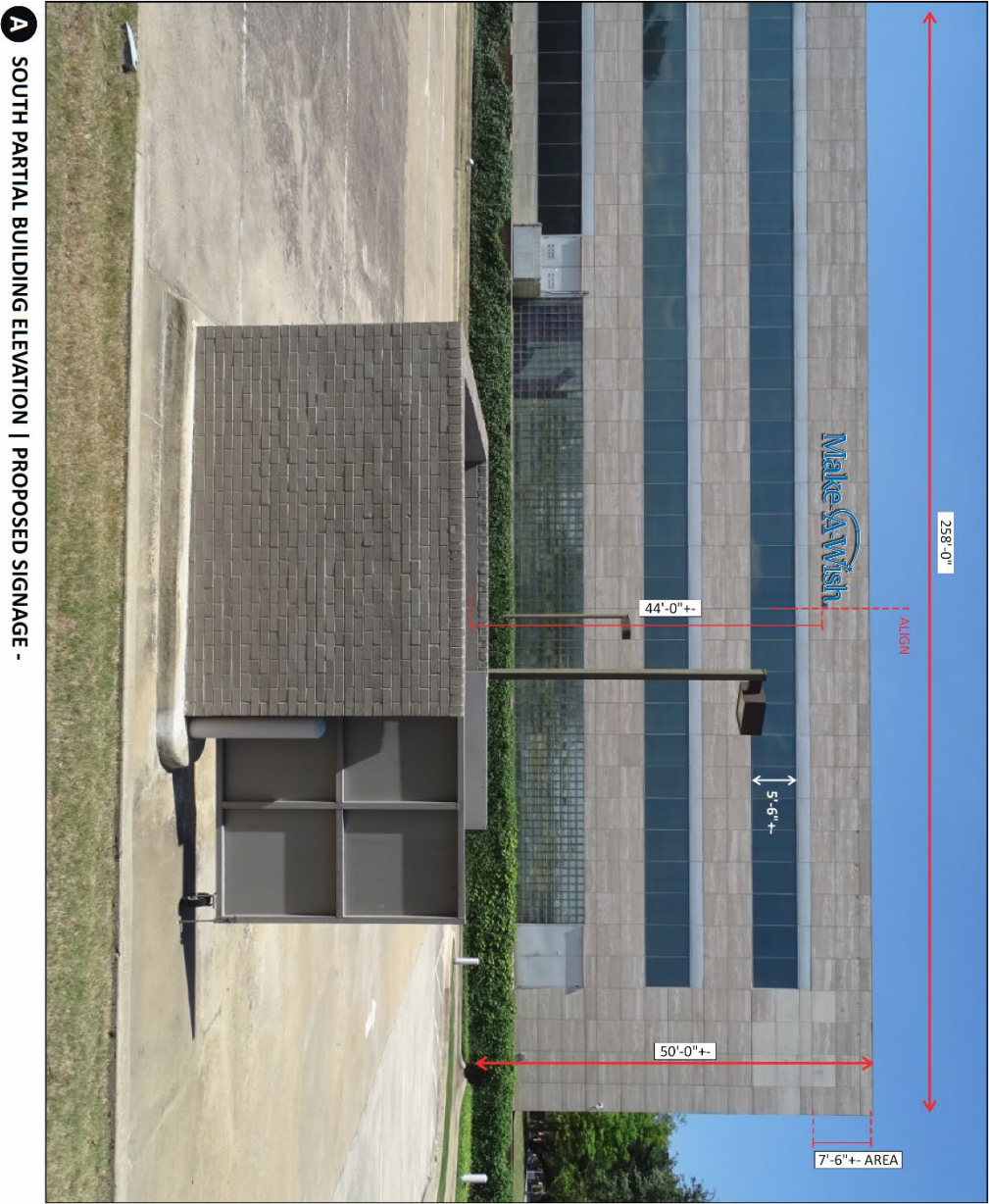
\_\_\_\_\_  
Irma Parker, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda N. McDonald, City Attorney

Ordinance No. \_\_\_\_\_

Exhibit A



A SOUTH PARTIAL BUILDING ELEVATION | PROPOSED SIGNAGE -

Make A Wish.

Design #	0400115A-7
Sheet	2 of 11
Client	MAKE A WISH
Address	16803 DALLAS PKWY ADDISON, TX.
Account Rep.	MSW/JA
Designer	RFF
Date	08.01.18
Approval / Date	
Client	
Sales	
Estimating	
Art	
Engineering	
Landlord	
Revision/Date	

R1 08/01/18 (R) CHD opt 2  
R2 08/01/18 (R) CHD opt 2  
R3 08/01/18 (R) CHD opt 2  
R4 08/01/18 (R) CHD opt 2  
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R12 08/01/18 (R) CHD opt 2  
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R99 08/01/18 (R) CHD opt 2  
R100 08/01/18 (R) CHD opt 2

CHANDLER SIGNS

chandlerdesigns.com

National Headquarters 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

San Antonio 17733 San Nixia Ave San Antonio, TX 78234

West Coast 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

Northeast US 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

Florida 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

Georgia 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

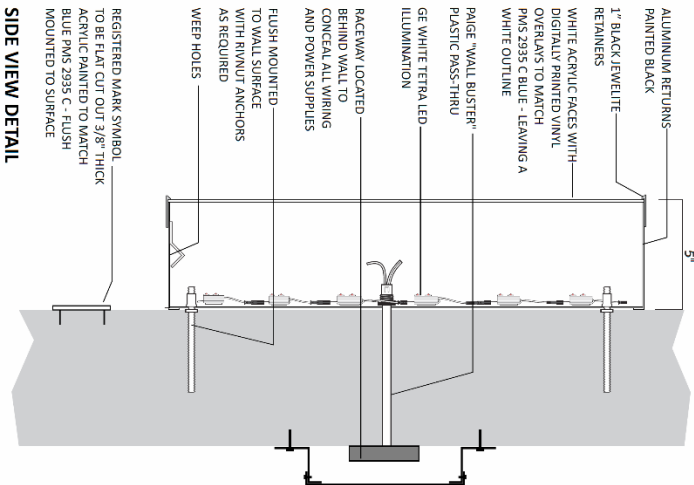
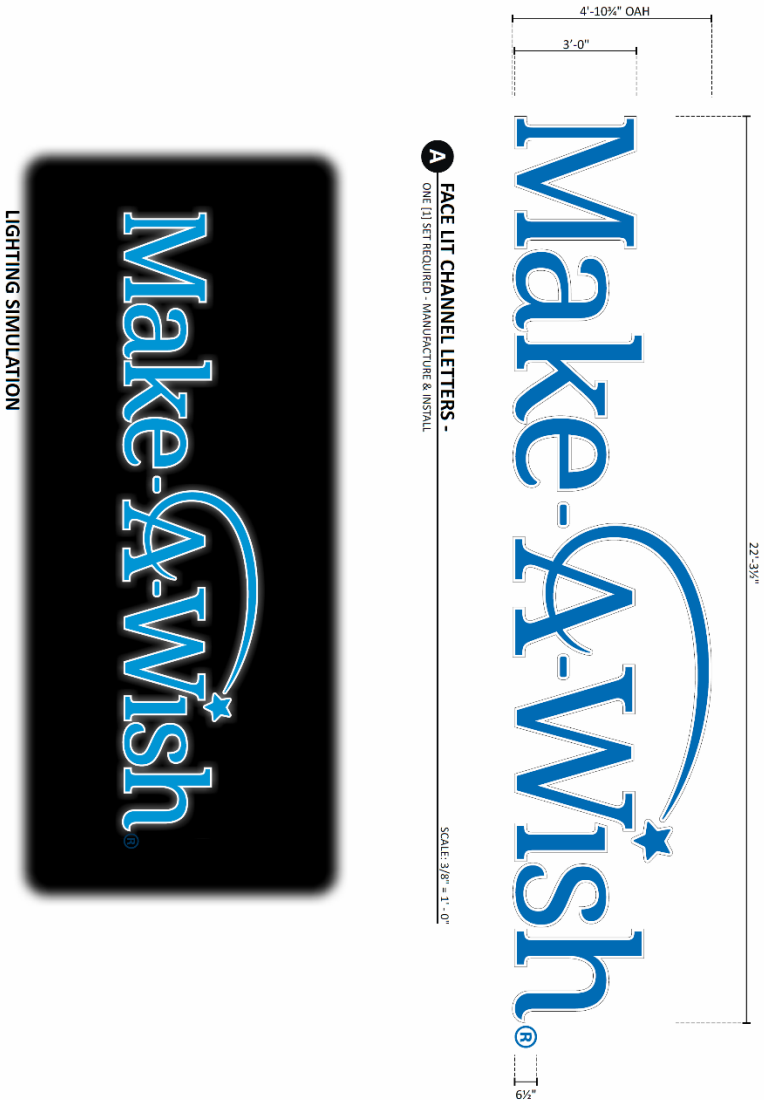
South Texas 12001 Sawgrass Blvd #101 Fort Lauderdale, FL 33325-3044

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FINAL ELECTRICAL CONNECTION BY CUSTOMER

11

Exhibit A



<b>DESIGN #</b> 0400115A47	
<b>Sheet</b> 4 of 11	<b>Client</b> MAKE A WISH
<b>Address</b> 16805 DALLAS PKWY ADDISON, TX	
<b>Account</b> MSW/IA	<b>Rep.</b>
<b>Designer</b> RFF	<b>Approval / Date</b> 08.01.18
<b>Client</b>	<b>Estimating</b>
<b>Sales</b>	<b>Art</b>
<b>Engineering</b>	<b>Landlord</b>
<b>Revision/Date</b>	
R1: 04/24/18 R2: 05/01/18 R3: 05/01/18 R4: 05/01/18 R5: 05/01/18 R6: 05/01/18 R7: 05/01/18 R8: 05/01/18 R9: 05/01/18 R10: 05/01/18 R11: 05/01/18 R12: 05/01/18 R13: 05/01/18 R14: 05/01/18 R15: 05/01/18 R16: 05/01/18 R17: 05/01/18 R18: 05/01/18 R19: 05/01/18 R20: 05/01/18 R21: 05/01/18 R22: 05/01/18 R23: 05/01/18 R24: 05/01/18 R25: 05/01/18 R26: 05/01/18 R27: 05/01/18 R28: 05/01/18 R29: 05/01/18 R30: 05/01/18 R31: 05/01/18 R32: 05/01/18 R33: 05/01/18 R34: 05/01/18 R35: 05/01/18 R36: 05/01/18 R37: 05/01/18 R38: 05/01/18 R39: 05/01/18 R40: 05/01/18 R41: 05/01/18 R42: 05/01/18 R43: 05/01/18 R44: 05/01/18 R45: 05/01/18 R46: 05/01/18 R47: 05/01/18 R48: 05/01/18 R49: 05/01/18 R50: 05/01/18 R51: 05/01/18 R52: 05/01/18 R53: 05/01/18 R54: 05/01/18 R55: 05/01/18 R56: 05/01/18 R57: 05/01/18 R58: 05/01/18 R59: 05/01/18 R60: 05/01/18 R61: 05/01/18 R62: 05/01/18 R63: 05/01/18 R64: 05/01/18 R65: 05/01/18 R66: 05/01/18 R67: 05/01/18 R68: 05/01/18 R69: 05/01/18 R70: 05/01/18 R71: 05/01/18 R72: 05/01/18 R73: 05/01/18 R74: 05/01/18 R75: 05/01/18 R76: 05/01/18 R77: 05/01/18 R78: 05/01/18 R79: 05/01/18 R80: 05/01/18 R81: 05/01/18 R82: 05/01/18 R83: 05/01/18 R84: 05/01/18 R85: 05/01/18 R86: 05/01/18 R87: 05/01/18 R88: 05/01/18 R89: 05/01/18 R90: 05/01/18 R91: 05/01/18 R92: 05/01/18 R93: 05/01/18 R94: 05/01/18 R95: 05/01/18 R96: 05/01/18 R97: 05/01/18 R98: 05/01/18 R99: 05/01/18 R100: 05/01/18	

**CHANDLER SIGNS**  
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San Antonio, TX 78212  
760-949-1111  
www.chandler-signs.com

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San Antonio, TX 78212  
760-949-1111  
www.chandler-signs.com

**Northwest US**  
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San Antonio, TX 78212  
760-949-1111  
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**FINAL ELECTRICAL CONNECTION BY CUSTOMER**



## MERITORIOUS EXCEPTION APPLICATION

To be completed by Town staff:

Application date: 2-26-19 Application/Fee Received: 2-26-19 Fee paid: \$300

### APPLICANT CONTACT

I hereby certify that the information in this application is true and correct to the best of my knowledge.

Name: (printed) SCOTTY LANDRY

Company name: MAKE-A-WISH® FOUNDATION of NORTH TEXAS

Address: 16803 DALLAS PKWY., ADDISON, TX 75001

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Status of Applicant: ☒ Owner ☐ Tenant ☐ Contractor ☐ Other: \_\_\_\_\_

Applicant's Signature: [Signature]

### INFORMATION ABOUT THE REQUEST

Address or location: 16803 DALLAS PKWY., ADDISON, TX 75001

Reasons for Meritorious Exception: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### SUBMITTAL REQUIREMENTS

You must submit 3 paper copies (11x17) and a PDF of plans showing:

- Lot Lines
- Names of Adjacent Streets
- Location of Existing Buildings and Signs
- Proposed Signs
- Sketch of the Sign with Scale, Dimensions, and Setbacks Indicated





MERITORIOUS EXCEPTION APPLICATION (attachment)

Address: 16803 Dallas Parkway, Addison

Reasons for Meritorious Exception:

This building offers Make-A-Wish a central location as well as brand visibility given the building's location adjacent the Dallas North Tollway. As a non-profit, we spend very little on advertising and building logo signage is extremely valuable. Our building's south-facing exterior wall presents a prime branding opportunity for us.

We ask that the city consider granting an exception to a signage restriction we are facing. The Make-A-Wish logo is made up of two elements: the "Make-A-Wish" wordmark itself and the shooting star graphic that extends from the "A". Because of the graphic design of our logo, and the global brand standards that we must adhere to, our logo would be suppressed down to a very small overall size. This would compromise legibility and significantly hamper our brand visibility and fundraising efforts.

We respectfully request that the graphic icon element in the Make-A-Wish logo (i.e., shooting star) be considered separate from the wordmark element (i.e., Make-A-Wish) in order to allow our exterior building sign to be large enough to be clearly read from the road, look more proportionate to the side of the building as well as to allow for the brand visibility that is so crucial to the advancement of our mission.





**A** SOUTH PARTIAL BUILDING ELEVATION | PROPOSED SIGNAGE -

Design #

0400115Ar7

Sheet

2 of 11

Client

MAKE A WISH

Address

16803 DALLAS PKWY  
ADDISON, TX.

Account Rep.

MSW | JA

Designer

RFF

Date

08.01.18

Approval / Date

Client	
Sales	
Estimating	
Art	
Engineering	
Landlord	

Revision/Date

R1-09/04/18(CJR): Chgd opt 2 for "A". Deleted opt 3. Added opt. 2 for "C".  
R2-SDM-9/10/18-dlt'd "A"opt1 and revised loc on bld'g  
R3 RFF 11.27.18 rev sign b graphics  
R4 EJS:  
R5 BR 1/7/19: updt B to 2 opts  
R6 RFF 02.11.19 B rev font and added opt 3  
R7-AC-02/23/19: add A opt2

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National Headquarters

14201 Sovereign Road #101  
Fort Worth, TX 76155  
(214) 902-2000 Fax (214) 902-2044

San Antonio

17319 San Pedro Ave  
Ste 200  
San Antonio, TX 78232  
(210) 349-3804 Fax (210) 349-8724

West Coast

3220 Executive Ridge Dr  
Ste 250  
Vista, CA 92081  
(760) 734-1708 Fax (760) 734-3752

Northeast US

2301 River Road  
Suite 201  
Louisville, KY 40206  
(502) 897-9800 Cell (502) 554-2575

Florida

2584 Sand Hill Point Circle  
Davenport, FL 33837  
(863) 426-1100 Fax (863) 424-1160

Georgia

111 Woodstone Place  
Dawsonville, GA 30534  
(678) 725-8852 Fax (210) 349-8724

South Texas

PO BOX 125 206 Doral Drive  
Portland, TX 78374  
(961) 563-5999 Fax (361) 643-6533

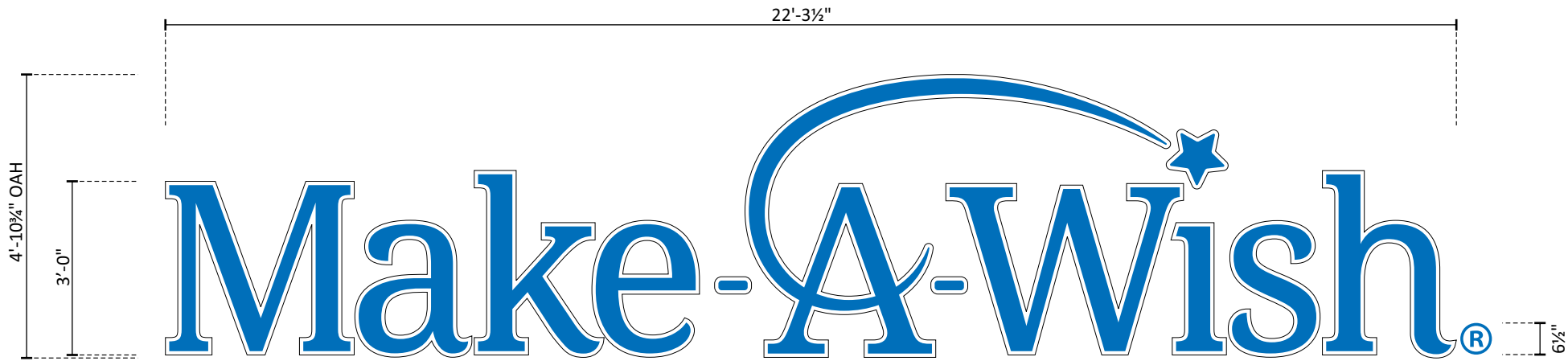
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FINAL ELECTRICAL  
CONNECTION BY  
CUSTOMER

UL

THIS SIGN IS INTENDED TO BE INSTALLED  
IN ACCORDANCE WITH ARTICLE 600 OF THE  
NATIONAL ELECTRICAL CODE AND/OR OTHER  
APPLICABLE LOCAL CODES. THIS INCLUDES  
PROPER GROUNDING & BONDING OF THE SIGN.  
SIGN WILL BEAR UL LABEL(S).



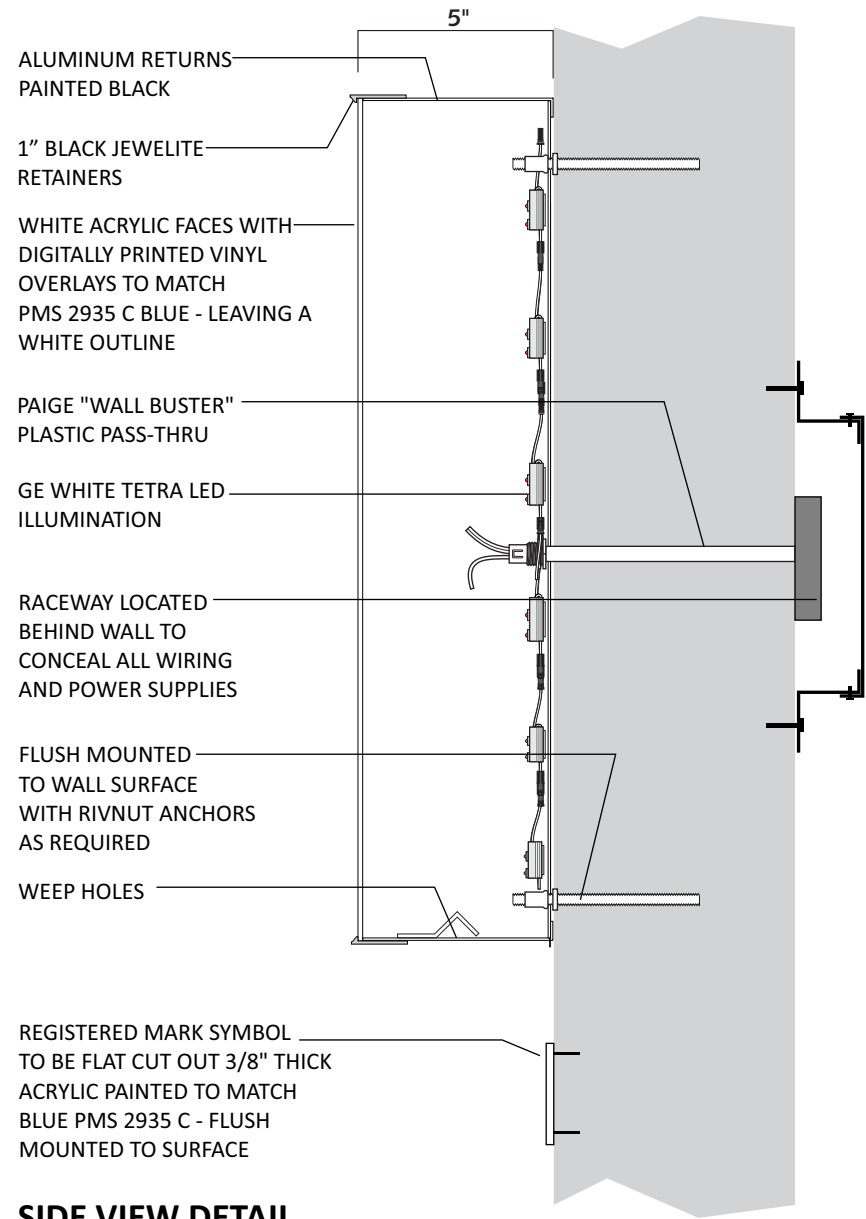


**A** FACE LIT CHANNEL LETTERS -  
ONE [1] SET REQUIRED - MANUFACTURE & INSTALL

SCALE: 3/8" = 1' - 0"




LIGHTING SIMULATION



SIDE VIEW DETAIL

Make-A-Wish.

Design #	
0400115Ar7	
Sheet	4 of 11
Client	
MAKE A WISH	
Address	
16803 DALLAS PKWY ADDISON, TX.	
Account Rep.	MSW   JA
Designer	RFF
Date	08.01.18
Approval / Date	
Client	
Sales	
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R5 BR 1/7/19: updt B to 2 opts	
R6 RFF 02.11.19 B rev font and added opt 3	
R7-AC-02/23/19: add A opt2	

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	17319 San Pedro Ave Ste 200 San Antonio, TX 78232 (210) 349-3804 Fax (210) 349-8724
San Antonio	3220 Executive Ridge Dr Ste 250 Vista, CA 92081 (760) 734-1708 Fax (760) 734-3752
West Coast	2301 River Road Suite 201 Louisville, KY 40206 (502) 897-9800 Cell (502) 554-2575
Northeast US	2584 Sand Hill Point Circle Davenport, FL 33837 (863) 426-1100 Fax (863) 424-1160
Florida	111 Woodstone Place Dawsonville, GA 30534 (678) 725-8852 Fax (210) 349-8724
Georgia	PO BOX 125 206 Doral Drive Portland, TX 78374 (961) 563-5999 Fax (361) 643-6533
South Texas	

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AERIAL SITE VIEW | SIGN LOCATIONS

SCALE: 1/64 = 1' - 0"

Design #	
0400115Ar7	
Sheet	11 of 11
Client	
MAKE A WISH	
Address	
16803 DALLAS PKWY ADDISON, TX.	
Account Rep.	MSW   JA
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SIGN WILL BEAR UL LABEL(S).

## Work Session and Regular Meeting

9.

Meeting Date: 03/12/2019

Department: Infrastructure- Development Services

---

### AGENDA CAPTION:

Present, Discuss, and Consider Action on an **Ordinance Granting a Meritorious Exception for Lupe Tortilla, Located at 4535 Belt Line Road, from the Code of Ordinances, Chapter 62 Section 62-163. – Area, in Order to Permit a Sign Exceeding the Allowed Letter/Logo Height Requirement**

### BACKGROUND:

Lupe Tortilla is a Mexican restaurant with multiple locations centered around the Houston, Austin, and San Antonio areas, and that is expanding into the North Texas market. In 2018, the company purchased the former Romano's Macaroni Grill building located at 4535 Belt Line Road.

The Sign Code, Chapter 62 of the Code of Ordinances, regulates attached signage as follows:  
Section 62-163. – Area.

(5) Maximum letter/logo height of attached signs shall not exceed twice the allowable effective area as specified in subsections (1) and (2) of this section. The street curb referenced in Schedule B shall be the street curb closes and/or adjacent to the property where the sign is to be installed. Maximum letter/logo height of attached signs shall be determined by Schedule A or Schedule B as follows:

#### Schedule A:

Sign Height Above Grade (feet)	Maximum Letter/Logo Height (inches)
0-36	16

#### Schedule B:

Horizontal Distance of Sign From Street Curb (feet)	Maximum Letter/Logo Height (inches)
100-149	24

b. Not more than 50 percent of the letters in each individual sign height category in Schedules A and B may be 25 percent taller than the specified maximum letter/logo height.

Lupe Tortilla is proposing a sign at 16 feet 3 inches above grade and is setback about 70 feet from Belt Line Road. Based on this, the sign must comply with Schedule A, which would require letter/logo heights of up to 16 inches tall with an allowance that 50% of the letters or logo can be up to 20 inches tall. The sign reads: Lupe Tortilla, Breakfast-Lunch-Dinner, and contains a pepper logo. The letters Lupe Tortilla are proposed at 12 inches tall, the letters Breakfast-Lunch-Dinner are proposed at 9.8 inches tall, and the pepper logo is proposed at 57 inches tall. While the letter heights of 9.8-14 inches meet the Sign Code requirements for attached signage, the pepper logo does not comply exceeding the allowed letter/logo height by 37 inches. This equates to 285% increase in size from what is allowed by the Code.

The applicant is requesting a meritorious exception to install the sign as proposed, with the 57-inch-tall pepper logo, on the south facade.

The Code states that meritorious exceptions should be considered on the basis that the Town's standard requirements, "by reason of exceptional circumstances or surroundings, constitute a practical difficulty

or unnecessary hardship." Staff does not believe that such a situation exists here and that a meritorious exception is not warranted. Lupe Tortilla expresses a concern about trees blocking the visibility of the attached sign from Belt Line Road. It was for this reason that Addison amended its sign code to allow for monument signs beneath the tree canopy. Staff believes that a monument sign is a more appropriate solution to any visibility concerns.

**RECOMMENDATION:**

Administration recommends denial.

---

**Attachments**

Ordinance - Meritorious Sign - Lupe Tortilla

Application - Lupe Tortilla

---



**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. 019-\_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS GRANTING A MERITORIOUS EXCEPTION TO SECTION 62-163 OF CHAPTER 62 OF THE CODE OF ORDINANCES TO ALLOW A 57 INCH TALL PEPPER LOGO ON THE FRONT ELEVATION, ON THE PROPERTY LOCATED AT 4535 BELT LINE ROAD; PROVIDING A PENALTY NOT TO EXCEED FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) FOR EACH OFFENSE AND A SEPARATE OFFENSE SHALL BE DEEMED COMMITTED EACH DAY DURING OR ON WHICH A VIOLATION OCCURS OR CONTINUES; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Chapter 62 of the Code of Ordinances regulates signage in the Town of Addison; and

**WHEREAS**, Section 62-33 permits the City Council to approve exceptions to the provisions of Chapter 62 in cases that have obvious merit in not only being appropriate to the particular site or location, but also in making a positive contribution to the visual environment; and

**WHEREAS**, the City Council has determined that the grant of the meritorious exception contained herein is in the best interest of the public and promotes the visual environment of the Town.

**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 meritorious exception to Section 62-163 of Chapter 62 of the Code of Ordinances is hereby granted to allow a 57 inch tall pepper logo on the south facade, front elevation, as detailed in **Exhibit A**, for Lupe Tortilla, located at 4535 Belt Line Road. No other additional signage is permitted unless it complies with Chapter 62 of the Code of Ordinances.

**Section 3.** Any person, firm, corporation, or other business entity violating any of the provisions or terms of this Ordinance shall, in accordance with Section 62-35 of the Town of Addison Code of Ordinance (Violations), be fined, upon conviction, in an amount of not more than Five Hundred and No/100 Dollars (\$500.00), and a separate offense shall be deemed committed each day during or on which a violation occurs or continues.

**Section 4.** That this Ordinance shall take effect from and after its date of adoption and publication as required by law.

**PASSED AND APPROVED** BY THE CITY COUNCIL OF THE TOWN  
OF ADDISON, TEXAS, on this the 12th day of March, 2019.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

\_\_\_\_\_  
Irma Parker, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda N. McDonald, City Attorney

Ordinance No. \_\_\_\_\_





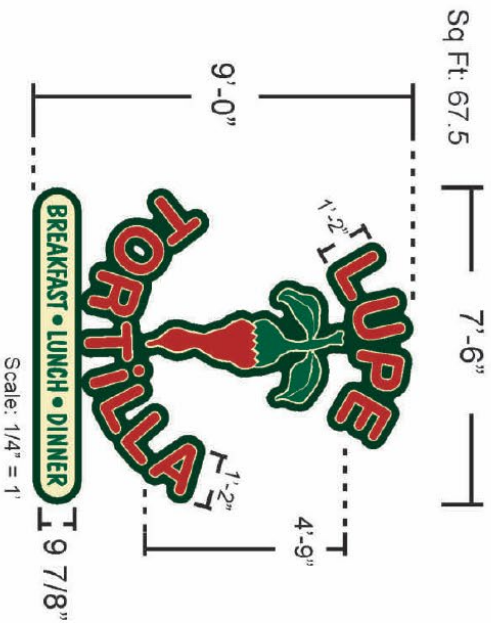
SALES@LNSSIGNS.COM

WWW.LNSSIGNS.COM

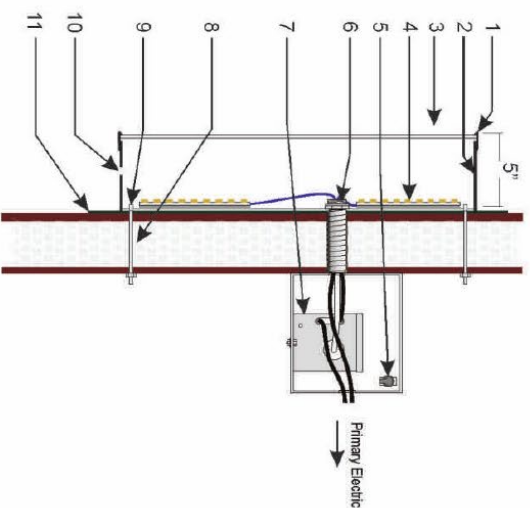
972.790.8900 fax 972.790.8997

11330 Luna Road Dallas, Texas 75229

Front/Rear Elevation - Opt. 1  
Channel Letter Detail



Manufacture and Install Two(2) Qty., Direct Mounted, Internally Illuminated Channel Letters, with 1" Trim-cap Painted to Match SW 6468 Hunt Club, 5" Aluminum Returns Painted to Match SW 6468 Hunt Club and #2146 Ivory Acrylic Faces with Oracal 8800-031 Red and 8800-658 Melon First Surface Vinyl Overlays. Letters Illuminated with White LED's. Background Panel to be 3mm ACM Panel Painted to Match SW 6468 Hunt Club. All Paint to be Matte Finish.



General notes  
All UL listed materials and components

1	1" Trim-cap Painted to Match SW 6468 Hunt Club
2	5" x .040" Aluminum Returns Painted to Match SW 6468 Hunt Club
3	3/16" #2146 Ivory Acrylic Faces w/ Vinyl Overlay
4	White LED Units Applied to Back of Letters with Foam Tape and Silicone
5	On/Off Switch
6	LED Wire to Power Supply
7	Remote Power Supply in UL Approved Box
8	1/4" Non-Corrosive Anchors, Through Bolted into Wall
9	1/4" Riv-Nut Installed in Letter Back
10	1/4" Drain Holes in Bottom of Letters
11	3mm ACM Background Panel Painted to Match SW 6468 Hunt Club

NOTE: Specs subject to change depending on final sign design choice.

DESIGNED FOR:  
**Lupe Tortilla**

PROJECT LOCATION:  
4535 Belt Line Road,  
Addicks, Texas 75001

DATE: 1-22-19  
DRAWN BY: JL

FILE SAVED AS:

SALESPERSON:  
Robert Hyman

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TSCL 186510  
UL# E342647

NOTES:  
Revised 2-25-19  
Revised 2-28-19



These drawings are intended to provide a visual representation of the proposed sign. The actual sign may vary slightly from the drawings due to manufacturing tolerances and material availability. The customer is responsible for obtaining all necessary permits and approvals for the sign.

DATE

Ordinance No. \_\_\_\_\_





## MERITORIOUS EXCEPTION APPLICATION

To be completed by Town staff:

Application date: 02-28-19      Application/Fee Received: 02-28-19      Fee paid: \$300

### APPLICANT CONTACT

I hereby certify that the information in this application is true and correct to the best of my knowledge.

Name: (printed) Jessica Jones

Company name: Lupe Tortilla

Address: 10333 Richmond Ave Suite 210 Houston TX 77042

Phone: 832 797 1384      Email: JJones@lupeTortilla.com

Status of Applicant: ☐ Owner    ☐ Tenant    ☐ Contractor    ☒ Other: Development Coordinator

Applicant's Signature: Jessica Jones

### INFORMATION ABOUT THE REQUEST

Address or location: 4535 Belt Line Rd Addison TX 75001

Reasons for Meritorious Exception: Our nationally trademarked logo and sign meets the criteria of Section 62-162 Note 1

A substantial mature tree lines creates very difficult site lines from the primary signage facing Beltline Rd.

Given the original existing location of the structure the relocation to comply with stated set backs were not feasible.

This location will be the very first location in the DFW market for the brand and therefore represents the brand as a flagship creating the necessity to install the trademarked logo and sign in order to represent the concept as well as ensure financial success for the long term.

### SUBMITTAL REQUIREMENTS

You must submit 3 paper copies (11x17) and a PDF of plans showing:

- Lot Lines
- Names of Adjacent Streets
- Location of Existing Buildings and Signs
- Proposed Signs
- Sketch of the Sign with Scale, Dimensions, and Setbacks Indicated

Lupe Tortilla  
2/27/2019

Lupe Tortilla  
4535 Belt Line Rd Addison TX 75001  
Reason for Meritorious Exception

To whom it may concern,

Lupe Tortilla is seeking a meritorious variance to install a nationally trademarked logo and sign in Addison TX. Per Section 62-163 Note 1 of the city's ordinances, our current sign meets the requirements of 1 square foot per each linear foot of the façade. Our trademarked sign is drawn to be 9' tall by 7' 6" wide, giving it a total square footage of 67.5'. Our front elevation stretches over 100'.

For consistency across locations, our sign is drawn with our logo at 4' 9" tall. Section 62-163 Schedule A restricts our logo height to 16" tall or less, with a variance of up to 20". This would be over a 50% reduction in height. We believe the request for exception to be meritorious for the following reasons:

**Project Scope:** Substantial remodel of the former Macaroni Grill located at 4535 Beltline Rd. Costs expected to exceed \$1.5MM including complete reconstruction of all electrical, plumbing, mechanical, interior, and exterior aesthetics and landscaping. These first class renovations ensure a long lasting professional facility that will serve and represent the community standards of Addison for years to come.

**Financial Impacts:** The trademarked logo and installation of a visible sign is critically important to the financial success of the business, which has enjoyed a 35-year history.

**Visibility:** A substantial mature tree line creates very difficult site lines from the primary signage facing Beltline Rd.

**Existing Location:** The premises was originally built in approx. 2003. The relocation to comply with stated set backs was not feasible given the original existing location.

**Branding:** This location will be the very first location in the DFW market for the brand and therefore represents the brand as a flagship creating the necessity to install the trademarked logo and sign in order to represent the concept as well as ensure financial success for the long term.

In conclusion, we trust the Council will recognize the significant revenue benefits that will be possible as well as the rehabilitation of a formerly closed restaurant. Including the addition of another well-established brand to an already very impressive lineup of businesses that Addison has become known for.

We thank you very much for your time and consideration.

Sincerely,

  
Jessica Jones

Development Coordinator  
Lupe Tortilla

5838 Worth Pkwy San Antonio Location



Existing

**DESIGNED FOR:**

**Lupe Tortilla**

**PROJECT LOCATION:**

**4535 Belt Line Road,  
Addison, Texas 75001**

**DATE:**

**1-22-19**

**DRAWN BY:**

**JL**

**FILE SAVED AS:**

**SALESPERSON:**

**Robert Hyman**

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**TSCL 18510**

**UL# E342647**

**NOTES:**

**Revised 2-25-19**

**Revised 2-28-19**



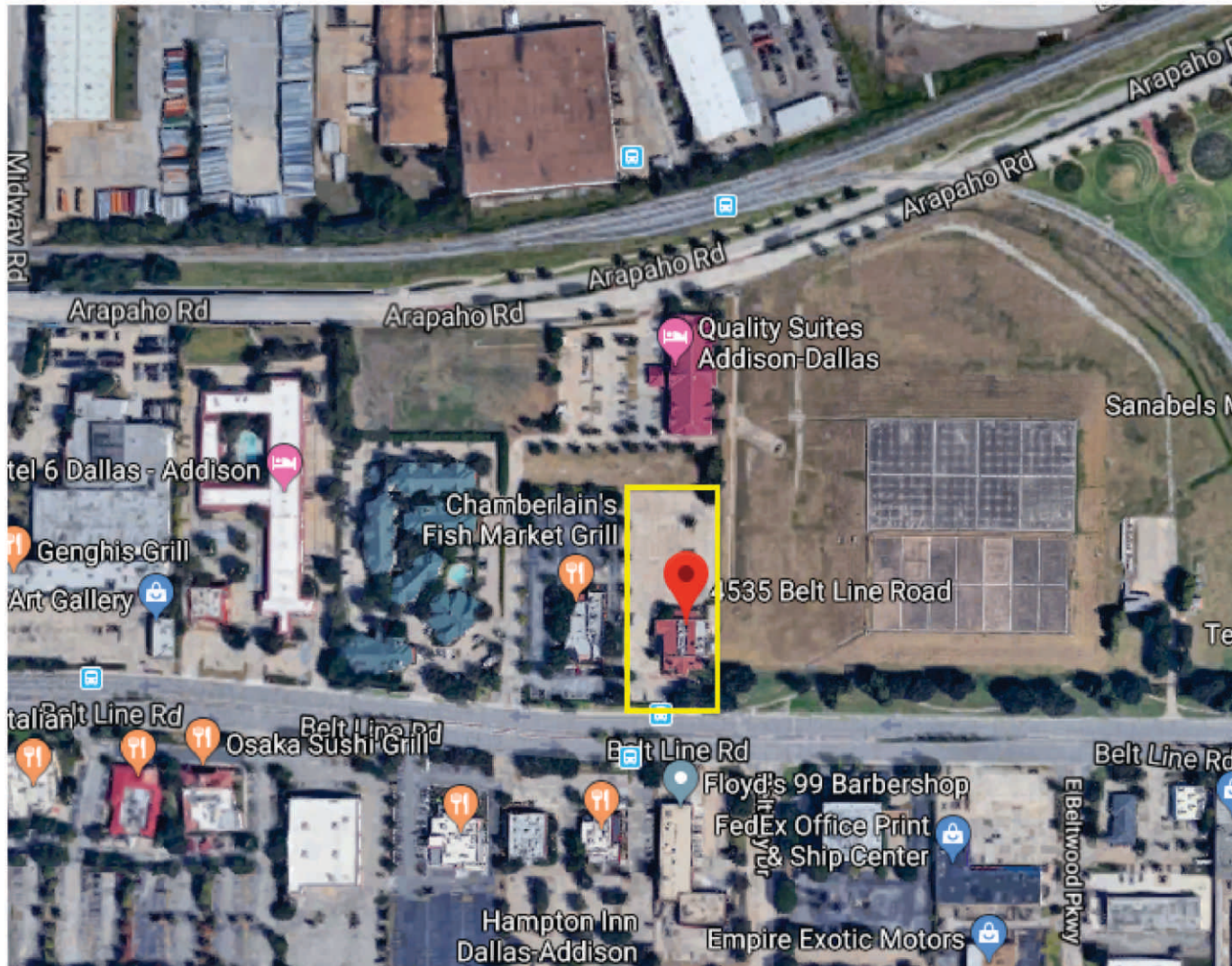
Note: All possible improvements to match colors of the S&M film or or PANTONE matching system colors have been provided. No exact color scheme can be guaranteed, due to printing limitations, environmental factors, and other characteristics that change how we perceive color.

**CUSTOMER APPROVAL**

**DATE**



# Area Map


**DESIGNED FOR:**
**Lupe Tortilla**
**PROJECT LOCATION:**
**4535 Belt Line Road,  
Addison, Texas 75001**
**DATE:**
**1-22-19**
**DRAWN BY:**
**JL**
**FILE SAVED AS:**
**SALESPERSON:**
**Robert Hyman**

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**TSCL 18510**
**UL# E342647**
**NOTES:**
**Revised 2-25-19**
**Revised 2-28-19**


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**CUSTOMER APPROVAL**
**DATE**





DATE \_\_\_\_\_



## Existing Lupe Addison



Front



Driving West on Beltline



Driving East on Beltline



Entering Driveway

### DESIGNED FOR:

**Lupe Tortilla**

### PROJECT LOCATION:

**4535 Belt Line Road,  
Addison, Texas 75001**

### DATE:

**1-22-19**

### DRAWN BY:

**JL**

### FILE SAVED AS:

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### NOTES:

**Revised 2-25-19**

**Revised 2-28-19**



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**CUSTOMER APPROVAL**

**DATE**



## Nearby Restaurants - Beltline Rd



Fogo de Chao - 4300 Beltline Rd



Olive Garden - 4240 Beltline Rd



Chilis - 4500 Beltline Rd



Floyds - 4532 Beltline Rd

### DESIGNED FOR:

**Lupe Tortilla**

### PROJECT LOCATION:

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Addison, Texas 75001**

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### NOTES:

**Revised 2-25-19**

**Revised 2-28-19**



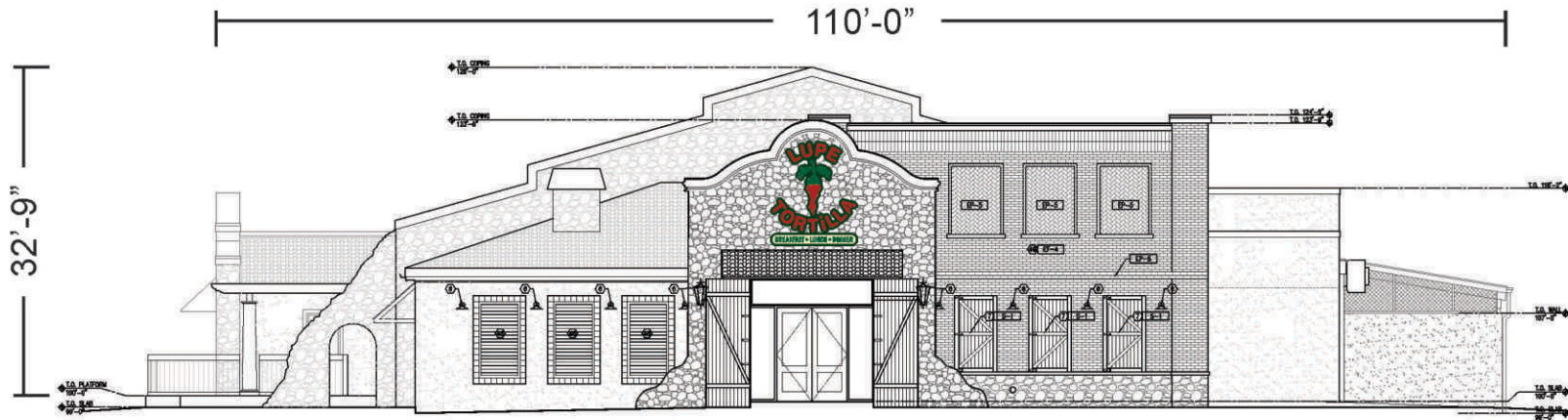
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**CUSTOMER APPROVAL**

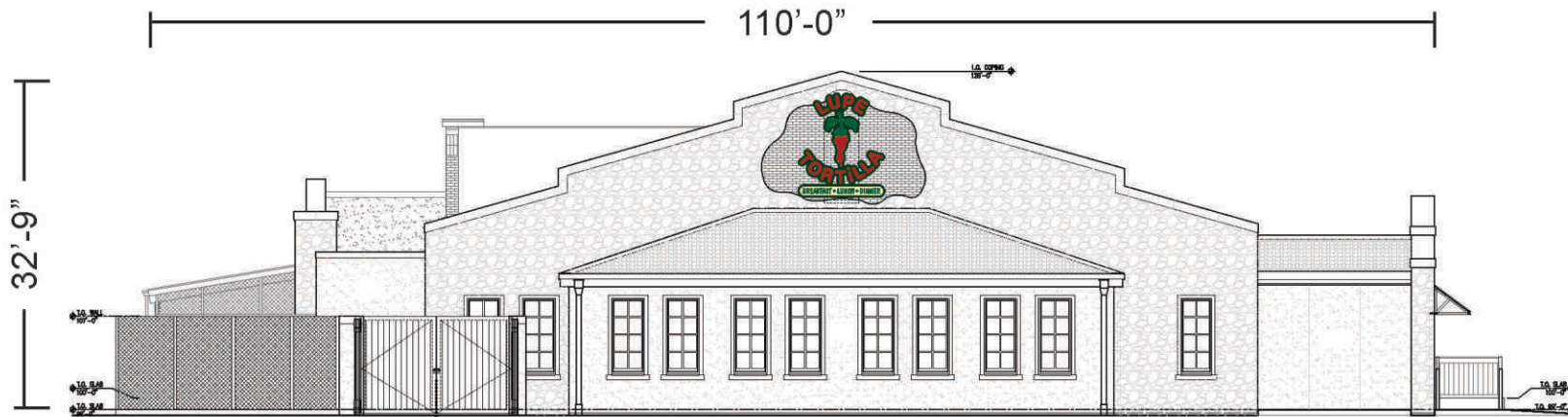
**DATE**



## Elevations - Opt. 1



Front Elevation - Scale: 1/16" = 1'



Rear Elevation - Scale: 1/16" = 1'

### DESIGNED FOR:

**Lupe Tortilla**

### PROJECT LOCATION:

**4535 Belt Line Road,  
Addison, Texas 75001**

### DATE:

**1-22-19**

### DRAWN BY:

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### NOTES:

**Revised 2-25-19  
Revised 2-28-19**



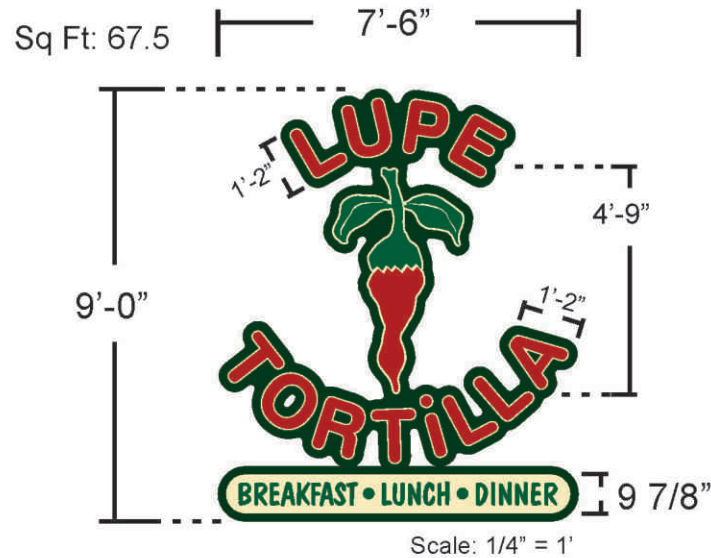
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**CUSTOMER APPROVAL**

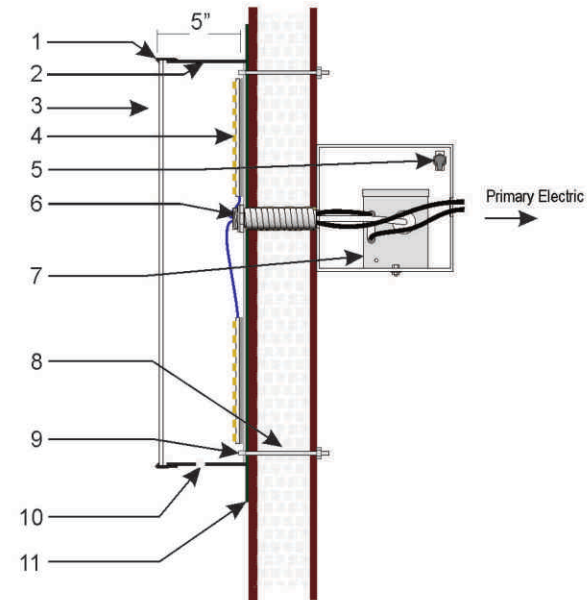
**DATE**



## Front/Rear Elevation - Opt. 1 Channel Letter Detail



Manufacture and Install Two(2) Qty., Direct Mounted, Internally Illuminated Channel Letters, with 1" Trim-cap Painted to Match SW 6468 Hunt Club, 5" Aluminum Returns Painted to Match SW 6468 Hunt Club and #2146 Ivory Acrylic Faces with Oracal 8800-031 Red and 8800-658 Melon First Surface Vinyl Overlays. Letters Illuminated with White LED's. Background Panel to be 3mm ACM Panel Painted to Match SW 6468 Hunt Club. All Paint to be Matte Finish.



### General notes

#### All UL listed materials and components

1	1" Trim-cap Painted to Match SW 6468 Hunt Club
2	5" x .040" Aluminum Returns Painted to Match SW 6468 Hunt Club
3	3/16" #2146 Ivory Acrylic Faces w/ Vinyl Overlay
4	White LED Units Applied to Back of Letters with Foam Tape and Silicone
5	On/Off Switch
6	LED Wire to Power Supply
7	Remote Power Supply in UL Approved Box
8	1/4" Non-Corrosive Anchors, Through Bolted into Wall
9	1/4" Riv-Nut Installed in Letter Back
10	1/4" Drain Holes in Bottom of Letters
11	3mm ACM Background Panel Painted to Match SW 6468 Hunt Club

NOTE: Specs subject to change depending on final sign design choice.

### DESIGNED FOR:

**Lupe Tortilla**

### PROJECT LOCATION:

**4535 Belt Line Road,  
Addison, Texas 75001**

### DATE:

**1-22-19**

### DRAWN BY:

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### FILE SAVED AS:

### SALESPERSON:

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### NOTES:

**Revised 2-25-19  
Revised 2-28-19**

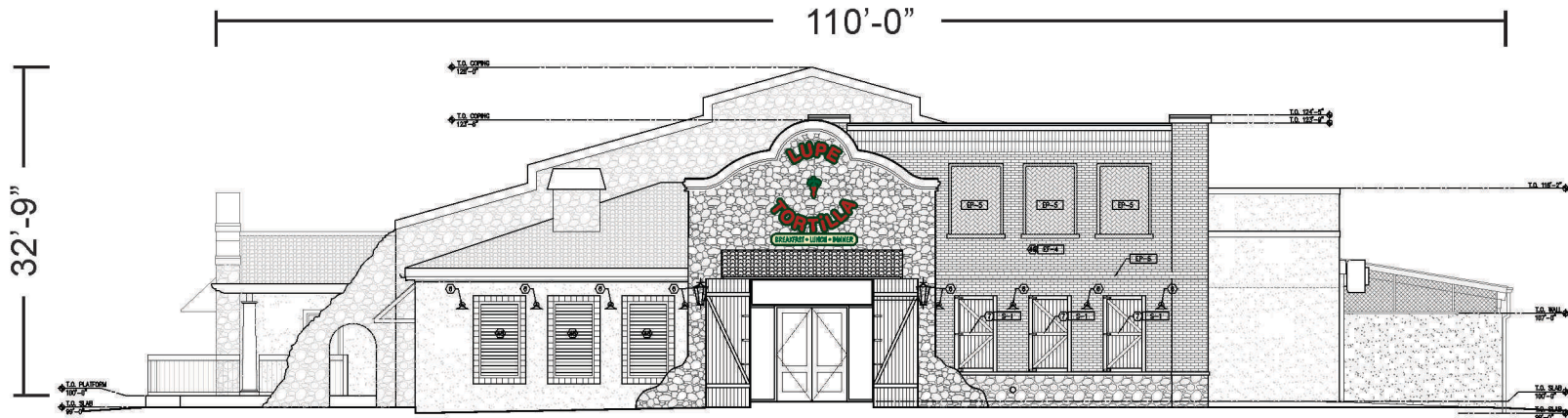


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**CUSTOMER APPROVAL**

DATE

## Elevations - Opt. 2



Front Elevation - Scale: 1/16" = 1'

### DESIGNED FOR:

**Lupe Tortilla**

### PROJECT LOCATION:

**4535 Belt Line Road,  
Addison, Texas 75001**

### DATE:

**1-22-19**

### DRAWN BY:

**JL**

### FILE SAVED AS:

### SALESPERSON:

**Robert Hyman**

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UL# E342647**

### NOTES:

**Revised 2-25-19**

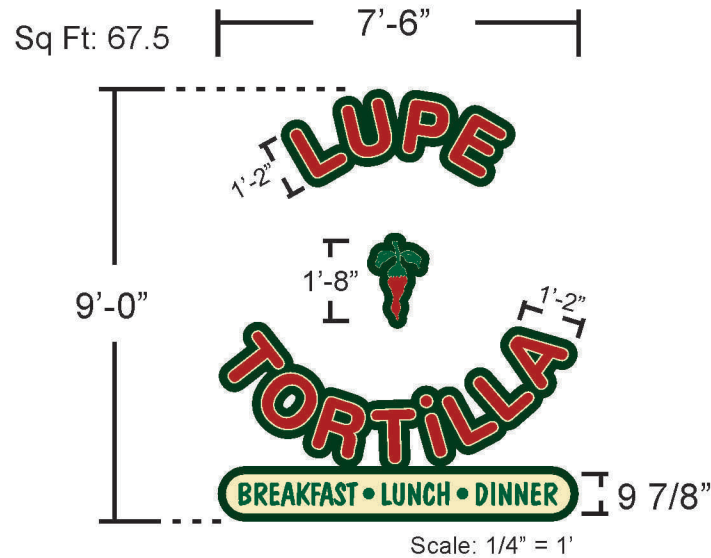


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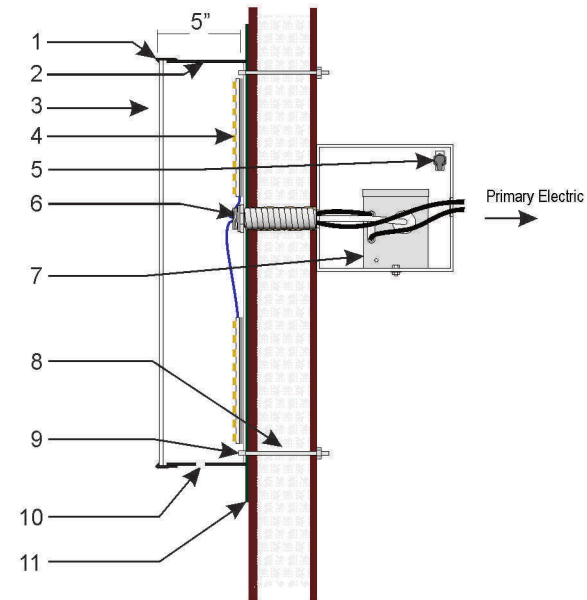
**CUSTOMER APPROVAL**

**DATE**

## Front Elevation - Opt. 2 Channel Letter Detail



Manufacture and Install Two(2) Qty., Direct Mounted, Internally Illuminated Channel Letters, with 1" Trim-cap Painted to Match SW 6468 Hunt Club, 5" Aluminum Returns Painted to Match SW 6468 Hunt Club and #2146 Ivory Acrylic Faces with Oracal 8800-031 Red and 8800-658 Melon First Surface Vinyl Overlays. Letters Illuminated with White LED's. Background Panel to be 3mm ACM Panel Painted to Match SW 6468 Hunt Club. All Paint to be Matte Finish.



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NOTE: Specs subject to change depending on final sign design choice.

### DESIGNED FOR:

Lupe Tortilla

### PROJECT LOCATION:

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Addison, Texas 75001

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CUSTOMER APPROVAL

DATE

## Work Session and Regular Meeting

10.

Meeting Date: 03/12/2019

Department: Infrastructure- Development Services

---

### AGENDA CAPTION:

Present, Discuss, and Consider Action to Approve an **Ordinance Amending Chapter 22 - Businesses of the Code of Ordinances by Adding Article VIII, Short Term Rentals, in order to Establish Regulations for Short Term Rentals, and Amending Chapter 74 - Taxation of the Code of Ordinances to Amend the Definition of a Hotel to Include Short Term Rentals**.

### BACKGROUND:

Short term rentals are generally defined as renting a home or a portion of a home for stays of less than 30 days. Given the popularity of apps such as Airbnb, the use of short term rentals in residential areas has increased. At the Work Session on January 22, 2019, staff presented the City Council with information regarding how such uses could be regulated. Based on the direction received, staff has prepared the attached ordinance to regulate short term rentals in Addison.

The proposed ordinance requires property owners offering short term rentals to register with the Town. This registration would be good for a period of one year and cost \$25. The property owner would be required to provide their contact information, contact information for a local emergency contact, as well as information about the property confirming compliance with ordinance requirements.

The proposed ordinance would prohibit the property owner from installing signage and impose limitations on the number of occupants and vehicles that may be on the property at one time. Additionally, the ordinance would impose certain operational standards, including prohibiting the renting of a home as a party venue. The property owner would be required to provide renters with their contact information as well as pertinent information regarding local rules and requirements for things such as parking, noise and trash collection.

The Town would be required to send notice to properties within 100 feet of the short term rental property. This notice would provide adjacent property owners with information about the ordinance requirements as well as a 24-hour complaint line, which would be the Town's non-emergency dispatch number.

The ordinance includes a sunset provision after one year, requiring the City

Council to review and adjust or extend these requirements.

Lastly, the ordinance amends the definition of a hotel to include short term rentals as it relates to the collection of hotel occupancy taxes. This change allows the Town to collect such taxes from short term rentals.

**RECOMMENDATION:**

Administration recommends approval.

---

**Attachments**

Ordinance - Short Term Rentals

Presentation - Short Term Rentals

---



**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING CHAPTER 22 - BUSINESSES OF THE CODE OF ORDINANCES BY ADDING ARTICLE VIII, SHORT TERM RENTALS; PROVIDING FOR REGULATIONS FOR THE REGISTRATION AND USE OF SHORT TERM RENTALS; PROVIDING FOR REGISTRATION, PROVIDING FOR DEFINITIONS; PROVIDING FOR INSPECTIONS; PROVIDING FOR RESTRICTIONS; PROVIDING FOR BROCHURE AND SAFETY REQUIREMENTS; PROVIDING FOR NEIGHBORHOOD NOTIFICATION; PROVIDING A PENALTY NOT TO EXCEED FIVE HUNDRED AND NO/100 DOLLARS (\$500.00); PROVIDING FOR A SUNSET REVIEW; AMENDING CHAPTER 74 – TAXATION OF THE CODE OF ORDINANCES BY AMENDING THE DEFINITION OF A HOTEL TO INCLUDE SHORT TERM RENTAL UNITS; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS/REPEALING CLAUSE; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF.**

**WHEREAS**, the City Council has determined that regulations are needed to address regulations for Short Term Rentals, and

**WHEREAS**, permanent residents desire the option to occasionally utilize their properties for home share rentals, and

**WHEREAS**, the operation of Short Term Rentals should not negatively affect property values, and

**WHEREAS**, Short Term Rentals should be required to pay Hotel Occupancy Taxes, and

**WHEREAS**, the City Council has determined that regulations are needed to protect the public health, safety, morals and general welfare.

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

**Section 1.** Chapter 22, Businesses, of the Code of Ordinances is hereby amended by adding Article VIII, Short Term Rentals, which shall read in its entirety as follows:

CHAPTER 22, BUSINESSES

...

ARTICLE VIII SHORT TERM RENTAL

Sec. 22-250. - Purpose and applicability.

The purpose of this article is to establish regulations for the registration and use of Short Term Rentals for single family living units. The requirements of this division apply only to Short Term Rentals, as defined herein, located in residential zoning districts established under the city's Zoning Ordinance, Appendix A of the Code of Ordinances. Nothing in this article, however, shall be construed to be a waiver of the requirement to assess and collect hotel occupancy taxes for any residential rental for less than 30 consecutive days, or any other applicable provision of the Addison Code of Ordinances.

Sec. 22-251. – Definitions.

*Advertise* means the written, audio, oral or other methods of drawing the public's attention whether by brochure, written literature or on-line posting to a Short Term Rental in order to promote the availability of the short term rental.

*Hotel Occupancy Tax* means the hotel occupancy tax as defined in Chapter 74 of the Addison Code of Ordinances and Chapter 351 of the Texas Tax Code.

*Local Emergency Contact* means an individual other than the applicant, who resides within 20 miles of the subject property, and who is designated by the owner/applicant to act as the owner's authorized agent if the owner has traveled outside of the immediate area or is otherwise unavailable. The local emergency contact should be reachable on a 24-hour basis, have access to the Short Term Rental Property, and be authorized by the owner to act in the owner's absence to address any complaints, disturbances, and emergencies.

*Owner* means any person, agent, operator, firm, trust, corporation, limited liability company, partnership or business organization having a legal or equitable interest in the property; or recorded in the official records of the state, county or municipality as holding title to the property; or otherwise having control of the property, including the guardian of the estate of any such person, and the executor or code official of the estate of such person if ordered to take possession of real property by a court. The term "owner" does not include the holder of a non-possessory security interest in the property.

*Party* means a social gathering of people, including those who have not rented the residence, for the primary purpose of eating, drinking or entertainment in a manner that is disruptive to the surrounding properties.

*Primary Residence* means the usual dwelling place of the applicant's residential dwelling and is documented as such by at least two of the following: motor vehicle registration, driver's license, Texas State Identification card, voter registration, property tax documents, or utility bill. For purposes of this chapter, a person may have only one primary residence.

*Short Term Rental* (STR) is defined as "the rental of any residence or residential structure, or a portion of a residence or residential structure for a period of less than 30 days". The term does not include:

- (1) a unit that is used for a nonresidential purpose, including an educational, health care, retail, restaurant, banquet space, or event center purpose or another similar use;
- (2) a bed and breakfast; or
- (3) a hotel/residence hotel.

Sec. 22-252. – Short Term Rental registration requirements.

No person shall hereafter advertise, offer to rent or rent, lease, sublease, license or sublicense a residential property within the City as a Short Term Rental for which a registration has not been properly made and filed with the Development Services Department of the City. Registration shall be made upon forms furnished by the City for such purpose and shall specifically require the following minimum information:

- (a) Name, address, phone number and e-mail address of the property owner of the Short Term Rental property.
- (b) Verification of that this Short Term rental property is the applicant's Primary Residence.
- (c) Name, address, phone number and e-mail address of the designated Local Emergency Contact.
- (d) The maximum number of occupants permitted for the dwelling unit or sleeping room in accordance with Sec. 22-254 (b) of the Code of Ordinances.
- (e) A submission of a sketch floor plan of the dwelling with dimensional room layout.
- (f) Site Plan/Survey of the property indicating maximum number of vehicles that can be legally parked on the property, without encroaching onto streets, sidewalks or alleys; other public rights-of-way or public property.

Sec. 22-253. – Right to inspect premises

The Town of Addison reserves the right, with reasonable notice to the Owner, to inspect the residential premises to determine compliance with this section as well as with the current adopted version of the International Property Maintenance Code.

- (a) If only a portion of the premises is offered for rent, then that portion plus shared amenities and points of access may be inspected.
- (b) If, upon completion of an inspection, the premises are found to be in violation of one or more provisions of applicable City codes and ordinances, the City shall provide written notice of such violation and shall set a re-inspection date for a violation to be corrected prior to its occupancy

Sec. 22-254. – Restrictions on Short Term Rentals.



- (a) External Signage. There shall be no external on-site or off-site advertising signs or displays indicating the property is a Short Term Rental.
- (b) Limit on occupants allowed. No more than two adult guests per bedroom, plus no more than two additional adults shall be allowed when renting a property as a Short Term Rental, except that:
  - 1. There shall be a maximum occupancy of ten (10) persons, adult and children.
- (c) Limits on number of vehicles. There shall be a maximum of one car per bedroom, or the maximum number of cars that can be accommodated within the garage and driveway, without extending over the public rights-of-way (alleys and sidewalks) whichever is less.
- (d) Advertisements and contracts. Any advertisement of the property as a Short Term Rental and all rental contracts must contain language that specifies the allowed maximum number of occupants and maximum number of vehicles.
- (e) Other restrictions. It is unlawful:
  - 1. To operate or allow to be operated a Short Term Rental without first registering, in accordance with this article, the property in which the rental is to occur;
  - 2. To advertise or offer a Short Term Rental without first registering, in accordance with this article, the property in which the rental is to occur; documented advertisement of the subject property as a Short Term Rental, online or offline, shall be considered evidence of a violation of this ordinance;
  - 3. To operate a Short term Rental in any location that is not the registrant's primary residence;
  - 4. To operate a Short Term Rental that does not comply with all applicable city and state laws and codes.
  - 5. To operate a Short Term Rental without paying the required hotel occupancy taxes;
  - 6. To offer or allow the use of a Short Term Rental for the sole or primary purpose of having a Party venue;
  - 7. To fail to include a written prohibition against the use of a Short Term Rental for having a Party venue in every advertisement, listing, or other publication offering the premises for rent.
  - 8. Permit the use of Short Term Rental for the purpose of: housing sex offenders; operating a structured sober, recovery or other purpose living home or similar enterprise; selling illegal drugs; selling alcohol or another activity that requires a permit or license under the Alcoholic Beverage Code, or operating as a sexually oriented business.

Sec. 22-255. – Brochure and safety features.

- (a) *Informational brochure.* Each registrant operating a Short Term Rental shall provide to guests a brochure that includes:

1. The registrant's twenty-four (24) hour contact information;
  2. A local responsible party's twenty-four (24) hour contract information if the Owner is not within the city limits when guests are renting the premises;
  3. Pertinent neighborhood information including, but not limited to, parking restrictions, restrictions on noise and amplified sound, and trash collection schedules;
  4. Information to assist guests in the case of emergencies posing threats to personal safety or damage to property, including emergency and non-emergency telephone numbers for police, fire and emergency medical services providers and instructions for obtaining severe weather, natural or manmade disaster alerts and updates.
- (b) *Safety features.* Each Short Term Rental registrant shall provide, in the premises, working smoke detectors in accordance with adopted codes and at least one working carbon monoxide detector and alarm, and one working fire extinguisher. The premises shall, otherwise comply with applicable Code of Ordinance requirements, including but not limited to Building and Fire Codes.

Sec. 22-256. – Notification of Approval of Short Term Rental.

Within ten (10) days of the approval of a Short Term Rental, the Town will send notice to all property owners within one-hundred feet (100 ft.) of the property, and shall include the twenty-four (24) hour complaint line, and pertinent information about this Ordinance.

Section 22-257. – Registration term, fees, and renewal.

- (a) All registrations approved under this Chapter shall be valid for a period of one year for the date of its issuance.
- (b) The fee for registration of a Short Term Rental shall be \$25 with a late fee of twice the established fee.
- (c) Upon receipt of an application for renewal of the registration, the director or their designee may deny the renewal if there is reasonable cause to believe that:
  - (1) The registrant has plead no contest to or been convicted of a violation of any ordinance of the City, or any state, or federal law on the premises or has permitted such a violation on the premises by any other person; or
  - (2) There are grounds for suspension, revocation or other registration sanction as provided in this article.

Section 22-258. – Violations and Penalties.

Violation of this ordinance upon conviction shall be punished by the fine not to exceed the sum of Five Hundred Dollars (\$500.00) for each offense and each and every day such violation shall continue shall be deemed to constitute a separate offense.

Section 22-259. – Sunset Review.

The provisions of this Chapter pertaining to Short Term Rentals shall expire on April 30, 2019 unless extended by Ordinance of the City Council.

**Section 2.** Chapter 74, Taxation, of the Code of Ordinances, Section 74-101. - Definitions is hereby amended by amending the definition of Hotel, which shall read as follows:

*Hotel* means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, short term rentals as defined in Section 22-251, tourist home, tourist house, tourist court, lodging house, inn, roominghouse, or bed and breakfast. The term does not include:

- (1) A hospital, sanitarium, or nursing home; or
- (2) A dormitory or other housing facility owned or leased and operated by an institution of higher education, or a private or independent institution of higher education as those terms are defined by the V.T.C.A., Education Code & 61.003, used by the institution for the purpose of providing sleeping accommodations for persons engaged in an educational program or activity at the institution.

**Section 3.** Should any section, subsection, sentence, clause or phrase of this Ordinance be declared unconstitutional or invalid by a court of competent jurisdiction, it is expressly provided that any and all remaining portions of this Ordinance shall remain in full force and effect. Addison hereby declares that it would have passed this Ordinance, and each section, subsection, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional or invalid.

**Section 4.** 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 5.** That this Ordinance shall take effect on May 1, 2019 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 12<sup>th</sup> day of March, 2019.

\_\_\_\_\_  
Joe Chow, Mayor

ATTEST:

\_\_\_\_\_  
Irma Parker, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Brenda N. McDonald, City Attorney

PUBLISHED ON: \_\_\_\_\_

# Short Term Rental Regulations

March 12, 2019

The logo for Addison, featuring the word "ADDISON" in blue capital letters inside a white circle, which is set against a blue background with diagonal white lines.

**ADDISON**

# Previous Discussion

ADDISON

- January 22, 2019 discussion with Council
  - Short Term Rentals Overview
  - Other Local Regulations
  - Council Direction
    - Pilot program similar to Coppell
    - Amend Code to collect Hotel Occupancy Tax



# Registration Requirements

- Short Term Rentals would be required to register with the Town
- Registration application:
  - Contact information of property owner and local emergency contact
  - Verification that the Short Term Rental property is the owners primary residence
  - Maximum number of occupants
  - Floor Plan with dimensional layout indicating maximum number of occupants
  - Site Plan/Survey of the property indicating the maximum number of vehicles that can legally park on the property
- \$25 application fee
- Registration good for one year



# Restrictions on Short Term Rentals

- No external signage
- Limits on occupants
  - No more than two adult guests per bedroom plus two additional adults
  - Max 10 persons
- Limits on number of vehicles
  - Lesser of one car per bedroom or the maximum number that can be parked on the property
- Shall not offer or use the property as a party venue
- Owner must provide an informational brochure
  - Contact information of owner and local emergency contact
  - Pertinent neighborhood information (parking, trash collection schedules)
  - Contact information for Town services

# Notification of Short Term Rentals

- Town required to send notice within 10 business days to property owners within 100 feet of Short Term Rental property
- Include 24 hour complaint line and information about the ordinance

# Implementation Timeline

- 3/12/19 Tentative Council Approval
- 5/01/19 Effective date when all Short Term Rentals would need to be registered
- 4/30/20 Sunset provision unless extended by Council (Pilot Program)

# Hotel Occupancy Tax

ADDISON

- Amend Chapter 74 to collect Hotel Occupancy Tax from Short Term Rentals

# Questions?



## Work Session and Regular Meeting

11.

**Meeting Date:** 03/12/2019

**Department:** Police

**Pillars:** Gold Standard in Public Safety

**Milestones:** Maximize use of cutting edge technology to enhance public safety

---

### **AGENDA CAPTION:**

Present, Discuss and Consider Action on a **Resolution Authorizing the Submission of a Grant Application to The State of Texas, Office of the Governor, Public Safety Office - Criminal Justice Division for the National Crime Statistics Exchange (NCS-X) Implementation Assistance Program; Authorizing the City Manager to Apply for, Accept, Reject, Alter, Terminate or Execute the Grant Agreement; and Providing an Effective Date.**

### **BACKGROUND:**

In November of 2018, the Addison Police Department was notified of the Town's grant fund eligibility for preselected projects by the U.S. Department of Justice, Bureau of Justice Statistics (BJS) that enable local law enforcement agencies to upgrade their technology infrastructure to allow for and support the submission of data to the Uniform Crime Reporting (UCR) and National Incident Based System (NIBRS). The Fiscal Year 2019 National Crime Statistics Exchange (NCS-X) Implementation Assistance Program grant is administered by the Office of the Governor (OOG) through their Criminal Justice Division specifically for the following entities: Town of Addison, City of Brookshire, City of Groves, Fort Bend ISD, Laredo ISD, City of Irving, City of Sinton, City of Pasadena, University of Texas- Rio Grande, City of Selma, City of Southside Place, City of Wichita Falls, and City of Santa Anna.

Grant funds will offset the costs associated with our current Record Management System (RMS) project to collect and process data that can be submittal to the Texas Department of Public Safety (DPS) UCR Program in the NIBRS format. The police Department is required, by the State of Texas, to make this change by September 1, 2019.

Grant application procedures state all eligible entities must submit a resolution to the Officer of the Governor stating the following:

- Authorization by your governing body for the submission of the application to OOG that clearly identifies the name of the project for which funding is requested;
- A designation of the name and/or title of an authorized official who is given the authority to apply for, accept, reject, alter, or terminate a grant; and

- A written assurance that, in the event of loss or misuse of grant funds, the governing body will return all funds to OOG.

The Addison Police Department anticipates a grant award in the next few months of \$95,000. There are no matching funds required of the Town for this grant.

**RECOMMENDATION:**

Administration recommends approval.

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**Attachments**

Resolution - Police RMS Grant

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**TOWN OF ADDISON, TEXAS**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION TO THE STATE OF TEXAS, OFFICE OF THE GOVERNOR, PUBLIC SAFETY OFFICE – CRIMINAL JUSTICE DIVISION FOR THE NATIONAL CRIME STATISTICS EXCHANGE (NCS-X) IMPLEMENTATION ASSISTANCE PROGRAM; AUTHORIZING THE CITY MANAGER TO APPLY FOR, ACCEPT, REJECT, ALTER, TERMINATE, OR EXECUTE THE AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the Town of Addison, Texas (“City Council”) finds it in the best interest of the citizens of the Town of Addison, Texas that the Town of Addison Police Department Records Management System (RMS) requires replacement and must be brought into compliance with the National Incident Based Reporting System (NIBRS) protocols in 2019; and

**WHEREAS**, the City Council agrees that in the event of loss or misuse of the Office of the Governor funds, the City Council assures that the funds will be returned to the Office of the Governor in full; and

**WHEREAS**, the City Council designates the City Manager as the grantee’s authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.

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

**Section 1.** The City Council authorizes submission of the grant application for the Town of Addison Police Department Record Management System to the Office of the Governor.

**Section 2.** The City Council authorizes the City Manager to apply for, accept, reject, alter, terminate, or execute the grant on behalf of the Town of Addison.

**Section 3.** The City Council assures that in the event of loss or misuse of the Office of Governor funds, the funds will be returned to the Office of the Governor in full.

**Section 4.** This Resolution shall be effective from and after the date of passage.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this 12th of March 2019.

\_\_\_\_\_  
Joe Chow, Mayor

\_\_\_\_\_  
Irma Parker, City Secretary

Grant Number: \_\_\_\_\_

OFFICE OF THE CITY SECRETARY  
RESOLUTION NO. \_\_\_\_\_

PAGE 1

## Work Session and Regular Meeting

12.

**Meeting Date:** 03/12/2019

**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 2018 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, 2018. 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 2018, BDK will present their audit report and opinion on the Town's financial statements.

BDK has issued an ***unmodified opinions***, 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**

Fiscal Year 2018 Comprehensive Annual Financial Report

---

# **Town of Addison, Texas**

## **Comprehensive Annual Financial Report**

For the Year Ended September 30, 2018

### **City Council**

Expiration of Term

Joe Chow, Mayor	May 2019
Paul Walden, Mayor Pro Tempore	May 2020
Tom Braun, Deputy Mayor Pro Tempore	May 2019
Ivan Hughes, Council Member	May 2019
Guillermo Quintanilla, Council Member	May 2020
Lori Ward, Council Member	May 2019
Marlin Willesen, Council Member	May 2020

### **City Manager**

Wesley S. Pierson

### **Prepared by the Department of Finance**

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



**Town of Addison, Texas**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2018

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February 7, 2019

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, 2018. 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 three 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, 2018 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 unmodified opinions (i.e., clean opinions) that the Town of Addison's financial statements for the fiscal year ended September 30, 2018 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.

**CITY MANAGER'S  
OFFICE**

P.O. Box 9010  
Addison, TX 75001

phone: 972.450.7001  
fax: 972.450.7043

ADDISONTEXAS.NET

IT ALL COMES  
TOGETHER.

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 in 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.

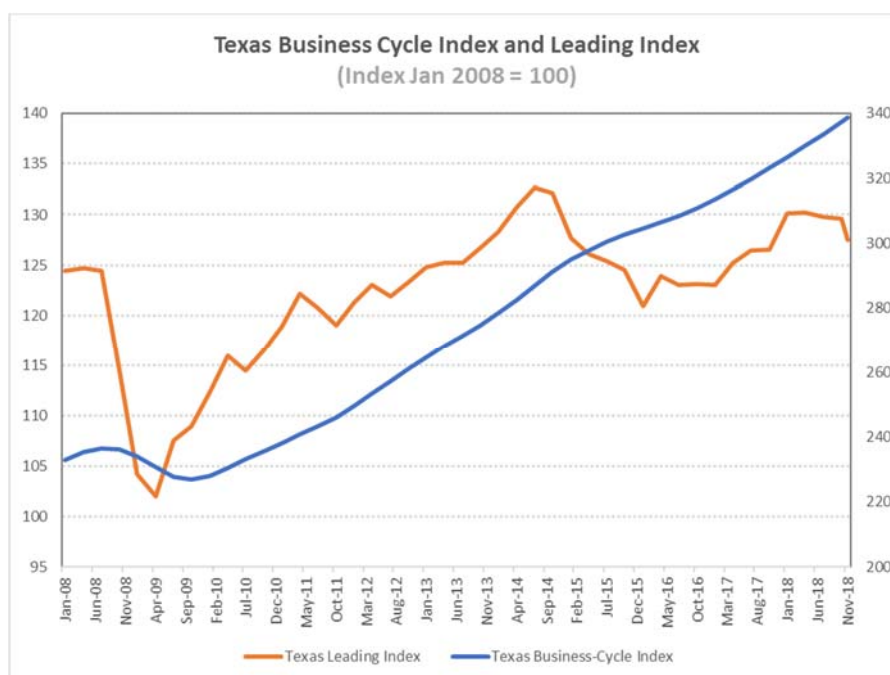
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and Council ordinances. The appropriated 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 just above the nation as a whole. Texas began fiscal year 2018 at 3.9% unemployment, reached as low as 3.8%, and ended the year at 3.8%, just above the U.S. rate of 3.7%.

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 2018, Addison's occupancy rate stood at 85.8 percent compared with the 85.8 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 3.5 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 2018 fiscal year, General Fund revenues of \$40.3 million represented an increase from \$39.8 million in fiscal year 2017. The property tax levy produced 39% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 41%. The Town's sales tax receipts increased 17.23 percent from fiscal year 2017. General Fund expenditures and transfers for the 2018 fiscal year totaled \$35.7 million. The General Fund ending fund balance increased by \$4 million to \$21 million, with an ending fund balance of 61% of General Fund operating expenditures. The primary reason for the increase was due to an increased property tax levy and increased sales tax collections from State Comptroller audits.

### **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 2017-18 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](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, 2017. 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 42 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 2018 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 31 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,

A handwritten signature in blue ink, reading "Wesley S. Pierson". The signature is fluid and cursive, with the first name "Wesley" and last name "Pierson" clearly legible.

Wesley S. Pierson  
City Manager







Government Finance Officers Association

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

Presented to

**Town of Addison  
Texas**

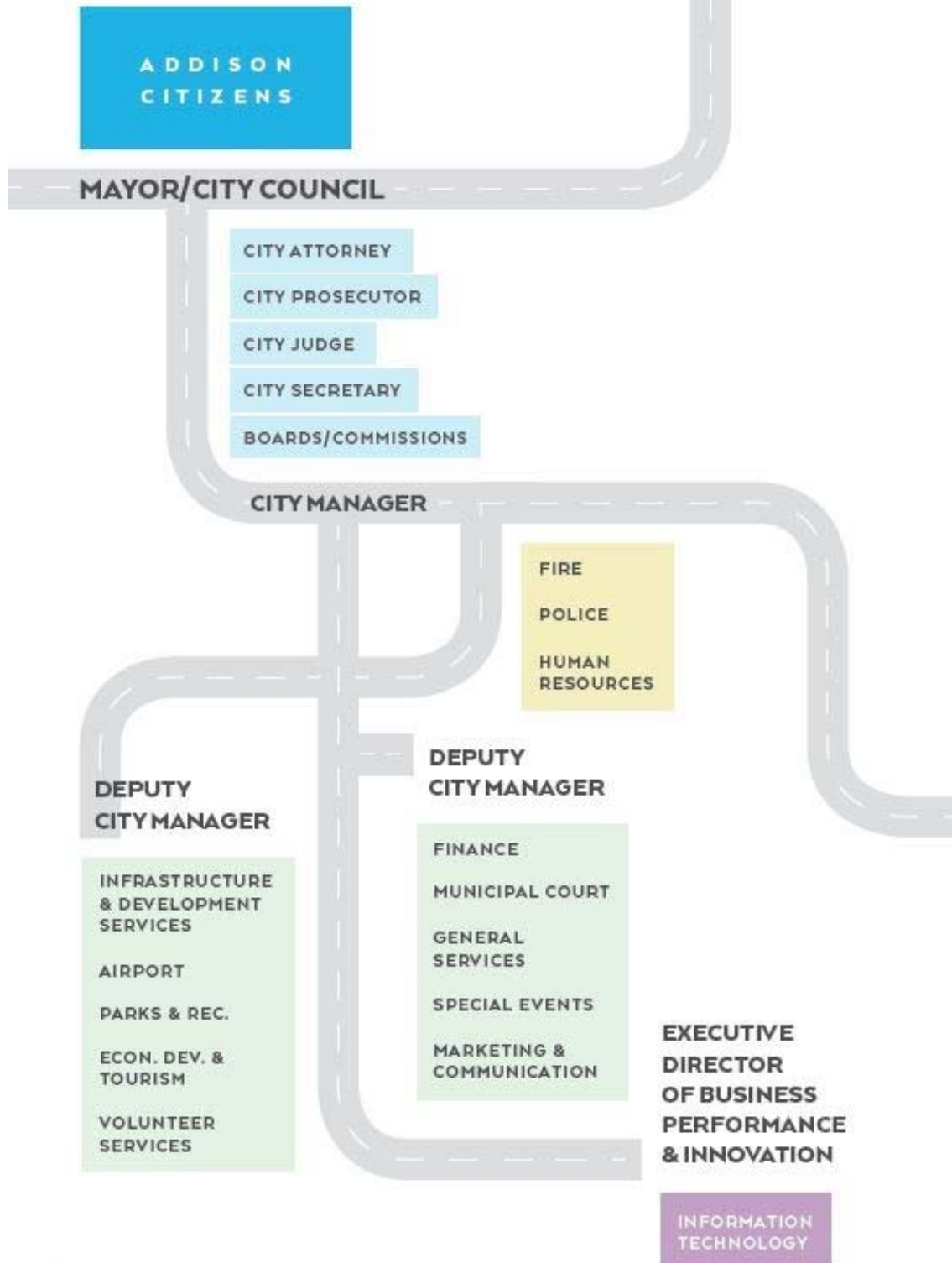
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrell*

Executive Director/CEO

# STAFF ORGANIZATION



**Town of Addison**  
**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2018**

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

**Elected Officials**

Mayor	Joe Chow	(972) 450-7000
Mayor Pro Tempore	Paul Walden	(972) 450-7000
Deputy Mayor Pro Tempore	Tom Braun	(972) 450-7000
Council Member	Ivan Hughes	(972) 450-7000
Council Member	Guillermo Quintanilla	(972) 450-7000
Council Member	Lori Ward	(972) 450-7000
Council Member	Marlin Willesen	(972) 450-7000

**Town Management**

City Manager	Wesley Pierson	(972) 450-7037
Deputy City Manager	Ashley Mitchell	(972) 450-7010
Interim Deputy City Manager	Hamid Khaleghipour	(972) 450-2868
City Secretary	Irma Parker	(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	Rob Bourestom	(972) 450-6203
Director of Human Resources	Passion Hayes	(972) 450-2819
Director of Infrastructure and Development Svcs	Lisa Pyles	(972) 450-2878
Director of Parks and Recreation	Janna Tidwell	(972) 450-2869
Director of Special Events	Jasmine Lee	(972) 450-6221
Police Chief	Paul Spencer	(972) 450-7168
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

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 (Town), as of and for the year ended September 30, 2018, 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 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, 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, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and hotel fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in *Note IV – Section F* to the financial statements, in 2018 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information as 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 GASB, 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 Honorable Mayor and  
Members of the Town Council  
Town of Addison, Texas  
Page 11

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 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  
March 7, 2019





## 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, 2018. 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

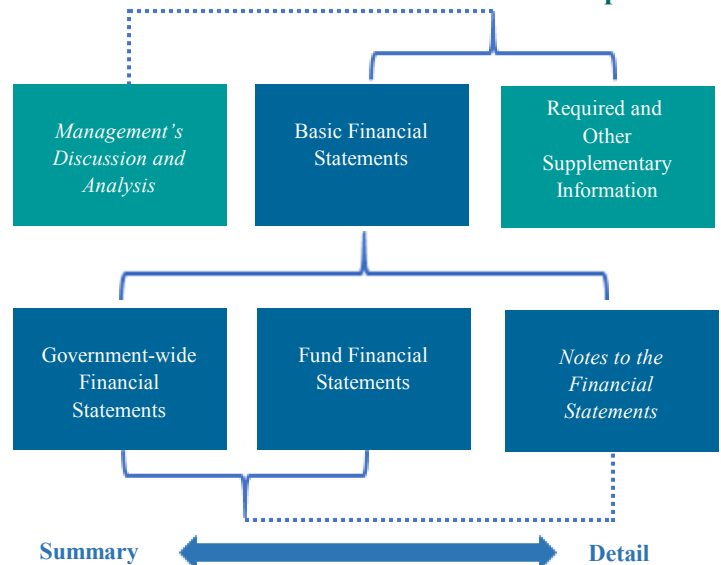
- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows of resources at the close of the 2018 fiscal year by \$249,595. This amount represents an increase over the previous year of \$2,185. The increase is due to \$4,954 million from current operations less \$2,769 million due to restatement related to the adoption of GASB Statement 75.
- As of September 30, 2018, the Town's governmental funds reported combined ending fund balances of \$49,011, a decrease of \$3,383. The majority of the decrease is due to payments for capital expenditures and projects.
- At the end of the 2018 fiscal year, the fund balance for the General Fund was \$20,963, or 61 percent of total fund expenditures. Fund balance increased \$4,595 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$90,857, a decrease of \$7,096 from the previous year, which is attributed to the scheduled retirement of existing debt during the year.
- In 2018, the Town adopted Governmental Accounting Standards Board Statement No.75(GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Prior year comparative information contained herein has not been restated for adoption of GASB 75.

### 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.

<b>Illustration A-2</b> <b>Major Features of Town of Addison's Government-wide and Fund Financial Statements</b>			
	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire Town government	Activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to a private-sector business: airport, water/sewer utility, and storm water
Required financial statements	<ul style="list-style-type: none"> <li>* Statement of net position</li> <li>* Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>* Balance Sheet</li> <li>* Statement of revenues, expenditures, and changes in fund balances</li> <li>* Budget and actual</li> </ul>	<ul style="list-style-type: none"> <li>* Statement of net position</li> <li>* Statement of revenues, expenses, and changes in net position</li> <li>* Statement of cash flows</li> </ul>
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 - 70 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 77 - 86.

### **Government-wide Financial Analysis**

As of the close of the 2018 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$249,595 (see Table A-1). Of this amount \$190,954, 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 (\$311), promotion of tourism and hotel industry (\$4,168) and other restrictions (\$514). The remaining amount of net position is labeled as unrestricted and totals \$53,648. 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)**

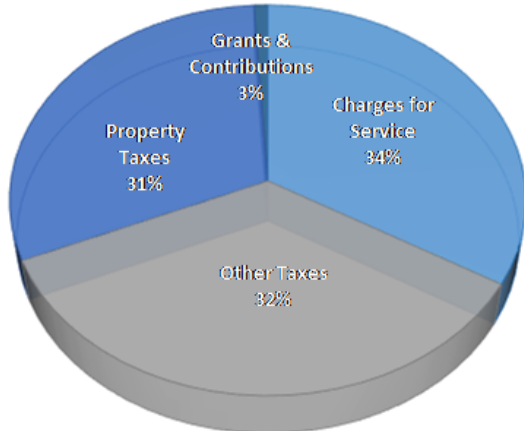
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and Other Assets	\$ 65,020	\$ 64,631	\$ 31,770	\$ 33,059	\$ 96,790	\$ 97,690
Capital Assets	176,750	174,367	81,597	80,557	258,347	254,924
<b>Total Assets</b>	<b>241,770</b>	<b>238,998</b>	<b>113,367</b>	<b>113,616</b>	<b>355,137</b>	<b>352,614</b>
Deferred Outflows of Resources:						
Deferred Charges on Refundings	1,476	1,583	402	435	1,878	2,018
Deferred Outflows on Pensions	2,183	6,623	144	394	2,327	7,017
Deferred Outflows on OPEB	303	-	26	-	329	-
<b>Total Deferred Outflows of Resources</b>	<b>3,962</b>	<b>8,206</b>	<b>572</b>	<b>829</b>	<b>4,533</b>	<b>9,035</b>
Liabilities:						
Long-Term Liabilities Outstanding	73,006	82,270	23,064	24,478	96,070	106,748
Other Liabilities	7,198	4,140	3,190	2,332	10,388	6,472
<b>Total Liabilities</b>	<b>80,204</b>	<b>86,410</b>	<b>26,254</b>	<b>26,810</b>	<b>106,458</b>	<b>113,220</b>
Deferred Inflows of Resources:						
Deferred Inflows on Pensions	3,383	966	231	53	3,614	1,019
Deferred Inflows on OPEB	4	-	-	-	4	-
<b>Total Deferred Inflows of Resources</b>	<b>3,387</b>	<b>966</b>	<b>231</b>	<b>53</b>	<b>3,618</b>	<b>1,019</b>
Net Position:						
Net Investment in Capital Assets	125,983	124,923	64,971	65,363	190,954	190,286
Restricted :						
Debt Service	311	500	-	-	311	500
Tourism/Hotel	4,168	4,334	-	-	4,168	4,334
Child Safety	84	87	-	-	84	87
Justice Administration	23	22	-	-	23	22
Court Technology	33	75	-	-	33	75
Building Security	-	54	-	-	-	54
Public Safety	85	33	-	-	85	33
Court Security	47	47	-	-	47	47
Other Purposes	242	191	-	-	242	191
Unrestricted	31,165	27,042	22,483	21,970	53,648	49,012
<b>Total Net Position</b>	<b>\$ 162,141</b>	<b>\$ 157,308</b>	<b>\$ 87,454</b>	<b>\$ 87,333</b>	<b>\$ 249,595</b>	<b>\$ 244,641</b>

As reflected in Table A-2, the Town's net position increased \$4,954 during the 2018 fiscal year.

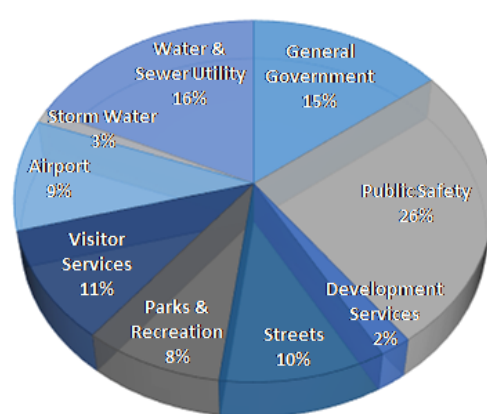
**Table A-2**  
**Town of Addison's Change in Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,373	\$ 6,878	\$ 20,516	\$ 18,497	\$ 25,889	\$ 25,375
Capital Grants & Contributions	122	-	395	148	517	148
Operating Grants & Contributions	106	51	121	50	227	101
General Revenues:						
Property Taxes	23,601	23,572	-	-	23,601	23,572
Other Taxes	25,866	23,788	-	-	25,866	23,788
Other	1,152	4,211	114	228	1,266	4,439
<b>Total Revenues</b>	<b>56,220</b>	<b>58,500</b>	<b>21,146</b>	<b>18,923</b>	<b>77,366</b>	<b>77,423</b>
Expenses:						
General Government	10,219	7,184	-	-	10,219	7,184
Public Safety	17,815	7,022	-	-	17,815	7,022
Development Services	1,379	101	-	-	1,379	101
Streets	7,249	6,661	-	-	7,249	6,661
Parks & Recreation	6,069	4,260	-	-	6,069	4,260
Visitor Services	7,118	6,839	-	-	7,118	6,839
Interest and Fiscal Charges on Long-Term Debt	2,038	1,714	-	-	2,038	1,714
Airport	-	-	6,996	6,509	6,996	6,509
Storm water	-	-	820	1,408	820	1,408
Water & Sewer Utility	-	-	12,709	10,081	12,709	10,081
<b>Total Expenses</b>	<b>51,887</b>	<b>33,781</b>	<b>20,525</b>	<b>17,998</b>	<b>72,412</b>	<b>51,779</b>
Increase (decrease) in net position	4,333	24,718	621	925	4,954	25,643
Transfers	500	800	(500)	(800)	-	-
<b>Change in Net Position</b>	<b>4,833</b>	<b>25,518</b>	<b>121</b>	<b>125</b>	<b>4,954</b>	<b>25,643</b>
Change in Accounting Principle	(2,519)	-	(250)	-	(2,769)	-
Net Position - Beginning of year	159,827	134,310	87,583	87,457	247,410	221,767
<b>Net Position - End of year</b>	<b>\$ 162,141</b>	<b>\$ 159,828</b>	<b>\$ 87,454</b>	<b>\$ 87,582</b>	<b>\$ 249,595</b>	<b>\$ 247,410</b>

**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 \$2,314 (\$4,832 before change in accounting principle of \$2,519) in fiscal year 2018 as compared to a \$25,518 million increase in fiscal year 2017. The major changes from 2017 to 2018 is as follows:

1. Sales tax revenue increased by \$2.1 million due to increased collections from sales tax audit adjustments and a strong local economy.
2. Other revenue decreased by \$3.1 million due primarily to property sold in 2017 for \$3.2 million with no such transaction in 2018.
3. Expenses increased \$18.1 million in 2018 as a result of a 2017 one-time \$20.0 million decrease in pension expense from a change in actuarial assumptions related to the treatment of Ad Hoc COLA required for the calculation of pension liability. This Ad Hoc COLA is no longer required to be included as a recurring future benefit per GASB.

## Business-Type Activities

The Town's business-type activities experienced a \$(129) decrease in net position (\$122 increase in net position before change in accounting principle of \$250) with the Airport Fund recording a decrease of \$650, due mostly to the increase of maintenance costs while the Utility Fund posted a decrease in net position of \$805, due mainly to the loss on disposal of assets and transfer to fund infrastructure development and the Storm Water Fund posted an increase in net position of \$1,577 due mostly to decrease in contracted services and increase in rates.

## 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, 2018, the Town's governmental funds reported combined ending fund balances of \$49,011, a decrease of \$3,383 compared to balances a year earlier. Of the ending balance, \$20,465 or 41.8 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$13,687), promotion of tourism and hotel industry (\$4,123), debt service (\$169) or *committed* for Economic Development (\$1,437) and Capital Projects (\$8,120). Components of the net decrease of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$35,709 compared to revenues of \$40,276. Revenues increased \$3,664 from the previous year. The increase was mainly due to receiving additional sales tax collections from sales tax audit adjustments and higher ad valorem taxes as a result of higher appraised value of property in Addison. Expenditures increased \$1,603 from the 2017 fiscal year. This increase is primarily due to the increases in public safety (\$887) and general government expenditures (\$513).
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$8,102 compared to revenues and transfers in of \$8,385. Fund revenues decreased \$1,417 from the previous year, due to a decrease in mixed beverage taxes and the cancellation of the Saturday of Oktoberfest due to weather. Expenditures decreased \$814 from fiscal year 2017 due in large part to the cancellation of the Saturday of Oktoberfest.
- Capital project funds recorded a net decrease in fund balance of \$7,715, primarily due to ongoing expenditures for capital projects. Included in these funds is the Infrastructure Investment Fund with an ending fund balance of \$4,585 as of September 30, 2018. 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 projects.

*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 \$4,854; the Utility Fund reported an unrestricted net position of \$12,212, while the Stormwater Fund reported an unrestricted net position of \$5,417.

## 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 an increase of \$95,000 in other financing uses for transfers out to self-funded capital projects. Other allocations to fund the classification and compensation study pay increases to various departments were made that did not result in a net change to appropriations.

The adjustments resulted in no increase to budgeted revenue and increasing expenditures by 0.2 percent. \$95,000 was transferred to the Self-Funded Project Fund for future capital needs.

The final actuals resulted in revenues of 10.4 percent higher than the budget, and expenditures 5.4 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 economic development incentives, and lower than expected expenses for utilities, specifically electricity and water.

## 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, 2018, totals \$258,347 (net of accumulated depreciation). This amount represents a \$3,423 increase from the previous year and is attributed to the addition of the completion of constructed assets less depreciation of existing assets. Projects that are in progress include the Belt Line Road Utility Undergrounding, Vitruvian Public Infrastructure, Midway Road Revitalization, Kellway Lift Station Rehabilitation and Sherlock Basin Improvements. 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 66,250	\$ 66,250	\$ 16,945	\$ 16,945	\$ 83,195	\$ 83,195
Intangible Assets	554	377	-	-	554	377
Buildings	8,326	8,902	6,775	8,008	15,101	16,911
Improvements other than Buildings	65,043	68,530	50,574	52,715	115,617	121,245
Machinery and Equipment	9,075	6,552	1,566	1,238	10,641	7,789
Construction in Progress	27,502	23,756	5,737	1,651	33,239	25,407
<b>Total Capital Assets</b>	<b>\$ 176,750</b>	<b>\$ 174,367</b>	<b>\$ 81,597</b>	<b>\$ 80,557</b>	<b>\$ 258,347</b>	<b>\$ 254,924</b>



*Long-term debt* – At the end of the 2018 fiscal year, the Town of Addison had total bonded debt outstanding of \$90,857 as detailed in Table A-4. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aaa” 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 56,086	\$ 59,975	\$ 7,186	\$ 7,663	\$ 63,272	\$ 67,638
Certificates of Obligation	12,310	14,009	15,275	16,306	27,585	30,315
<b>Total Debt Outstanding</b>	<b>\$ 68,396</b>	<b>\$ 73,984</b>	<b>\$ 22,461</b>	<b>\$ 23,969</b>	<b>\$ 90,857</b>	<b>\$ 97,953</b>

### **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 2019 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 \$4,725,759,169 for fiscal year 2019 which represented a 6.2 percent increase from the previous year. The property tax rate remained \$0.550000 per \$100 appraised value, equal to the previous fiscal year. Of the 2019 budget tax rate, \$0.407000 was levied for operation/maintenance and \$0.143000 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2018. Sales tax collections were projected to increase 2 percent in fiscal year 2019 compared to the 2018 budget.

Hotel occupancy tax collections were budgeted to decrease slightly by approximately 4.percent between fiscal year 2018 and fiscal year 2019.

### **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](mailto:oriley@addisontx.gov)



**Town of Addison, Texas**  
**Basic Financial Statements**

TOWN OF ADDISON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 59,134,132	\$ 22,419,612	\$ 81,553,744
Receivables, Net of Allowances for Uncollectibles	4,227,140	2,778,196	7,005,336
Prepaid Items	451,875	-	451,875
Inventories, at Cost	54,843	-	54,843
Investment in Joint Venture	960,185	6,560,514	7,520,699
Pension Asset	192,086	12,193	204,279
Capital Assets, Net of Accumulated Depreciation			
Land	66,249,935	16,945,437	83,195,372
Intangible Assets	554,471	-	554,471
Buildings	8,326,284	6,775,200	15,101,484
Improvements other than Buildings	65,043,266	50,573,996	115,617,262
Machinery and Equipment	9,074,574	1,566,328	10,640,902
Construction in Progress	27,501,381	5,735,583	33,236,964
<b>Total Assets</b>	<b>241,770,172</b>	<b>113,367,059</b>	<b>355,137,231</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refundings	1,475,643	402,460	1,878,103
Deferred Outflows on Pensions	2,183,186	144,376	2,327,562
Deferred Outflows on OPEB	303,075	26,324	329,399
<b>Total Deferred Outflows of Resources</b>	<b>3,961,904</b>	<b>573,160</b>	<b>4,535,064</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	7,194,187	1,764,869	8,959,056
Customer Deposits	3,613	1,425,409	1,429,022
Long-Term Liabilities			
Due within One Year	4,376,550	1,443,154	5,819,704
Due in More Than One Year	68,629,335	21,621,046	90,250,381
<b>Total Liabilities</b>	<b>80,203,685</b>	<b>26,254,478</b>	<b>106,458,163</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows on Pensions	3,383,379	231,266	3,614,645
Deferred Inflows on OPEB	3,682	319	4,001
<b>Total Deferred Inflows of Resources</b>	<b>3,387,061</b>	<b>231,585</b>	<b>3,618,646</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	125,983,819	64,971,096	190,954,915
Restricted for:			
Debt Service	310,619	-	310,619
Promotion of Tourism and Hotel Industry	4,167,549	-	4,167,549
Child Safety	84,284	-	84,284
Justice Administration	23,222	-	23,222
Court Technology	33,370	-	33,370
Court Security	46,844	-	46,844
Public Safety	84,870	-	84,870
Other Purposes	242,042	-	242,042
Unrestricted	31,164,711	22,483,060	53,647,771
<b>Total Net Position</b>	<b>\$ 162,141,330</b>	<b>\$ 87,454,156</b>	<b>\$ 249,595,486</b>

See accompanying notes to basic financial statements.

Town of Addison, Texas  
Basic Financial Statements

TOWN OF ADDISON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues				Net (Expense)/Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 10,218,620	\$ 407,531	\$ -	\$ -	\$ (9,811,089)	\$ -	\$ (9,811,089)
Public Safety	17,814,777	848,523	106,322	-	(16,859,932)	-	(16,859,932)
Development Services	1,379,071	1,414,425	-	-	35,354	-	35,354
Streets	7,249,140	414,493	-	-	(6,834,647)	-	(6,834,647)
Parks and Recreation	6,068,682	82,122	-	-	(5,986,560)	-	(5,986,560)
Visitor Services	7,118,492	2,206,293	-	121,578	(4,790,621)	-	(4,790,621)
Interest on Long-Term Debt	2,038,203	-	-	-	(2,038,203)	-	(2,038,203)
<b>Total Governmental Activities</b>	<b>51,886,985</b>	<b>5,373,387</b>	<b>106,322</b>	<b>121,578</b>	<b>(46,285,698)</b>	<b>-</b>	<b>(46,285,698)</b>
Business-Type Activities:							
Airport	6,996,377	6,197,849	50,000	-	-	(748,528)	(748,528)
Utilities	12,708,842	12,178,231	32,221	301,756	-	(196,634)	(196,634)
Stormwater	820,337	2,140,112	39,005	93,616	-	1,452,396	1,452,396
<b>Total Business-Type Activities</b>	<b>20,525,556</b>	<b>20,516,192</b>	<b>121,226</b>	<b>395,372</b>	<b>-</b>	<b>507,234</b>	<b>507,234</b>
<b>Total Primary Government</b>	<b>\$ 72,412,541</b>	<b>\$ 25,889,579</b>	<b>\$ 227,548</b>	<b>\$ 516,950</b>	<b>(46,285,698)</b>	<b>507,234</b>	<b>(45,778,464)</b>
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					23,600,531	-	23,600,531
Sales Taxes					17,734,689	-	17,734,689
Franchise Taxes					2,624,458	-	2,624,458
Hotel/Motel Taxes					5,507,072	-	5,507,072
Interest on Investments					831,714	335,367	1,167,081
Gain/(Loss) on Disposal of Capital Assets					27,311	(242,744)	(215,433)
Miscellaneous					292,272	22,102	314,374
Transfers					500,000	(500,000)	-
<b>Total General Revenues and Transfers</b>					<b>51,118,047</b>	<b>(385,275)</b>	<b>50,732,772</b>
<b>Change in Net Position</b>					<b>4,832,349</b>	<b>121,959</b>	<b>4,954,308</b>
<b>NET POSITION, Beginning of Year - As Previously Reported</b>					<b>159,827,601</b>	<b>87,582,613</b>	<b>247,410,214</b>
Change in Accounting Principle					(2,518,620)	(250,416)	(2,769,036)
<b>NET POSITION, Beginning of Year - As Restated</b>					<b>157,308,981</b>	<b>87,332,197</b>	<b>244,641,178</b>
<b>NET POSITION, End of Year</b>					<b>\$ 162,141,330</b>	<b>\$ 87,454,156</b>	<b>\$ 249,595,486</b>

**Town of Addison, Texas**  
**Basic Financial Statements**

**Governmental Funds**  
**Balance Sheet**  
**September 30, 2018**

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and Investments	\$ 20,896,269	\$ 4,857,351	\$ 169,130	\$ -	\$ 24,861,874	\$ 2,095,088	\$ 52,879,712
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	148,233	-	65,531	-	2,453	9,575	225,792
Non-Property Taxes	2,694,713	454,454	-	-	-	-	3,149,167
Franchise Fees	314,300	-	-	-	-	-	314,300
Service Fees, Net	143,717	-	-	-	-	-	143,717
Ambulance, Net	223,227	-	-	-	-	-	223,227
Interest	45,229	9,765	340	-	29,198	4,300	88,832
Intergovernmental	-	-	-	-	-	1,333	1,333
Other	18,120	28,099	-	-	-	-	46,219
Prepaid Items	442,875	-	-	-	-	-	442,875
Inventories, At Cost	54,843	-	-	-	-	-	54,843
Total Assets	<u>\$ 24,981,526</u>	<u>\$ 5,349,669</u>	<u>\$ 235,001</u>	<u>\$ -</u>	<u>\$ 24,893,525</u>	<u>\$ 2,110,296</u>	<u>\$ 57,570,017</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 2,153,449	\$ 1,226,013	\$ 935	\$ -	\$ 3,083,192	\$ 149,065	\$ 6,612,654
Intergovernmental Payable	158,340	1,119	-	-	-	-	159,459
Customer Deposits	3,613	-	-	-	-	-	3,613
Total Liabilities	<u>2,315,402</u>	<u>1,227,132</u>	<u>935</u>	<u>-</u>	<u>3,083,192</u>	<u>149,065</u>	<u>6,775,726</u>
Deferred Inflows of Resources:							
Unavailable Resources	1,703,168	-	65,531	-	2,454	11,753	1,782,906
Total Deferred Inflows of Resources	<u>1,703,168</u>	<u>-</u>	<u>65,531</u>	<u>-</u>	<u>2,454</u>	<u>11,753</u>	<u>1,782,906</u>
Fund Balances:							
Nonspendable							
Inventories	54,843	-	-	-	-	-	54,843
Prepaid Items	442,875	-	-	-	-	-	442,875
Restricted							
Debt Service	-	-	168,535	-	-	-	168,535
Promotion of Tourism and Hotel Industry	-	4,122,537	-	-	-	-	4,122,537
Capital Projects	-	-	-	-	13,687,452	-	13,687,452
Child Safety	-	-	-	-	-	84,284	84,284
Justice Administration	-	-	-	-	-	23,222	23,222
Court Technology	-	-	-	-	-	33,370	33,370
Court Security	-	-	-	-	-	46,844	46,844
Public Safety	-	-	-	-	-	82,691	82,691
Other Purposes	-	-	-	-	-	242,042	242,042
Committed							
Capital Projects	-	-	-	-	8,120,427	-	8,120,427
Economic Development	-	-	-	-	-	1,437,025	1,437,025
Unassigned	20,465,238	-	-	-	-	-	20,465,238
Total Fund Balance	<u>20,962,956</u>	<u>4,122,537</u>	<u>168,535</u>	<u>-</u>	<u>21,807,879</u>	<u>1,949,478</u>	<u>49,011,385</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 24,981,526</u>	<u>\$ 5,349,669</u>	<u>\$ 235,001</u>	<u>\$ -</u>	<u>\$ 24,893,525</u>	<u>\$ 2,110,296</u>	<u>\$ 57,570,017</u>

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

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**TOWN OF ADDISON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Total Fund Balances - Governmental Funds	\$ 49,011,385
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.	11,931,497
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 \$171,012,152, net of accumulated depreciation of \$128,420,203, exclusive of the capital assets of internal service funds with a net carrying value of \$5,737,759, included above, increased net position in the government-wide financial statements.	171,012,152
Investments in Joint Venture are not financial resources and are not reported in the fund financial statements. Investments in Joint Venture of \$960,185 increased net position in the government-wide financial statements.	960,185
Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.	1,475,643
Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.	(68,395,591)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(864,842)
Total OPEB liability is not reflected in the fund financial statements.	(3,745,450)
Deferred outflows on OPEB, net of amortization, are not reflected in fund financial statements	303,075
Deferred inflows on OPEB, net of amortization, are not reflected in fund financial statements	(3,682)
Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements	2,183,186
Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements	(3,383,379)
Net pension asset is not reflected in fund financial statements	192,086
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.	(317,841)
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.	1,782,906
<b>Net Position of Governmental Activities</b>	<b>\$ 162,141,330</b>

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2018**

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Ad Valorem Taxes	\$ 15,874,843	\$ -	\$ 6,615,686	\$ -	\$ 268,143	\$ 1,024,998	\$ 23,783,670
Non-Property Taxes	17,596,626	5,552,084	-	-	-	-	23,148,710
Franchise Fees	2,566,839	-	-	-	-	57,619	2,624,458
Licenses and Permits	1,404,035	-	-	-	-	-	1,404,035
Intergovernmental	-	-	-	-	-	16,228	16,228
Service Fees	1,992,053	1,570,391	-	-	-	58,304	3,620,748
Fines and Forfeitures	334,467	-	-	-	-	23,322	357,789
Court Awards	-	-	-	-	-	948	948
Earnings on Investments	333,192	59,956	16,131	2,995	388,567	30,873	831,714
Rental Charges	8,120	627,045	-	-	-	-	635,165
Recycling Proceeds	11,407	-	-	-	-	-	11,407
Other	154,637	80,230	-	-	-	90,094	324,961
Total Revenues	40,276,219	7,889,706	6,631,817	2,995	656,710	1,302,386	56,759,833
<b>EXPENDITURES:</b>							
Current:							
General Government	8,367,341	-	3,739	-	-	10,136	8,381,216
Public Safety	17,815,288	-	-	-	-	103,971	17,919,259
Development Services	1,374,246	-	-	-	-	-	1,374,246
Streets	1,895,171	-	-	-	-	-	1,895,171
Parks and Recreation	5,054,566	-	-	-	-	-	5,054,566
Visitor Services	-	6,780,909	-	-	-	-	6,780,909
Municipal Court	-	-	-	-	-	75,904	75,904
Economic Development	-	-	-	-	-	1,475,201	1,475,201
Debt Service:							
Principal Retirement	-	-	4,209,148	700,000	-	-	4,909,148
Interest and Fiscal Charges	-	-	2,620,922	10,500	-	-	2,631,422
Capital Projects:							
Engineering and Contractual Services	-	-	-	-	758,687	-	758,687
Construction and Equipment	-	-	-	-	9,414,596	-	9,414,596
Total Expenditures	34,506,612	6,780,909	6,833,809	710,500	10,173,283	1,665,212	60,670,325
Excess/(Deficiency) of Revenues over Expenditures	5,769,607	1,108,797	(201,992)	(707,505)	(9,516,573)	(362,826)	(3,910,492)
<b>OTHER FINANCING SOURCES/(USES):</b>							
Transfers In	-	495,352	-	710,800	1,802,000	610,000	3,618,152
Transfers Out	(1,202,000)	(1,320,800)	-	(495,352)	-	(100,000)	(3,118,152)
Proceeds on Asset Sales	27,311	-	-	-	-	-	27,311
Total Other Financing Sources/(Uses)	(1,174,689)	(825,448)	-	215,448	1,802,000	510,000	527,311
Net Change in Fund Balance	4,594,918	283,349	(201,992)	(492,057)	(7,714,573)	147,174	(3,383,181)
Fund Balances at Beginning of Year	16,368,038	3,839,188	370,527	492,057	29,522,452	1,802,304	52,394,566
Fund Balances at End of Year	\$ 20,962,956	\$ 4,122,537	\$ 168,535	\$ -	\$ 21,807,879	\$ 1,949,478	\$ 49,011,385

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, 2018**

Total Net Change in Fund Balances - Governmental Funds		\$ (3,383,181)
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.		565,996
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.		9,785,900
Capital asset donations are not recognized in fund financial statements.		121,578
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. This amount excludes \$1,033,257 depreciation in the internal service funds.		(7,101,125)
Losses on capital asset disposals are not recognized in fund financial statements.		(8,921)
The Town's share of net gain from Investment in Joint Venture is not reflected in fund financials.		210,277
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:		
Bond repayments	4,909,148	
Amortization	<u>572,054</u>	5,481,202
The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's increase in liability is to decrease net position.		(127,149)
The current year increase in the total OPEB liability of \$599,158, amortization of deferred inflows and and outflow on OPEB of \$299,393 are not shown in the fund financial statements. The effect of recording these amounts is to decrease net position.		(299,765)
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.		21,165
Decrease in pension liability of \$6,800,507, amortization of deferred inflows and outflows on pensions of (\$6,736,833), and addition of a pension asset of \$192,086, increase net position by reducing the pension expense in each function.		255,760
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.		<u>(689,388)</u>
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ 4,832,349</u></u>

See accompanying notes to basic financial statements.



**Town of Addison, Texas**  
**Basic Financial Statements**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended September 30, 2018**

	Budget		Actual GAAP	Variance With
	Original	Final	Basis	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
<b>Taxes:</b>				
Ad Valorem Taxes:				
Current	\$ 15,753,469	\$ 15,753,469	\$ 15,904,272	\$ 150,803
Delinquent	(58,000)	(58,000)	(73,767)	(15,767)
Penalties and Interest	29,000	29,000	44,338	15,338
Total Ad Valorem	15,724,469	15,724,469	15,874,843	150,374
Non-Property Taxes:				
Sales Tax	13,400,000	13,400,000	16,449,993	3,049,993
Alcoholic Beverage Tax	1,260,000	1,260,000	1,146,633	(113,367)
Total Non-Property Taxes	14,660,000	14,660,000	17,596,626	2,936,626
Total Taxes	30,384,469	30,384,469	33,471,469	3,087,000
<b>Franchise Fees:</b>				
Electric Franchise	1,675,000	1,675,000	1,568,812	(106,188)
Gas Franchise	217,400	217,400	229,319	11,919
Telephone Franchise	636,500	636,500	468,770	(167,730)
Cable Franchise	316,400	316,400	288,094	(28,306)
Street Rental Franchise	5,000	5,000	11,844	6,844
Total Franchise Fees	2,850,300	2,850,300	2,566,839	(283,461)
<b>Licenses and Permits:</b>				
Business Licenses and Permits	139,300	139,300	117,157	(22,143)
Building and Construction Permits	625,000	625,000	1,286,878	661,878
Total Licenses and Permits	764,300	764,300	1,404,035	639,735
<b>Service Fees:</b>				
General Government	500	500	31	(469)
Public Safety	785,200	785,200	975,404	190,204
Urban Development	3,000	3,000	890	(2,110)
Streets and Sanitation	280,600	280,600	412,898	132,298
Recreation	74,900	74,900	72,310	(2,590)
Interfund	530,520	530,520	530,520	-
Total Service Fees	1,674,720	1,674,720	1,992,053	317,333
<b>Fines and Forfeitures</b>	500,000	500,000	334,467	(165,533)
<b>Earnings on Investments</b>	70,000	70,000	333,192	263,192
<b>Rental Charges</b>	175,000	175,000	8,120	(166,880)
<b>Recycling Proceeds</b>	3,000	3,000	11,407	8,407
<b>Other</b>	70,000	70,000	154,637	84,637
Total Revenues	\$ 36,491,789	\$ 36,491,789	\$ 40,276,219	\$ 3,784,430

**Town of Addison, Texas**  
**Basic Financial Statements**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended September 30, 2018**

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>General Government:</b>				
City Secretary:				
Salaries and Fringe Benefits	94,871	94,871	62,877	31,994
Supplies	20,700	20,700	7,959	12,741
Contractual Services	84,500	64,500	109,331	(44,831)
Total City Secretary	200,071	180,071	180,167	(96)
City Manager's Office:				
Salaries and Fringe Benefits	909,562	918,461	908,802	9,659
Supplies	23,923	23,923	26,303	(2,380)
Maintenance and Materials	63,292	54,393	30,253	24,140
Contractual Services	111,834	111,834	119,828	(7,994)
Capital Replacement	13,787	13,787	13,787	-
Total City Manager's Office	1,122,398	1,122,398	1,098,973	23,425
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,243,436	1,250,435	1,148,145	102,290
Supplies	30,363	30,363	23,862	6,501
Maintenance and Materials	45,724	41,724	25,215	16,509
Contractual Services	402,610	452,610	585,254	(132,644)
Capital Replacement	49,909	49,909	49,909	-
Total Financial and Strategic Services	1,772,042	1,825,041	1,832,385	(7,344)
General Services:				
Salaries and Fringe Benefits	440,080	458,119	412,956	45,163
Supplies	24,673	24,673	20,005	4,668
Maintenance and Materials	130,564	116,564	103,241	13,323
Contractual Services	96,776	92,737	73,250	19,487
Capital Replacement	28,009	28,009	28,009	-
Total General Services	720,102	720,102	637,461	82,641
Municipal Court:				
Salaries and Fringe Benefits	503,831	508,850	501,168	7,682
Supplies	21,199	19,699	22,022	(2,323)
Maintenance and Materials	-	4,500	-	4,500
Contractual Services	97,892	90,492	71,376	19,116
Capital Replacement	29,243	29,243	29,243	-
Total Municipal Court	652,165	652,784	623,809	28,975
Human Resources:				
Salaries and Fringe Benefits	453,798	467,972	440,865	27,107
Supplies	11,823	9,823	4,244	5,579
Maintenance and Materials	-	-	270	(270)
Contractual Services	199,973	188,299	172,769	15,530
Capital Replacement	11,844	11,844	11,844	-
Total Human Resources	677,438	677,938	629,992	47,946

**Town of Addison, Texas**  
**Basic Financial Statements**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended September 30, 2018**

	Budget		Actual GAAP	Variance With
	Original	Final	Basis	Final Budget
				Positive
				(Negative)
<b>EXPENDITURES (CONTINUED)</b>				
Information Technology:				
Salaries and Fringe Benefits	1,050,295	1,052,006	1,069,999	(17,993)
Supplies	35,963	35,963	13,369	22,594
Maintenance and Materials	736,934	735,223	615,110	120,113
Contractual Services	162,657	162,657	91,432	71,225
Capital Replacement	42,781	42,781	42,781	-
Capital Outlay	-	-	32,880	(32,880)
Total Information Technology	2,028,630	2,028,630	1,865,571	163,059
Combined Services:				
Salaries and Fringe Benefits	270,701	32,720	38,376	(5,656)
Supplies	52,000	52,000	30,553	21,447
Contractual Services	1,349,560	1,349,560	1,117,474	232,086
Total Combined Services	1,672,261	1,434,280	1,186,403	247,877
City Council Special Projects:				
Salaries and Fringe Benefits	29,474	29,474	28,734	740
Supplies	26,500	26,500	21,192	5,308
Contractual Services	287,570	287,570	259,274	28,296
Capital Replacement	3,380	3,380	3,380	-
Total City Council Special Projects	346,924	346,924	312,580	34,344
Total General Government	9,192,031	8,988,168	8,367,341	620,827
<b>Public Safety:</b>				
Police:				
Salaries and Fringe Benefits	7,207,989	7,198,478	6,974,923	223,555
Supplies	305,990	305,990	253,957	52,033
Maintenance and Materials	265,781	240,781	230,615	10,166
Contractual Services	707,545	624,470	641,215	(16,745)
Capital Replacement	625,325	625,325	625,325	-
Total Police	9,112,630	8,995,044	8,726,035	269,009
Emergency Communications:				
Maintenance and Materials	45,547	45,547	32,342	13,205
Contractual Services	1,413,499	1,413,499	1,343,626	69,873
Total Emergency Communications	1,459,046	1,459,046	1,375,968	83,078
Fire:				
Salaries and Fringe Benefits	6,108,475	6,438,098	6,468,541	(30,443)
Supplies	270,319	246,319	247,149	(830)
Maintenance and Materials	297,489	300,989	298,384	2,605
Contractual Services	316,144	331,987	307,530	24,457
Capital Replacement	362,820	362,820	362,820	-
Capital Outlay	-	28,861	28,861	-
Total Fire	7,355,247	7,709,074	7,713,285	(4,211)
Total Public Safety	17,926,923	18,163,164	17,815,288	347,876

**Town of Addison, Texas**  
**Basic Financial Statements**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended September 30, 2018**

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
<b>Development Services:</b>				
Development Services:				
Salaries and Fringe Benefits	1,107,968	1,026,808	966,109	60,699
Supplies	31,529	42,529	39,279	3,250
Maintenance and Materials	8,000	8,700	6,534	2,166
Contractual Services	313,759	389,659	321,315	68,344
Capital Replacement	41,009	41,009	41,009	-
Total Development Services	1,502,265	1,508,705	1,374,246	134,459
<b>Streets:</b>				
Streets:				
Salaries and Fringe Benefits	438,616	455,954	440,105	15,849
Supplies	37,550	36,685	43,363	(6,678)
Maintenance and Materials	758,150	731,209	668,265	62,944
Contractual Services	807,559	806,559	642,798	163,761
Capital Replacement	64,482	64,482	64,482	-
Capital Outlay	-	14,468	36,158	(21,690)
Total Streets	2,106,357	2,109,357	1,895,171	214,186
<b>Parks and Recreation:</b>				
Parks:				
Salaries and Fringe Benefits	1,667,677	1,649,859	1,522,947	126,912
Supplies	217,871	233,371	241,646	(8,275)
Maintenance and Materials	883,450	856,430	660,619	195,811
Contractual Services	988,924	988,924	838,649	150,275
Capital Replacement	79,817	79,817	79,438	379
Capital Outlay	-	33,520	37,767	(4,247)
Total Parks	3,837,739	3,841,921	3,381,066	460,855
Recreation:				
Salaries and Fringe Benefits	932,646	954,414	911,933	42,481
Supplies	182,327	175,427	153,210	22,217
Maintenance and Materials	296,362	235,494	208,702	26,792
Contractual Services	424,005	424,005	325,823	98,182
Capital Replacement	58,782	58,782	58,782	-
Capital Outlay	-	-	15,050	(15,050)
Total Recreation	1,894,122	1,848,122	1,673,500	174,622
Total Parks and Recreation	5,731,861	5,690,043	5,054,566	635,477
Total Expenditures	36,459,437	36,459,437	34,506,612	1,952,825
Excess (deficiency) of revenues over expenditures	32,352	32,352	5,769,607	5,737,255
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers Out	(1,107,000)	(1,202,000)	(1,202,000)	-
Proceeds on Asset Sales	5,000	5,000	27,311	22,311
Total Other Financing Sources/(Uses)	(1,102,000)	(1,197,000)	(1,174,689)	22,311
Net Change in Fund Balance	(1,069,648)	(1,164,648)	4,594,918	5,759,566
Fund Balances at Beginning of Year	16,368,038	16,368,038	16,368,038	-
Fund Balances at End of Year	\$ 15,298,390	\$ 15,203,390	\$ 20,962,956	\$ 5,759,566

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

**Hotel Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2018**

	2018			Variance With
	Budget		Actual GAAP	Final Budget
	Original	Final	Basis	Positive
				(Negative)
<b>REVENUES:</b>				
Hotel/Motel Occupancy Taxes	\$ 5,760,000	\$ 5,760,000	\$ 5,552,084	\$ (207,916)
Proceeds from Special Events and Service Fees	2,354,000	2,354,000	1,570,391	(783,609)
Earnings on Investments	17,000	17,000	59,956	42,956
Rental Charges	708,000	708,000	627,045	(80,955)
Other	90,000	90,000	80,230	(9,770)
Total Revenues	<u>8,929,000</u>	<u>8,929,000</u>	<u>7,889,706</u>	<u>(1,039,294)</u>
<b>EXPENDITURES:</b>				
Conference Centre	1,118,361	1,217,361	1,027,977	189,384
Marketing	1,068,418	1,068,418	922,818	145,600
Special Events	4,413,465	4,413,465	3,827,205	586,260
Performing Arts	855,822	931,222	852,731	78,491
General Hotel Operations	238,647	238,647	150,178	88,469
Total Expenditures	<u>7,694,713</u>	<u>7,869,113</u>	<u>6,780,909</u>	<u>1,088,204</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>1,234,287</u>	<u>1,059,887</u>	<u>1,108,797</u>	<u>48,910</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers In	-	-	495,352	495,352
Transfer to Debt Service Fund	<u>(1,320,800)</u>	<u>(1,320,800)</u>	<u>(1,320,800)</u>	<u>-</u>
Net Change in Fund Balance	(86,513)	(260,913)	283,349	544,262
Fund Balances at Beginning of Year	<u>3,839,188</u>	<u>3,839,188</u>	<u>3,839,188</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,752,675</u>	<u>\$ 3,578,275</u>	<u>\$ 4,122,537</u>	<u>\$ 544,262</u>

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2018**

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
<b>ASSETS:</b>					
Current Assets:					
Cash and Investments	\$ 5,556,677	\$ 7,452,853	\$ 9,410,082	\$ 22,419,612	\$ 6,254,420
Interest Receivable	10,898	15,156	42,385	68,439	12,515
Accounts Receivable, Net	100,457	2,287,042	322,258	2,709,757	22,038
Prepaid Items	-	-	-	-	9,000
Total Current Assets	5,668,032	9,755,051	9,774,725	25,197,808	6,297,973
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,312,064	-	16,945,437	-
Construction in Progress	1,242,314	3,666,118	827,151	5,735,583	1,376,182
Buildings	2,600,302	6,923,788	-	9,524,090	-
Improvements other than Buildings	56,201,791	46,844,646	1,121,876	104,168,313	-
Machinery and Equipment	1,712,796	2,479,309	-	4,192,105	14,007,703
Accumulated Depreciation	(29,295,565)	(29,625,393)	(48,026)	(58,968,984)	(9,646,126)
Total Capital Assets, Net of Accumulated Depreciation	48,095,011	31,600,532	1,901,001	81,596,544	5,737,759
Investment in Joint Venture	-	6,560,514	-	6,560,514	-
Pension Asset	-	12,193	-	12,193	-
Total Assets	53,763,043	47,928,290	11,675,726	113,367,059	12,035,732
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Charges on Refundings	8,416	394,044	-	402,460	-
Deferred Outflows on Pensions	-	144,376	-	144,376	-
Deferred Outflows on OPEB	4,610	19,601	2,113	26,324	-
Total Deferred Outflows of Resources	13,026	558,021	2,113	573,160	-
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 436,371	\$ 850,135	\$ 372,650	\$ 1,659,156	\$ 104,235
Accrued Interest Payable	14,683	58,415	32,615	105,713	-
Current Compensated Absences Payable	4,799	5,855	-	10,654	-
Current Maturities of Long-Term Liabilities	547,500	595,000	290,000	1,432,500	-
Customer Deposits	326,117	1,099,292	-	1,425,409	-
Total Current Liabilities	1,329,470	2,608,697	695,265	4,633,432	104,235
Non-Current Liabilities:					
Long-Term Liabilities, Net of Current Portion	2,922,558	12,799,109	5,899,379	21,621,046	-
Total Liabilities	4,252,028	15,407,806	6,594,644	26,254,478	104,235
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows on Pensions	-	231,266	-	231,266	-
Deferred Inflows on OPEB	56	238	25	319	-
Total Deferred Inflows of Resources	56	231,504	25	231,585	-
<b>NET POSITION:</b>					
Net Investment in Capital Assets	44,669,696	20,635,363	(333,963)	64,971,096	5,737,759
Unrestricted	4,854,289	12,211,638	5,417,133	22,483,060	6,193,738
Total Net Position	\$ 49,523,985	\$ 32,847,001	\$ 5,083,170	\$ 87,454,156	\$ 11,931,497

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year ended September 30, 2018**

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
<b>OPERATING REVENUES:</b>					
Water	\$ -	\$ 6,997,055	\$ -	\$ 6,997,055	\$ -
Sewer	-	5,073,338	-	5,073,338	-
Drainage	-	-	2,137,942	2,137,942	-
Penalties	-	89,342	-	89,342	-
Water and Sewer Taps and Other Fees	-	18,496	2,170	20,666	-
Fuel Flowage Fees	975,818	-	-	975,818	-
Customs Agent Fees	127,023	-	-	127,023	-
Rental Charges	4,473,583	-	-	4,473,583	-
Other Income	667,665	33,335	39,005	740,005	-
Department Contributions	-	-	-	-	1,593,822
<b>Total Operating Revenues</b>	<b>6,244,089</b>	<b>12,211,566</b>	<b>2,179,117</b>	<b>20,634,772</b>	<b>1,593,822</b>
<b>OPERATING EXPENSES:</b>					
Salaries and Fringe Benefits	382,626	1,833,345	159,935	2,375,906	-
Supplies	11,795	147,849	8,084	167,728	169,517
Maintenance and Materials	3,432,107	358,293	123,136	3,913,536	40,056
Contractual Services	673,033	1,189,397	255,124	2,117,554	48,197
Water Purchases	-	3,920,938	-	3,920,938	-
Wastewater Purchases	-	3,344,312	-	3,344,312	-
Total Operating Expenses (Excluding Depreciation)	4,499,561	10,794,134	546,279	15,839,974	257,770
Depreciation	2,380,704	1,343,837	32,708	3,757,249	1,033,257
<b>Total Operating Expenses</b>	<b>6,880,265</b>	<b>12,137,971</b>	<b>578,987</b>	<b>19,597,223</b>	<b>1,291,027</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(636,176)</b>	<b>73,595</b>	<b>1,600,130</b>	<b>1,037,549</b>	<b>302,795</b>
<b>NON-OPERATING REVENUES/(EXPENSES):</b>					
Investment Income	77,213	133,445	124,709	335,367	63,767
Gain/(Loss) on Disposal of Assets	24,748	(242,744)	-	(217,996)	199,434
Gain/(Loss) on Joint Venture	-	(84,271)	-	(84,271)	-
Interest Expense and Fiscal Charges	(116,112)	(486,600)	(241,350)	(844,062)	-
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>(14,151)</b>	<b>(680,170)</b>	<b>(116,641)</b>	<b>(810,962)</b>	<b>263,201</b>
<b>NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>(650,327)</b>	<b>(606,575)</b>	<b>1,483,489</b>	<b>226,587</b>	<b>565,996</b>
Capital Grants and Contributions	-	301,756	93,616	395,372	-
Transfers Out	-	(500,000)	-	(500,000)	-
<b>CHANGE IN NET POSITION</b>	<b>(650,327)</b>	<b>(804,819)</b>	<b>1,577,105</b>	<b>121,959</b>	<b>565,996</b>
Net Position at Beginning of Year, As Previously Reported	50,218,121	33,836,491	3,528,001	87,582,613	11,365,501
Change in Accounting Principle	(43,809)	(184,671)	(21,936)	(250,416)	-
Net Position at Beginning of Year, As Restated	50,174,312	33,651,820	3,506,065	87,332,197	11,365,501
Net Position at End of Year	\$ 49,523,985	\$ 32,847,001	\$ 5,083,170	\$ 87,454,156	\$ 11,931,497

See accompanying notes to basic financial statements.

**Town of Addison, Texas**  
**Basic Financial Statements**

**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended September 30, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 6,136,917	\$ 12,029,491	\$ 2,167,437	\$ 20,333,845	\$ 1,593,822
Payments to Suppliers	(3,969,077)	(9,265,977)	(389,424)	(13,624,478)	(374,801)
Payments to Employees for Services	(357,738)	(1,566,113)	(157,845)	(2,081,696)	-
<i>Net Cash Provided by Operating Activities</i>	<u>1,810,102</u>	<u>1,197,401</u>	<u>1,620,168</u>	<u>4,627,671</u>	<u>1,219,021</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers to Other Funds	-	(500,000)	-	(500,000)	-
<i>Net Cash Used by Noncapital and Related Financing Activities</i>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and Construction of Capital Assets	(1,342,335)	(2,817,123)	(147,538)	(4,306,996)	(646,140)
Principal Paid on Long-Term Debt	(532,500)	(600,852)	(280,000)	(1,413,352)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(121,816)	(580,185)	(269,208)	(971,209)	-
Proceeds from Sale of Capital Assets	24,748	800,000	-	824,748	206,350
<i>Net Cash (Used) by Capital and Related Financing Activities</i>	<u>(1,971,903)</u>	<u>(3,198,160)</u>	<u>(696,746)</u>	<u>(5,866,809)</u>	<u>(439,790)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on Cash and Investments	75,763	128,235	89,032	293,030	60,010
<i>Net Cash Provided by Investing Activities</i>	<u>75,763</u>	<u>128,235</u>	<u>89,032</u>	<u>293,030</u>	<u>60,010</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	<u>(86,038)</u>	<u>(2,372,524)</u>	<u>1,012,454</u>	<u>(1,446,108)</u>	<u>839,241</u>
Cash and Cash Equivalents, October 1	5,642,715	9,825,377	8,397,628	23,865,720	5,415,179
Cash and Cash Equivalents, September 30	<u>\$ 5,556,677</u>	<u>\$ 7,452,853</u>	<u>\$ 9,410,082</u>	<u>\$ 22,419,612</u>	<u>\$ 6,254,420</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ (636,176)	\$ 73,595	\$ 1,600,130	\$ 1,037,549	\$ 302,795
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	2,380,704	1,343,837	32,708	3,757,249	1,033,257
Change in Assets, Liabilities, and Deferred Items:					
(Increase)/Decrease in Accounts Receivables	64,571	(303,234)	(11,680)	(250,343)	-
Increase/(Decrease) in Prepaid Items	63,139	-	-	63,139	(9,000)
Increase/(Decrease) in Accounts Payable	105,047	(292,998)	(3,080)	(191,031)	(108,031)
Increase/(Decrease) in Customer Deposits	(171,743)	121,159	-	(50,584)	-
(Increase)/Decrease in Deferred Outflows on Pensions	-	249,362	-	249,362	-
(Increase)/Decrease in Deferred Outflows on OPEB	(4,610)	(19,601)	(2,113)	(26,324)	-
(Increase)/Decrease in Pension Asset	-	(12,193)	-	(12,193)	-
Increase/(Decrease) in Deferred Inflows on Pensions	-	178,259	-	178,259	-
Increase/(Decrease) in Deferred Inflows on OPEB	56	238	25	319	-
Increase/(Decrease) in Net Pension Liability	-	(179,773)	-	(179,773)	-
Increase/(Decrease) in Total OPEB Liability	9,114	38,750	4,178	52,042	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,810,102</u>	<u>\$ 1,197,401</u>	<u>\$ 1,620,168</u>	<u>\$ 4,627,671</u>	<u>\$ 1,219,021</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Grants and Contributions	\$ -	\$ 301,756	\$ 93,616	\$ 395,372	\$ -
Capital Assets in Accounts Payable	103,850	596,652	274,346	974,848	(1,350)
Gain/(Loss) of Joint Venture	-	(84,271)	-	(84,271)	-
<i>Net Noncash Items from Capital and Related Financing Activities</i>	<u>\$ 103,850</u>	<u>\$ 814,137</u>	<u>\$ 367,962</u>	<u>\$ 1,285,949</u>	<u>\$ (1,350)</u>

See accompanying notes to the basic financial statements.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**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, 2018

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**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, designated as a major 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, 2018

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**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, 2018

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**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, 2018

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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 reimburseable hours at the employees' rate of pay as of September 30, 2018. The Town's liability for compensated absences increased \$159,667 for a total liability of \$960,420.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is capital developer donations of \$301,756 for Utilities and \$93,616 for Stormwater, and a donation of \$121,578 in seating to the Conference Centre. Operating grants included \$106,322 of funding for public safety, \$39,005 for non-capital developer donations for Stormwater, \$32,221 non-capital developer donations for Utilities, and a \$50,000 grant for Airport operations.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**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 reporting 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 and other postemployment benefit (OPEB) contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in pension and OPEB assumptions - These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions and OPEB through the pension and OPEB plans (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected versus actual experience - This difference is deferred and amortized over the estimated average remaining service lives of all employees that are provided with pensions and OPEB through the pension and OPEB plans (active and inactive employees) determined as of the beginning 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 reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items that qualify for reporting in this category. The difference in projected and actual earnings on pension plan investments is deferred and amortized over a closed five-year period. The difference in expected and actual pension and OPEB experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions and OPEB through the pension and OPEB plans (active and inactive employees) determined as of the beginning 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.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

- 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.

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 FY2018 budget was amended three times, and the amendments were approved by City Council on April 10, 2018, April 24, 2018, and September 27, 2018. The April 10th amendment was to implement the new compensation plan adopted by the City Council on December 15, 2017 and to reflect needed changes to costs in the capital improvement project budget. The April 24th amendment provided funding for the construction of the Wing Aviation Apron and Claire Chennault Street at the Addison Airport. The September 27th budget amendment provided funding for the Belt Line Road Overlay Project and the Addison Circle Park Fountain Project. This amendment also corrected the recording of a local grant from Metrocrest Hospital Authority for Fire Department equipment.

**Excess of Expenditures over Appropriations** – For the year ended September 30, 2018, no expenditures in the General Fund departments exceeded appropriations, with the exception of City Secretary by \$96, Financial and Strategic Services by \$7,344, and Fire by \$4,211, where appropriations were exceeded by less than 1 percent by each department. The excess of appropriations for expenditures in other departments in the General Fund were more than enough to cover these overages, so fund balance was not impacted.

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.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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, 2018. Included in Cash and Investments is \$5,250 of petty cash. At year-end, the carrying amount of the Town's deposits, including certificates of deposit, was a debit balance of \$13,652,995. The respective bank balance totaled \$15,347,540. In addition, collateral with a market value of \$17,924,000 and unused letters 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.

**III. DETAILED NOTES ON ALL FUNDS**

External Investment Pools

The Town's pool investments as of September 30, 2018 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 safekept 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.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Investments

As of September 30, 2018, the Town held the following investments:

	<u>Carrying Value</u>	<u>Average Maturity (Days)</u>
Certificates of Deposit	\$ 10,104,535	211
Commercial Paper	12,923,605	81
Agency Securities	43,681,395	220
<i>Total Investment in Securities</i>	<u>66,709,535</u>	<u>185</u>
TexStar	6,561,957	1
TexPool	4,728,542	1
<i>Total Investment in Pools</i>	<u>11,290,499</u>	<u>1</u>
<i>Total Investments</i>	<u>\$ 78,000,034</u>	<u>188</u>

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, 2018 was \$78,000,034, of which \$11,290,499 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.

*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.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

3. Prime commercial paper with an original maturity of one hundred eighty (180) 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 two hundred seventy (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 investments as of September 30, 2018, are Instrumentality Securities (70%) of which the Town's portfolio is currently at 56%, Certificates of Deposit (50%) of which the Town's portfolio is currently at 13%, Commercial Paper (30%) of which the Town's portfolio is currently at 17%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 14%. At September 30, 2018, 5% or more of the Town's total investments were in Toyota Motor Corporation Commercial Paper (5%), valued at \$3,992,853 and GE Capital Treasury Commercial Paper (6%), valued at \$4,993,125.

**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:

- |                |   |
|----------------|---|
| <b>Level 1</b> | Quoted prices in active markets for identical assets or liabilities   |
| <b>Level 2</b> | 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 |
| <b>Level 3</b> | Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities  |

**Town of Addison, Texas**  
**Basic Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

*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, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
<b>Investments by fair value level</b>				
Commercial Paper	\$ 12,923,605	\$ -	\$ 12,923,605	\$ -
U.S. Agency Securities	43,681,395	-	43,681,395	-
<i>Total Investment by fair value level</i>	<u>56,605,000</u>	<u>\$ -</u>	<u>\$ 56,605,000</u>	<u>\$ -</u>
<b>Investments measured at net asset value - TexSTAR</b>	6,561,957			
<b>Investments measured at amortized cost - TexPool</b>	4,728,542			
<b>Non-negotiable certificates of deposit</b>	10,104,535			
<i>Total Investments</i>	<u>\$ 78,000,034</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, 2018, no investments are held by the Town meeting the Level 3 hierarchy classification.

*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, 2017, upon which the fiscal year 2018 levy is based, was \$4,450,533,504.

**Town of Addison, Texas**  
**Basic Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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, 2018 was \$.5500 per \$100, of which

\$.3970 was allocated for general government and \$.1530 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, 2018, were 97.15% 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, 2018, was \$360,677.

**C. Receivables**

As of September 30, 2018, 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	\$ 365,885	\$ -	\$ 193,123	\$ -	\$ 4,922	\$ 22,539	\$ -	\$ 586,469
Non-Property	2,694,713	454,454	-	-	-	-	-	3,149,167
Franchise Fees	314,300	-	-	-	-	-	-	314,300
Service Fees	935,109	-	-	-	-	-	-	935,109
Ambulance	685,791	-	-	-	-	-	-	685,791
Interest	45,229	9,765	340	-	29,198	4,300	12,515	101,347
Other	18,120	28,099	-	-	-	1,333	22,038	69,590
Gross Receivables	\$ 5,059,147	\$ 492,318	\$ 193,463	\$ -	\$ 34,120	\$ 28,172	\$ 34,553	\$ 5,841,773
Less: Allowance for Uncollectibles	1,471,608	-	127,592	-	2,469	12,964	-	1,614,633
Net Receivables	<u>\$ 3,587,539</u>	<u>\$ 492,318</u>	<u>\$ 65,871</u>	<u>\$ -</u>	<u>\$ 31,651</u>	<u>\$ 15,208</u>	<u>\$ 34,553</u>	<u>\$ 4,227,140</u>

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

The above allowance for uncollectible accounts represents reserves for ambulance (\$462,564), court warrants (\$791,392), and property taxes (\$360,677).

In the proprietary funds at September 30, 2018 the Airport fund has \$100,457 rent receivable with no associated allowance accounts. The Utility fund has \$2,331,658 in water and sewer sales receivable, net of an allowance of \$44,616. The stormwater fund has stormwater fees receivable of \$333,297 net of an allowance of \$11,039.

**D. Capital Assets**

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, not Depreciable:					
Land	\$ 66,249,935	\$ -	\$ -	\$ -	\$ 66,249,935
Intangible Assets	377,379	-	-	177,092	554,471
Construction in Progress	23,755,983	9,366,942	-	(5,621,544)	27,501,381
<i>Total Capital Assets, not Depreciable</i>	<u>90,383,297</u>	<u>9,366,942</u>	<u>-</u>	<u>(5,444,452)</u>	<u>94,305,787</u>
Capital Assets, Depreciable:					
Buildings	22,084,774	-	-	-	22,084,774
Improvements other than Buildings	173,934,730	-	-	2,562,744	176,497,474
Machinery and Equipment	19,481,586	1,224,595	(1,734,269)	2,956,290	21,928,202
<i>Total Capital Assets, Depreciable</i>	<u>215,501,090</u>	<u>1,224,595</u>	<u>(1,734,269)</u>	<u>5,519,034</u>	<u>220,510,450</u>
Less Accumulated Depreciation for:					
Buildings	(13,182,394)	(576,096)	-	-	(13,758,490)
Improvements other than Buildings	(105,404,856)	(6,049,352)	-	-	(111,454,208)
Machinery and Equipment	(12,929,937)	(1,508,934)	1,659,825	(74,582)	(12,853,628)
<i>Total Accumulated Depreciation</i>	<u>(131,517,187)</u>	<u>(8,134,382)</u>	<u>1,659,825</u>	<u>(74,582)</u>	<u>(138,066,326)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>83,983,903</u>	<u>(6,909,787)</u>	<u>(74,444)</u>	<u>5,444,452</u>	<u>82,444,124</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 174,367,200</u>	<u>\$ 2,457,155</u>	<u>\$ (74,444)</u>	<u>\$ -</u>	<u>\$ 176,749,911</u>
<b>Business-type Activities:</b>					
Capital Assets, not Depreciable:					
Land	\$ 16,945,437	\$ -	\$ -	\$ -	\$ 16,945,437
Construction in Progress	1,650,555	4,909,642	-	(824,614)	5,735,583
<i>Total Capital Assets, not Depreciable</i>	<u>18,595,992</u>	<u>4,909,642</u>	<u>-</u>	<u>(824,614)</u>	<u>22,681,020</u>
Capital Assets, Depreciable:					
Buildings	10,669,963	-	(1,145,873)	-	9,524,090
Improvements other than Buildings	102,948,328	395,370	-	824,614	104,168,312
Machinery and Equipment	3,909,795	534,386	(177,494)	(74,582)	4,192,105
<i>Total Capital Assets, Depreciable</i>	<u>117,528,086</u>	<u>929,756</u>	<u>(1,323,367)</u>	<u>750,032</u>	<u>117,884,507</u>
Less Accumulated Depreciation for:					
Buildings	(2,661,531)	(190,488)	103,129	-	(2,748,890)
Improvements other than Buildings	(50,233,222)	(3,361,094)	-	-	(53,594,316)
Machinery and Equipment	(2,672,185)	(205,667)	177,493	74,582	(2,625,777)
<i>Total Accumulated Depreciation</i>	<u>(55,566,938)</u>	<u>(3,757,249)</u>	<u>280,622</u>	<u>74,582</u>	<u>(58,968,983)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>61,961,148</u>	<u>(2,827,493)</u>	<u>(1,042,745)</u>	<u>824,614</u>	<u>58,915,524</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 80,557,140</u>	<u>\$ 2,082,149</u>	<u>\$ (1,042,745)</u>	<u>\$ -</u>	<u>\$ 81,596,544</u>

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**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	\$ 341,828	\$ -
Public Safety	305,461	-
Development Services	2,469	-
Streets	4,905,993	-
Parks and Recreation	987,310	-
Visitor Services	558,064	-
IT Replacement	289,406	-
Capital Replacement	743,851	-
Airport Fund		2,380,704
Utility Fund		1,343,837
Stormwater Fund		32,708
	<u>\$ 8,134,382</u>	<u>\$ 3,757,249</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2018:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Belt Line Road Underground Utilities	\$ 20,830,000	\$ 17,841,455	\$ 2,988,545
Vitruvian Public Infrastructure	10,021,107	8,116,412	1,904,695
Midway Road Rehabilitation	3,000,000	1,426,370	1,573,630
	<u>\$ 33,851,107</u>	<u>\$ 27,384,237</u>	<u>\$ 6,466,870</u>
<u>Business-type Activities</u>			
Sherlock Basin Improvements	\$ 1,700,000	\$ 421,902	\$ 1,278,098
Customs Facility Construction	7,283,257	666,710	6,616,547
Water Line Replacement	6,487,500	614,799	5,872,701
Kellway Lift Station Rehab & Repair	1,510,000	61,586	1,448,414
	<u>\$ 16,980,757</u>	<u>\$ 1,764,997</u>	<u>\$ 15,215,760</u>

**NOTES TO FINANCIAL STATEMENTS**  
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**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 \$6,560,514, 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, 2019. 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, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Combination Tax and Revenue Certificates of Obligation Series of 2012</b>		
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"	\$ 12,395,000	\$ -



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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Refunding and Improvement Bonds Series of 2012</b>		
<p>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.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"; AMBAC Insured</p>	\$ 15,980,000	\$ -
<b>General Obligation Bonds, Tax-Exempt Series of 2013</b>		
<p>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.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"</p>	\$ 3,855,000	\$ -
<b>General Obligation Bonds Series 2013A (AMT)</b>		
<p>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.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"</p>	\$ 1,535,000	\$ -

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Bonds Taxable Series of 2013B</b>		
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"	\$ 1,030,000	\$ -
<b>Combination Tax and Revenue Certificates of Obligation Series of 2013</b>		
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"	\$ -	\$ 8,330,000
<b>General Obligation Bonds, Tax-Exempt Series 2014</b>		
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"	\$ 10,785,000	\$ -

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Certificates of Obligation Series 2014</b>		
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.	\$ -	\$ 6,620,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
<b>General Obligation Refunding Bonds Series 2014 (AMT)</b>		
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.	\$ -	\$ 750,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
<b>General Obligation Refunding Bonds Series 2016</b>		
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.	\$ 17,990,000	\$ 5,570,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<u>\$ 63,570,000</u>	<u>\$ 21,270,000</u>

**Town of Addison, Texas**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2018 was as follows (in thousands of dollars):

	Beginning Balance (As Restated)	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 54,380	\$ -	\$ (3,205)	\$ 51,175	\$ 3,570
Premium on General Obligation Bonds	5,641	-	(687)	4,954	-
Discount on General Obligation Bonds	(46)	-	3	(43)	-
Certificates of Obligation	14,100	-	(1,705)	12,395	710
Premium on Certificates of Obligation	-	-	-	-	-
Discount on Certificates of Obligation	(90)	-	5	(85)	-
Compensated Absences	738	794	(667)	865	97
Total OPEB Liability	2,651	1,211	(117)	3,745	-
Long-Term Liabilities – Governmental Activities	<u>\$ 77,374</u>	<u>\$ 2,005</u>	<u>\$ (6,373)</u>	<u>\$ 73,006</u>	<u>\$ 4,377</u>
<b>Business-type Activities:</b>					
General Obligation Refunding Bonds	\$ 6,680	\$ -	\$ (360)	\$ 6,320	\$ 665
(Payable from airport and utility system revenues)					
Premium on General Obligation Refunding Bonds	983	-	(116)	867	-
Combination Tax and Revenue Certificates of Obligation	2,490	-	(110)	2,380	115
(Payable from airport revenues)					
Premium on Combination Tax and Revenue C.O.	96	-	(11)	85	-
Combination Tax and Revenue Certificates of Obligation	7,220	-	(600)	6,620	300
(Payable from utility system revenues)					
Premium on Combination Tax and Revenue C.O.	28	-	(2)	26	-
Combination Tax and Revenue Certificates of Obligation	6,230	-	(280)	5,950	290
(Payable from storm water system revenues)					
Premium on Combination Tax and Revenue C.O.	240	-	(26)	214	-
Note Payable	245	-	(63)	182	62
Compensated Absences	63	84	(52)	95	11
Total OPEB Liability	230	105	(10)	325	-
Long-Term Liabilities – Business-type Activities	<u>\$ 24,505</u>	<u>\$ 189</u>	<u>\$ (1,630)</u>	<u>\$ 23,064</u>	<u>\$ 1,443</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 \$169,130 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 2019 and 2020, and an annual payment of \$54,000 in 2021.

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, 2018.

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.

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September 30, 2018

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds:				
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	2,995,000	1,646,526	355,000	197,150
2024-2028	17,165,000	6,116,194	2,005,000	738,850
2029-2033	18,160,000	2,044,010	1,945,000	252,875
2034-2037	895,000	16,781	-	-
	<u>\$ 51,175,000</u>	<u>\$ 17,560,700</u>	<u>\$ 6,320,000</u>	<u>\$ 2,122,675</u>
Certificates of Obligation:				
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	780,000	294,563	825,000	473,020
2024-2028	3,880,000	1,047,337	4,725,000	1,806,284
2029-2033	2,500,000	587,434	5,870,000	733,156
2034-2037	2,315,000	159,209	550,000	11,000
	<u>\$ 12,395,000</u>	<u>\$ 3,473,920</u>	<u>\$ 14,950,000</u>	<u>\$ 5,186,365</u>

At September 30, 2018, the Town had \$26,000,000 authorized but unissued general obligation bonds.

**G. Interfund Transfers**

Transfers between funds during the year ended September 30, 2018 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
General Fund	\$ -	\$ 1,202,000	For capital projects
Utility Fund	-	500,000	For capital projects
Capital Project Fund	1,202,000	-	For capital projects
Economic Development Fund	-	100,000	For capital projects
Economic Development Fund	610,000	-	For economic development
Capital Project Fund	500,000	-	For capital projects
Capital Project Fund	100,000	-	For capital projects
Hotel Fund	-	610,000	For economic development
Hotel Fund	-	710,800	For payment of debt service
Hotel Debt Service Fund	710,800	-	For payment of debt service
Hotel Fund	495,352	-	To close Hotel Debt Svc Fund
Hotel Debt Service Fund	-	495,352	To close Hotel Debt Svc Fund
Total Transfers	<u>\$ 3,618,152</u>	<u>\$ 3,618,152</u>	

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**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 2018, 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 2017 to September 2018, 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 - an amendment of GASB Statement No. 27*.

**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 over 880 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, 2018

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**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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	221
Active employees	<u>257</u>
Total	<u>674</u>

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**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 2018 of 10.62%. Accordingly, contributions to TMRS for the year ended September 30, 2018 were \$2,136,195 and were equal to the required contribution.

Net Pension Liability/(Asset)

The Town's Net Pension Liability/(Asset) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2017 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, 2017, 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.

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



**NOTES TO FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION (CONTINUED)**

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

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

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, 2017. 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**  
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**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**IV. OTHER INFORMATION (CONTINUED)**

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 10/1/2017	\$ 120,425,219	\$ 113,444,939	\$ 6,980,280
Changes for the year:			
Service cost	2,862,674	-	2,862,674
Interest	8,023,052	-	8,023,052
Changes of benefit terms	-	-	-
Difference between expected and actual experience	827,177	-	827,177
Changes of assumptions	-	-	-
Contributions - employer	-	1,942,088	(1,942,088)
Contributions - employee	-	1,323,808	(1,323,808)
Net investment income	-	15,717,180	(15,717,180)
Benefit payments, including refunds of employee contributions	(5,993,041)	(5,993,041)	-
Administrative expense	-	(81,484)	81,484
Other	-	(4,130)	4,130
Net changes	5,719,862	12,904,421	(7,184,559)
Balance at 9/30/2018	\$ 126,145,081	\$ 126,349,360	\$ (204,279)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Town, calculated using the discount rate of 6.75% as well as what the Town's net pension liability/(asset) 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)	\$ 16,087,771	\$ (204,279)	\$ (13,685,234)

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.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2018, the Town recognized pension expense of \$1,969,534. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Town of Addison, Texas**  
**Basic Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**IV. OTHER INFORMATION (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 624,438	\$ (495,903)
Contributions subsequent to the measurement date	1,564,205	
Change of assumptions	138,919	-
Difference between projected and actual investment earnings	-	(3,118,742)
Total	<u>\$ 2,327,562</u>	<u>\$ (3,614,645)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date but before the end of the Town's reporting period of \$1,564,205 will be recognized as an addition of the net pension asset for the period(s) ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Sept 30	Net deferred outflows (inflows) of resources
2019	\$ 97,627
2020	59,701
2021	(1,412,906)
2022	(1,595,710)
Total	<u>\$ (2,851,288)</u>

Allocation of Pension Items

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

2) Other Postemployment Benefits

A summary of OPEB related items as of and for the year ended September 30, 2018, is presented below (in thousands).

**Town of Addison, Texas**  
**Basic Financial Statements**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**IV. OTHER INFORMATION (CONTINUED)**

Plan	Total OPEB Liability(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	\$ 2,900,336	\$ 239,077	\$ (3,681)	\$ 240,666
Business-Type Activities	252,203	20,789	(320)	20,927
Supplemental Death Benefits				
Governmental Activities	844,778	63,970	-	59,072
Business-Type Activities	73,459	5,563	-	5,137
Total	\$ 4,070,776	\$ 329,399	\$ (4,001)	\$ 325,802

Retiree Health Care 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

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.

A measurement date of December 31, 2017 was used for the September 30, 2018 liability and expense. The information that follows was determined as of a valuation date of December 31, 2017.

Employees covered by benefit terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	37
Inactive, Nonretired Members	0
Active Members	<u>246</u>
Total	283

NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

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IV. OTHER INFORMATION (CONTINUED)

Contributions

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 2018 contribute \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2018, total retiree contributions were \$112,202.

Total OPEB Liability for Retiree Health Care Plan

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 Town's total OPEB liability for healthcare benefits of \$3,152,539 was measured as of December 31, 2017.

Actuarial assumptions

The Town's total OPEB Liability in the December 31, 2016 actuarial valuation, rolled forward to December 31, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation.....	2.5% per year
Overall payroll growth.....	3.5% to 10.50%, including inflation
Discount rate.....	3.31 percent (3.81% in prior year)
Healthcare cost trend rates.....	7.5 percent for 2019 decreasing to 4.25 percent by 2032.
Participation rates.....	50 percent of employees who retire before age 65 and 100 percent of employees who retire at age 65 or older

The discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rated as of the measurement date. The rate of 3.31 percent is based on the daily rate closest to but not later than the measurement date using the Fidelity 20-Year Municipal G.O. AA Index.

Mortality rates were based on the RP-2000 Combined 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.

**NOTES TO FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION (CONTINUED)**

Changes in the Total OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability
Balance as of 10/1/17	\$ 2,881,200
Changes for the year:	
Service cost	135,826
Interest on OPEB Liability	110,017
Effect of difference in expected & actual experience	(4,477)
Effect of assumptions (change in discount rate)	153,032
Benefit payments	(123,059)
Change in total OPEB Liability	<u>271,339</u>
Balance as of 9/30/18	<u>\$ 3,152,539</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability of the Town, calculated using a discount rate of 3.31% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease 2.31%	Current Discount Rate 3.31%	1% Increase 4.31%
Total OPEB liability	\$ 3,482,424	\$ 3,152,539	\$ 2,855,868

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the plan's total OPEB liability of the Town, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,870,261	\$ 3,152,539	\$ 3,493,242

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2018, the Town recognized OPEB expense of \$261,593. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NOTES TO FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ -	\$ (4,001)
Change of assumptions	136,807	-
Benefit payments made subsequent to measurement date	123,059	-
Total	<u>\$ 259,866</u>	<u>\$ (4,001)</u>

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date but before the end of the Town's reporting period of \$123,059 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended Sept 30	Net deferred outflows (inflows) of resources
2019	\$ 15,750
2020	15,750
2021	15,750
2022	15,750
2023	15,750
Thereafter	54,056
Total	<u>\$ 132,806</u>

**Supplemental Death Benefits Fund Description**

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

NOTES TO FINANCIAL STATEMENTS  
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IV. OTHER INFORMATION (CONTINUED)

Benefits Provided

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

A measurement date of December 31, 2017 was used for the September 30, 2018 liability and expense. The information that follows was determined as of a valuation date of December 31, 2017.

Employees covered by benefit terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	61
Active employees	<u>257</u>
Total	463

Contributions

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contribution for retirees. The Town's Supplemental Death Benefit Plan contributions for 2018 were \$5,669.

Total OPEB Liability for Supplemental Death Benefits

The Town's total OPEB liability for supplemental death benefits of \$918,237 was measured as of December 31, 2017.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation.....	2.5% per year
Overall payroll growth.....	3.5% to 10.50%, including inflation
Discount rate.....	3.31 percent (3.78% in prior year)

The discount rate is equal to the tax-exempt municipal bond rate based on the Fidelity 20-Year Municipal G.O. AA Index as of the measurement date.

Mortality rates were based on the RP-2000 Combined 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.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.



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**IV. OTHER INFORMATION (CONTINUED)**

Changes in the Total OPEB Liability for supplemental death benefits

	Total OPEB Liability
Balances as of 10/1/17	\$ 794,578
Changes for the year:	
Service cost	20,785
Interest on OPEB Liability	30,321
Effect of assumptions (change in discount rate)	78,222
Benefit payments	(5,669)
Change in OPEB Liability	123,659
Balances as of 9/30/18	\$ 918,237

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability of the Town, calculated using a discount rate of 3.31% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	1% Decrease (2.31)%	Current Discount Rate (3.31)%	1% Increase (4.31)%
Total OPEB liability	\$ 1,122,048	\$ 918,237	\$ 762,661

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2018, the Town recognized OPEB expense of \$64,209. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 65,119	\$ -
Benefit payments made subsequent to measurement date	4,414	-
Total	\$ 69,533	\$ -

**NOTES TO FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION (CONTINUED)**

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date but before the end of the Town's reporting period of \$4,414 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended Sept 30	Net deferred outflows (inflows) of resources
2019	\$ 13,103
2020	13,103
2021	13,103
2022	13,103
2023	12,707
Total	<u>\$ 65,119</u>

**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 (the 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 entity did not meet the eligibility criteria to receive the incentive in the year ended September 30, 2018, and the amount forgone was \$34,041. Over the life of the contract, the entity has forgone \$68,082.

**NOTES TO FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION (CONTINUED)**

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 paid \$315,118 during the fiscal year ended September 30, 2018, and has paid \$633,768 over the life of the contract. 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, 2018. 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.

**F. Restatement of Beginning Net Position**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented during the fiscal year ended September 30, 2018. 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.

As a result of the implementation of GASB 75, the beginning net position was restated by removing the other postemployment benefits liability under GASB 45 and replacing with the new liability under GASB 75.

	Government-wide Statement of Activities		Fund Level		
	Governmental Activities	Business-type Activities	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
			Airport Fund	Utility Fund	Stormwater Fund
Net position at October 1, 2017 as previously reported	\$ 159,827,601	\$ 87,582,613	\$ 50,218,121	\$ 33,836,491	\$ 3,528,001
Replacing other postemployment GASB 45 liability with GASB 75 liability as of October 1, 2017	(2,518,620)	(250,416)	(43,809)	(184,671)	(21,936)
Net position at October 1, 2017 as restated	\$ 157,308,981	\$ 87,332,197	\$ 50,174,312	\$ 33,651,820	\$ 3,506,065

**G. New Accounting Pronouncements**

The Town has adopted and implemented the following statement during the fiscal year 2018.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption had no impact on the Town's net position.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**IV. OTHER INFORMATION (CONTINUED)**

Statement No. 84, *Fiduciary Activities* – This statement improves guidance regarding the identification of fiduciary activities for financial and accounting reporting purposes and how these activities should be reported. This statement will be effective for the Town in fiscal year 2020. The Town will evaluate the potential impact on the Town's net position.

Statement No. 85, *Omnibus 2017* – This statement aims to improve consistency in accounting and financial reporting by addressing practice issues related to blending component units, goodwill, fair value measurement, and postemployment benefits. This statement will be effective for the Town in fiscal year 2019.

Statement No. 87, *Leases* – This statement establishes a single approach to accounting for and reporting leases by state and local governments. This statement will be effective for the Town in fiscal year 2021.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* – This statement aims to improve the information that is disclosed in notes to government financial statements related to debt. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement will be effective for the Town in fiscal year 2019.

**H. Subsequent Events**

On February 15, 2019, the Town issued \$13,115,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, to provide funding for improving the Town's water and wastewater system and constructing and equipping a customs and airport administration facility at the Addison Municipal Airport.

## Required Supplementary Information



**Town of Addison, Texas**  
**Required Supplementary Information**

**REQUIRED SUPPLEMENTARY INFORMATION**

Texas Municipal Retirement System  
Schedule of the Town's Changes in Net Pension Liability/(Asset) and Related Ratios (Unaudited)  
Last Four Fiscal Years (Previous years are not available)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total pension liability:				
Service cost	\$ 2,819,937	\$ 3,120,695	\$ 2,740,122	\$ 2,862,674
Interest (on the Total Pension Liability)	8,660,470	9,031,058	7,721,380	8,023,052
Changes in benefit terms including substantively automatic status	-	-	(20,027,692)	-
Difference between expected and actual experience	(987,858)	(1,253,581)	(37,547)	827,177
Change in assumptions	-	467,077	-	-
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)	(5,993,041)
Net change in total pension liability	5,299,104	5,861,074	(15,642,716)	5,719,862
Total pension liability - beginning	124,907,757	130,206,861	136,067,935	120,425,219
Total pension liability - ending (a)	130,206,861	136,067,935	120,425,219	126,145,081
Plan fiduciary net position:				
Contributions - employer	1,789,255	1,824,122	1,743,443	1,942,088
Contributions - employee	1,224,976	1,257,382	1,266,899	1,323,808
Net investment income	6,157,338	164,587	7,376,667	15,717,180
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)	(5,993,041)
Administrative expense	(64,289)	(100,255)	(83,336)	(81,484)
Other	(5,286)	(4,952)	(4,490)	(4,130)
Net change in plan fiduciary net position	3,908,549	(2,363,291)	4,260,204	12,904,421
Plan fiduciary net position - beginning	107,639,477	111,548,026	109,184,735	113,444,939
Plan fiduciary net position - ending (b)	111,548,026	109,184,735	113,444,939	126,349,360
Net pension liability/(asset) - ending (a) - (b)	\$ 18,658,835	\$ 26,883,200	\$ 6,980,280	\$ (204,279)
Plan fiduciary net position as a percentage of total pension liability	85.67%	80.24%	94.20%	100.16%
Covered payroll	\$ 17,479,153	\$ 17,945,341	\$ 18,098,559	\$ 18,895,541
Net pension liability/(asset) as a percentage of covered payroll	106.75%	149.81%	38.57%	-1.08%

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/(asset) 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 Town Contributions (Unaudited)  
September 30, 2018

	(1)	(2)	(3) = (2) - (1)	(4)	(5) = (1) / (4)	(6) = (2) / (4)
Fiscal Year	Actuarially determined contribution	Contribution in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered payroll	Actuarially determined contributions as a percentage of covered payroll	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%
2018	2,136,195	2,136,195	-	19,933,808	10.72%	10.72%

**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 2018:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 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
Mortality	RP2000 Combined 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.



**REQUIRED SUPPLEMENTARY INFORMATION**

Retiree Healthcare Plan

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Unaudited)  
Last Fiscal Year (Previous years are not available)

Total OPEB liability:	
Total OPEB liability - beginning	\$ 2,881,200
Service cost	135,826
Interest on the total OPEB liability	110,017
Difference between expected and actual experience of the total OPEB liability	(4,477)
Changes of assumptions	153,032
Benefit payments	<u>(123,059)</u>
Net change in total OPEB liability	<u>271,339</u>
Total OPEB liability - ending	<u>\$ 3,152,539</u>
 Covered-employee payroll	 \$ 18,897,760
 Total OPEB liability as a percentage of covered-employee payroll	 16.68%

Changes of assumptions reflect a change in the discount rate from 3.81% as of December 31, 2016 to 3.31% as of December 31, 2017.

The information in the schedule has been determined as of the measurement date (December 31) of the Town's total OPEB 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 75, only periods of which such information is available are presented.

**Town of Addison, Texas**  
**Required Supplementary Information**

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**REQUIRED SUPPLEMENTARY INFORMATION**

TMRS Supplemental Death Benefits Fund (SDBF)

Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Unaudited)

Last Fiscal Year (Previous years are not available)

Total OPEB liability:	
Total OPEB liability - beginning	\$ 794,578
Service cost	20,785
Interest on the total OPEB liability	30,321
Changes of assumptions	78,222
Benefit payments	(5,669)
Net change in total OPEB liability	<u>123,659</u>
Total OPEB liability - ending	<u>\$ 918,237</u>
 Covered-employee payroll	 \$ 18,895,541
 Total OPEB liability as a percentage of covered-employee payroll	  4.86%

Changes of assumptions reflect a change in the discount rate from 3.78% as of December 31, 2016 to 3.31% as of December 31, 2017.

The information in the schedule has been determined as of the measurement date (December 31) of the Town's total OPEB 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 75, only periods of which such information is available are presented.

## 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.



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

**General Obligation Debt Service**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended September 30, 2018

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Current Property Taxes	\$ 6,826,542	\$ 6,826,542	\$ 6,632,005	\$ (194,537)
Delinquent Property Taxes	-	-	(36,268)	(36,268)
Penalties and Interest	18,000	18,000	19,949	1,949
Earnings on Investments	9,400	9,400	16,131	6,731
Total Revenues	<u>6,853,942</u>	<u>6,853,942</u>	<u>6,631,817</u>	<u>(222,125)</u>
<b>EXPENDITURES:</b>				
Contractual Services	2,000	2,000	3,739	(1,739)
Principal Retirement	4,209,660	4,209,660	4,209,148	512
Interest and Fiscal Charges	2,618,882	2,618,882	2,620,922	(2,040)
Total Expenditures	<u>6,830,542</u>	<u>6,830,542</u>	<u>6,833,809</u>	<u>(3,267)</u>
Net Change in Fund Balance	23,400	23,400	(201,992)	(225,392)
Fund Balances at Beginning of Year	<u>370,527</u>	<u>370,527</u>	<u>370,527</u>	-
Fund Balances at End of Year	<u>\$ 393,927</u>	<u>\$ 393,927</u>	<u>\$ 168,535</u>	<u>\$ (225,392)</u>

See accompanying notes to basic financial statements.

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

**Hotel Debt Service**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
Year Ended September 30, 2018

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Earnings on Investments	\$ 2,600	\$ 2,600	\$ 2,995	\$ 395
Total Revenues	<u>2,600</u>	<u>2,600</u>	<u>2,995</u>	<u>395</u>
<b>EXPENDITURES:</b>				
Principal Retirement	700,000	700,000	700,000	-
Interest and Fiscal Charges	10,800	10,800	10,500	300
Total Expenditures	<u>710,800</u>	<u>710,800</u>	<u>710,500</u>	<u>300</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(708,200)</u>	<u>(708,200)</u>	<u>(707,505)</u>	<u>695</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers In	710,800	710,800	710,800	-
Transfers Out	-	-	(495,352)	(495,352)
Net Change in Fund Balance	2,600	2,600	(492,057)	(494,657)
Fund Balances at Beginning of Year	<u>492,057</u>	<u>492,057</u>	<u>492,057</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 494,657</u>	<u>\$ 494,657</u>	<u>\$ -</u>	<u>\$ (494,657)</u>

See accompanying notes to basic financial statements.

## 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.

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, 2018**

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>							
Cash and Investments	\$ 240,778	\$ 51,411	\$ 31,007	\$ 1,528,574	\$ 1,764	\$ 241,554	\$ 2,095,088
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	9,575	-	-	9,575
Interest	475	106	62	3,168	1	488	4,300
Intergovernmental	-	-	-	-	1,333	-	1,333
Total Assets	<u>\$ 241,253</u>	<u>\$ 51,517</u>	<u>\$ 31,069</u>	<u>\$ 1,541,317</u>	<u>\$ 3,098</u>	<u>\$ 242,042</u>	<u>\$ 2,110,296</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 53,533	\$ 814	\$ -	\$ 94,718	\$ -	\$ -	\$ 149,065
Total Liabilities	<u>53,533</u>	<u>814</u>	<u>-</u>	<u>94,718</u>	<u>-</u>	<u>-</u>	<u>149,065</u>
Deferred Inflows of Resources:							
Unavailable Resources	-	2,179	-	9,574	-	-	11,753
Total Deferred Inflows of Resources	<u>-</u>	<u>2,179</u>	<u>-</u>	<u>9,574</u>	<u>-</u>	<u>-</u>	<u>11,753</u>
Fund Balances:							
Nonspendable							
Restricted							
Child Safety	84,284	-	-	-	-	-	84,284
Justice Administration	23,222	-	-	-	-	-	23,222
Court Technology	33,370	-	-	-	-	-	33,370
Court Security	46,844	-	-	-	-	-	46,844
Public Safety	-	48,524	31,069	-	3,098	-	82,691
Other Purposes	-	-	-	-	-	242,042	242,042
Committed:							
Economic Development	-	-	-	1,437,025	-	-	1,437,025
Total Fund Balance	<u>187,720</u>	<u>48,524</u>	<u>31,069</u>	<u>1,437,025</u>	<u>3,098</u>	<u>242,042</u>	<u>1,949,478</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 241,253</u>	<u>\$ 51,517</u>	<u>\$ 31,069</u>	<u>\$ 1,541,317</u>	<u>\$ 3,098</u>	<u>\$ 242,042</u>	<u>\$ 2,110,296</u>

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, 2018**

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 1,024,998	\$ -	\$ -	\$ 1,024,998
Franchise Fees	-	-	-	-	-	57,619	57,619
Intergovernmental	-	-	8,228	-	8,000	-	16,228
Service Fees	-	-	-	58,304	-	-	58,304
Fines and Forfeitures	23,322	-	-	-	-	-	23,322
Court Awards	-	948	-	-	-	-	948
Earnings on Investments	3,294	676	742	23,162	15	2,984	30,873
Other	-	-	90,094	-	-	-	90,094
Total Revenues	<u>26,616</u>	<u>1,624</u>	<u>99,064</u>	<u>1,106,464</u>	<u>8,015</u>	<u>60,603</u>	<u>1,302,386</u>
<b>EXPENDITURES:</b>							
General Government	-	-	-	-	-	10,136	10,136
Public Safety	-	-	95,971	-	8,000	-	103,971
Municipal Court	75,904	-	-	-	-	-	75,904
Economic Development	-	-	-	1,475,201	-	-	1,475,201
Total Expenditures	<u>75,904</u>	<u>-</u>	<u>95,971</u>	<u>1,475,201</u>	<u>8,000</u>	<u>10,136</u>	<u>1,665,212</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(49,288)</u>	<u>1,624</u>	<u>3,093</u>	<u>(368,737)</u>	<u>15</u>	<u>50,467</u>	<u>(362,826)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>							
Transfers In	-	-	-	610,000	-	-	610,000
Transfers Out	-	-	-	(100,000)	-	-	(100,000)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,000</u>	<u>-</u>	<u>-</u>	<u>510,000</u>
Net Change in Fund Balance	(49,288)	1,624	3,093	141,263	15	50,467	147,174
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 187,720</u>	<u>\$ 48,524</u>	<u>\$ 31,069</u>	<u>\$ 1,437,025</u>	<u>\$ 3,098</u>	<u>\$ 242,042</u>	<u>\$ 1,949,478</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, 2018**

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Fines and Forfeitures	\$ 37,610	\$ 37,610	\$ 23,322	\$ (14,288)
Earnings on Investments	1,700	1,700	3,294	1,594
Total Revenues	39,310	39,310	26,616	(12,694)
<b>EXPENDITURES:</b>				
Salaries and Fringe Benefits	22,406	22,406	15,669	6,737
Supplies	68,000	68,000	57,354	10,646
Maintenance and Materials	8,000	8,000	-	8,000
Contractual Services	-	-	2,881	(2,881)
Total Expenditures	98,406	98,406	75,904	22,502
Net Change in Fund Balance	(59,096)	(59,096)	(49,288)	9,808
Fund Balance at Beginning of Year	237,008	237,008	237,008	-
Fund Balance at End of Year	\$ 177,912	\$ 177,912	\$ 187,720	\$ 9,808

**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, 2018**

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Court Awards	\$ -	\$ -	\$ 948	\$ 948
Earnings on Investments	200	200	676	476
Total Revenues	200	200	1,624	1,424
<b>EXPENDITURES:</b>				
General Government				
Public Safety				
Supplies	7,000	7,000	-	7,000
Total Expenditures	7,000	7,000	-	7,000
Net Change in Fund Balance	(6,800)	(6,800)	1,624	8,424
Fund Balance at Beginning of Year	46,900	46,900	46,900	-
Fund Balance at End of Year	<u>\$ 40,100</u>	<u>\$ 40,100</u>	<u>\$ 48,524</u>	<u>\$ 8,424</u>

**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, 2018**

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 34,675	\$ 34,675	\$ 8,228	\$ (26,447)
Earnings on Investments	200	200	742	542
Other	-	81,294	90,094	8,800
Total Revenues	34,875	116,169	99,064	(17,105)
<b>EXPENDITURES:</b>				
Supplies	500	32,297	19,742	12,555
Contractual Services	34,375	34,375	10,903	23,472
Capital Outlay	-	49,497	65,326	(15,829)
Total Expenditures	34,875	116,169	95,971	20,198
Net Change in Fund Balance	-	-	3,093	3,093
Fund Balance at Beginning of Year	27,976	27,976	27,976	-
Fund Balance at End of Year	<u>\$ 27,976</u>	<u>\$ 27,976</u>	<u>\$ 31,069</u>	<u>\$ 3,093</u>

**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, 2018**

	2018			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 1,015,359	\$ 1,015,359	\$ 1,024,998	\$ 9,639
Service Fees	67,000	67,000	58,304	(8,696)
Earnings on Investments	6,100	6,100	23,162	17,062
Other	8,000	8,000	-	(8,000)
Total Revenues	<u>1,096,459</u>	<u>1,096,459</u>	<u>1,106,464</u>	<u>10,005</u>
<b>EXPENDITURES:</b>				
Salaries and Fringe Benefits	441,302	451,958	412,407	39,551
Supplies	23,409	22,749	16,200	6,549
Maintenance and Materials	23,175	22,213	16,980	5,233
Contractual Services	1,167,996	1,158,962	1,011,926	147,036
Capital Replacement	17,688	17,688	17,688	-
Total Expenditures	<u>1,673,570</u>	<u>1,673,570</u>	<u>1,475,201</u>	<u>198,369</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(577,111)</u>	<u>(577,111)</u>	<u>(368,737)</u>	<u>208,374</u>
<b>Other financing sources (uses)</b>				
Transfers In	610,000	610,000	610,000	-
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Net Change in Fund Balance	(67,111)	(67,111)	141,263	208,374
Fund Balance at Beginning of Year	<u>1,295,762</u>	<u>1,295,762</u>	<u>1,295,762</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,228,651</u>	<u>\$ 1,228,651</u>	<u>\$ 1,437,025</u>	<u>\$ 208,374</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, 2018**

	2018			Variance With
	Budget		Actual GAAP	Final Budget
	Original	Final	Basis	Positive
				(Negative)
<b>REVENUES:</b>				
Franchise Fees	\$ 72,000	\$ 72,000	\$ 57,619	\$ (14,381)
Earnings on Investments	50	50	2,984	2,934
Total Revenues	<u>72,050</u>	<u>72,050</u>	<u>60,603</u>	<u>(11,447)</u>
<b>EXPENDITURES:</b>				
Supplies	-	-	4,368	(4,368)
General Government Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>5,768</u>	<u>9,232</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>10,136</u>	<u>4,864</u>
Net Change in Fund Balance	57,050	57,050	50,467	(6,583)
Fund Balance at Beginning of Year	<u>191,575</u>	<u>191,575</u>	<u>191,575</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 248,625</u>	<u>\$ 248,625</u>	<u>\$ 242,042</u>	<u>\$ (6,583)</u>





## 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.



**Town of Addison, Texas**  
**Proprietary Funds - Internal Service Funds**

**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2018**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Investments	\$ 3,083,422	\$ 3,170,998	\$ 6,254,420
Interest Receivable	6,150	6,365	12,515
Accounts Receivable, Net	22,038	-	22,038
Prepaid Items	-	9,000	9,000
Total Current Assets	<u>3,111,610</u>	<u>3,186,363</u>	<u>6,297,973</u>
Non-Current Assets:			
Capital Assets:			
Construction in Progress	-	1,376,182	1,376,182
Machinery and Equipment	8,631,903	5,375,800	14,007,703
Accumulated Depreciation	<u>(4,956,668)</u>	<u>(4,689,458)</u>	<u>(9,646,126)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>3,675,235</u>	<u>2,062,524</u>	<u>5,737,759</u>
Total Assets	<u>6,786,845</u>	<u>5,248,887</u>	<u>12,035,732</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>1,001</u>	<u>103,234</u>	<u>104,235</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,675,235	2,062,524	5,737,759
Unrestricted	<u>3,110,609</u>	<u>3,083,129</u>	<u>6,193,738</u>
Total Net Position	<u>\$ 6,785,844</u>	<u>\$ 5,145,653</u>	<u>\$ 11,931,497</u>

Town of Addison, Texas  
Proprietary Funds - Internal Service Funds

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year ended September 30, 2018**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Department Contributions	\$ 800,000	\$ 793,822	\$ 1,593,822
Total Operating Revenues	<u>800,000</u>	<u>793,822</u>	<u>1,593,822</u>
<b>OPERATING EXPENSES:</b>			
Supplies	-	169,517	169,517
Maintenance and Materials	-	40,056	40,056
Contractual Services	4,007	44,190	48,197
Total Operating Expenses (Excluding Depreciation)	<u>4,007</u>	<u>253,763</u>	<u>257,770</u>
Depreciation	743,851	289,406	1,033,257
Total Operating Expenses	<u>747,858</u>	<u>543,169</u>	<u>1,291,027</u>
<b>OPERATING INCOME</b>	<u>52,142</u>	<u>250,653</u>	<u>302,795</u>
<b>NON-OPERATING REVENUES/(EXPENSES):</b>			
Investment Income	52,365	11,402	63,767
Gain/(Loss) on Disposal of Assets	162,864	36,570	199,434
Total Non-Operating Revenues/(Expenses)	<u>215,229</u>	<u>47,972</u>	<u>263,201</u>
<b>CHANGE IN NET POSITION</b>	267,371	298,625	565,996
Net Position at Beginning of Year	<u>6,518,473</u>	<u>4,847,028</u>	<u>11,365,501</u>
Net Position at End of Year	<u>\$ 6,785,844</u>	<u>\$ 5,145,653</u>	<u>\$ 11,931,497</u>

**Town of Addison, Texas**  
**Proprietary Funds - Internal Service Funds**

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2018**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Department Contributions	\$ 800,000	\$ 793,822	\$ 1,593,822
Payments to Suppliers	(3,938)	(370,863)	(374,801)
<i>Net Cash Provided/(Used) by Operating Activities</i>	796,062	422,959	1,219,021
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(585,668)	(60,472)	(646,140)
Proceeds from Sale of Capital Assets	206,350	-	206,350
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	(379,318)	(60,472)	(439,790)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on Cash and Investments	(1,973)	(1,784)	(3,757)
<i>Net Cash Provided/(Used) by Investing Activities</i>	(1,973)	(1,784)	(3,757)
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	414,771	360,703	775,474
Cash and Cash Equivalents, October 1	2,616,286	2,798,893	5,415,179
Cash and Cash Equivalents, September 30	<u>\$ 3,031,057</u>	<u>\$ 3,159,596</u>	<u>\$ 6,190,653</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 52,142	\$ 250,653	\$ 302,795
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	743,851	289,406	1,033,257
Change in Assets and Liabilities:			
(Increase)/Decrease in Prepaid Items	-	(9,000)	(9,000)
Increase/(Decrease) in Accounts Payable	69	(108,100)	(108,031)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 796,062</u>	<u>\$ 422,959</u>	<u>\$ 1,219,021</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital Assets in Accounts Payable	\$ -	\$ (1,350)	\$ (1,350)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ -</u>	<u>\$ (1,350)</u>	<u>\$ (1,350)</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 1-6)** – contain trend information to help the reader understand how the government's financial position has changed over time.

**Revenue Capacity (tables 7-10)** – 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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 125,983,819
Restricted for:										
Debt Service	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619
Promotion of Tourism and Hotel Industry	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037	4,167,549
Child Safety	-	-	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284
Justice Administration	-	-	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222
Court Technology	-	-	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370
Building Security	-	-	-	66,716	64,742	65,782	176,512	63,655	53,584	-
Court Security	-	-	-	-	-	19,185	19,190	28,125	46,900	46,844
Public Safety	-	-	-	-	-	-	-	-	33,238	84,870
Other purposes	-	-	-	32,449	22,235	-	25,484	33,694	191,575	242,042
Unrestricted	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	31,164,711
<b>Total Net Position - Governmental Activities</b>	<b>\$ 145,669,267</b>	<b>\$ 146,423,108</b>	<b>\$ 151,998,474</b>	<b>\$ 154,409,044</b>	<b>\$ 152,362,956</b>	<b>\$ 148,280,261</b>	<b>\$ 132,148,273</b>	<b>\$ 133,982,840</b>	<b>\$ 159,827,601</b>	<b>\$ 162,141,330</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 64,971,096
Unrestricted	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	22,483,060
	<b>\$ 47,522,809</b>	<b>\$ 49,039,813</b>	<b>\$ 60,948,505</b>	<b>\$ 63,834,870</b>	<b>\$ 74,798,247</b>	<b>\$ 86,409,432</b>	<b>\$ 86,429,962</b>	<b>\$ 87,457,616</b>	<b>\$ 87,582,613</b>	<b>\$ 87,454,156</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 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	\$ 190,954,915
Restricted for:										
Debt Service	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619
Promotion of Tourism and Hotel Industry	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037	4,167,549
Child Safety	-	-	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284
Justice Administration	-	-	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222
Court Technology	-	-	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370
Building Security	-	-	-	66,716	64,742	65,782	176,512	63,655	53,584	-
Court Security	-	-	-	-	-	19,185	19,190	28,125	46,900	46,844
Public Safety	-	-	-	-	-	-	-	-	33,238	84,870
Other Purposes	-	-	-	32,449	22,235	-	25,484	33,694	191,575	242,042
Unrestricted	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	53,647,771
<b>Total Net Position - Primary Government</b>	<b>\$ 193,192,076</b>	<b>\$ 195,462,921</b>	<b>\$ 212,946,979</b>	<b>\$ 218,243,914</b>	<b>\$ 227,161,203</b>	<b>\$ 234,689,693</b>	<b>\$ 218,578,235</b>	<b>\$ 221,440,456</b>	<b>\$ 247,410,214</b>	<b>\$ 249,595,486</b>

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports

**Note:** 2015 and prior Public Safety included in Other Purposes. Starting in 2017, 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)**

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 6,527,735	\$ 6,876,385	\$ 6,709,095	\$ 6,485,716
Public Safety	14,743,542	14,550,333	14,914,759	15,130,157
Development Services	856,793	938,059	866,023	879,253
Streets	4,998,440	5,277,938	4,913,524	5,028,071
Parks and Recreation	5,119,320	4,502,295	4,742,946	4,963,327
Visitor Services	6,687,392	6,027,442	6,431,136	6,852,198
Interest on Long-Term Debt	2,420,908	2,423,732	2,261,571	2,548,945
Total Governmental Activities	41,354,130	40,596,184	40,839,054	41,887,667
Business-type Activities:				
Airport	4,289,852	4,181,256	4,387,384	4,526,398
Utilities	8,539,106	8,529,681	8,633,217	9,178,844
Storm Water	-	-	-	-
Total Business-type Activities	12,828,958	12,710,937	13,020,601	13,705,242
Total Expenses - Primary Government	\$ 54,183,088	\$ 53,307,121	\$ 53,859,655	\$ 55,592,909
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 203,258	\$ 266,954	\$ 143,529	\$ 208,734
Public Safety	2,318,099	2,094,280	1,899,711	2,225,165
Development Services	429,681	835,808	1,213,741	956,089
Streets	350,587	332,330	2,299,731	378,982
Parks and Recreation	105,705	108,113	107,387	114,164
Visitor Services	1,829,964	2,183,247	2,007,821	2,429,686
Operating Grants and Contributions	2,044,979	230,290	223,792	164,749
Capital Grants and Contributions	-	1,348,141	3,429,804	568,285
Total Governmental Activities	7,282,273	7,399,163	11,325,516	7,045,854
Business-type Activities:				
Charges for Services:				
Airport	3,989,304	4,289,225	4,526,593	4,255,547
Utilities	9,188,791	8,806,069	10,740,568	11,128,700
Storm Water	-	-	-	-
Operating Grants and Contributions	1,786,297	-	-	-
Capital Grants and Contributions	-	1,102,850	9,668,165	1,258,798
Total Business-type Activities	14,964,392	14,198,144	24,935,326	16,643,045
Total Program Revenues - Primary Government	\$ 22,246,665	\$ 21,597,307	\$ 36,260,842	\$ 23,688,899
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (34,071,857)	\$ (33,197,021)	\$ (29,513,538)	\$ (34,841,813)
Business-Type Activities	2,135,434	1,487,207	11,914,725	2,937,803
Total Net Expense - Primary Government	\$ (31,936,423)	\$ (31,709,814)	\$ (17,598,813)	\$ (31,904,010)
<b>General Revenues</b>				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 15,711,056	\$ 15,900,631	\$ 15,772,858	\$ 17,400,696
Sales Taxes	10,838,895	9,987,439	10,604,803	11,988,116
Franchise Taxes	2,761,511	2,578,154	2,792,601	2,699,520
Hotel/Motel Taxes	3,958,238	3,666,781	4,000,786	4,295,149
Interest on Investments	1,383,743	339,986	148,966	99,065
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	325,634	2,474,485	772,276	769,837
Transfers	-	-	-	-
Total General Revenues and Transfers	34,979,077	34,947,476	34,092,290	37,252,383
Business-type Activities				
Interest on Investments	214,492	11,065	(16,178)	(51,843)
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	9,148	18,732	10,145	405
Transfers	-	-	-	-
Total Business-type Activities	223,640	29,797	(6,033)	(51,438)
<b>Change in Net Position</b>				
Governmental Activities	907,220	1,750,455	4,578,752	2,410,570
Business-type Activities	2,359,074	1,517,004	11,908,692	2,886,365
Total Change in Net Position - Primary Government	\$ 3,266,294	\$ 3,267,459	\$ 16,487,444	\$ 5,296,935

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 2

2013	2014	2015	2016	2017	2018
\$ 7,021,312	\$ 7,938,875	\$ 8,730,944	\$ 10,015,214	\$ 7,184,325	\$ 10,218,620
15,229,474	15,765,099	16,820,899	17,528,619	7,021,636	17,814,777
925,830	932,247	1,032,105	1,278,232	100,924	1,379,071
8,387,857	6,450,628	8,105,373	6,567,732	6,660,591	7,249,140
5,062,784	5,597,254	5,517,049	5,796,136	4,259,992	6,068,682
7,239,033	7,358,141	6,106,103	7,537,477	6,839,484	7,118,492
3,054,940	3,037,574	3,018,672	2,417,435	1,713,819	2,038,203
46,921,230	47,079,818	49,331,145	51,140,845	33,780,771	51,886,985
5,188,321	6,027,300	5,893,611	6,454,693	6,509,127	6,996,377
9,459,791	10,317,160	10,748,886	10,821,202	10,081,401	12,708,842
234,257	768,016	848,354	2,092,187	1,408,133	820,337
14,882,369	17,112,476	17,490,851	19,368,082	17,998,661	20,525,556
\$ 61,803,599	\$ 64,192,294	\$ 66,821,996	\$ 70,508,927	\$ 51,779,432	\$ 72,412,541
\$ 225,731	\$ 235,233	\$ 688,005	\$ 753,062	\$ 961,336	\$ 407,531
1,611,320	1,506,770	945,217	1,070,517	947,071	848,523
888,908	904,895	1,015,053	774,364	1,242,223	1,414,425
384,303	390,453	400,561	375,564	391,126	414,493
114,866	102,288	82,681	74,719	86,595	82,122
2,379,812	2,195,803	1,890,522	3,532,634	3,249,506	2,206,293
73,578	19,093	25,806	27,472	51,063	106,322
-	-	158,253	148,518	-	121,578
5,678,518	5,354,535	5,206,098	6,756,850	6,928,920	5,601,287
4,505,430	4,857,759	5,138,479	5,387,660	5,479,786	6,197,849
10,802,692	9,953,099	9,877,262	10,576,707	10,983,136	12,178,231
1,307,573	1,640,615	1,726,526	1,883,841	2,034,484	2,140,112
-	-	-	129,093	50,000	121,226
9,331,840	7,660,647	1,025,835	2,130,601	148,158	395,372
25,947,535	24,112,120	17,768,102	20,107,902	18,695,564	21,032,790
\$ 31,626,053	\$ 29,466,655	\$ 22,974,200	\$ 26,864,752	\$ 25,624,484	\$ 26,634,077
\$ (41,242,712)	\$ (41,725,283)	\$ (44,125,047)	\$ (44,383,995)	\$ (26,851,851)	\$ (46,285,698)
11,065,166	6,999,644	277,251	739,820	696,903	507,234
\$ (30,177,546)	\$ (34,725,639)	\$ (43,847,796)	\$ (43,644,175)	\$ (26,154,948)	\$ (45,778,464)
\$ 17,975,149	\$ 19,484,538	\$ 20,385,225	\$ 22,593,188	\$ 23,572,225	\$ 23,600,531
13,029,712	14,222,194	14,104,584	13,847,507	15,126,354	17,734,689
3,021,899	2,806,656	2,828,420	3,074,519	2,664,422	2,624,458
4,575,083	5,011,671	5,510,406	6,132,432	5,996,924	5,507,072
133,140	130,419	181,811	316,288	472,896	831,714
-	-	-	-	-	27,311
461,641	613,432	590,619	581,628	3,736,791	292,272
-	(4,626,322)	-	-	800,000	500,000
39,196,624	37,642,588	43,601,065	46,545,562	52,369,612	51,118,047
(71,264)	(22,013)	100,928	151,937	185,046	335,367
-	-	-	-	-	(242,744)
(30,525)	7,232	512,888	135,897	43,048	22,102
-	4,626,322	-	-	(800,000)	(500,000)
(101,789)	4,611,541	613,816	287,834	(571,906)	(385,275)
(2,046,088)	(4,082,695)	(523,982)	2,161,567	25,517,761	4,832,349
10,963,377	11,611,185	891,067	1,027,654	124,997	121,959
\$ 8,917,289	\$ 7,528,490	\$ 367,085	\$ 3,189,221	\$ 25,642,758	\$ 4,954,308

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 420,883	\$ 188,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:										
Inventories	-	-	87,835	114,733	44,486	66,933	63,176	41,001	39,550	54,843
Prepaid Items	-	-	67,135	57,054	291,424	272,713	267,357	84,681	449,442	442,875
Assigned for Other Purposes	-	-	61,193	23,061	-	-	-	-	-	-
Unassigned	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	20,465,238
Total General Fund	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	20,962,956
All Other Governmental Funds										
Reserved	1,309,497	1,302,623	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	16,573	51,469	-	-	-	-	-	-	-	-
Capital Project Funds	29,190,201	20,334,339	-	-	-	-	-	-	-	-
Debt Service Funds	902,577	863,925	-	-	-	-	-	-	-	-
Hotel Fund	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	168,535
Promotion of Tourism & Hotel Industry	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271	3,861,008	4,331,245	4,122,537
Capital Projects	-	-	9,851,762	39,654,624	41,716,425	45,239,484	40,901,630	33,162,293	21,834,283	13,687,452
Child Safety	-	-	-	-	93,472	101,664	88,479	98,540	86,906	84,284
Justice Administration	-	-	-	-	30,635	31,898	28,893	30,952	21,851	23,222
Court Technology	-	-	83,827	201,286	74,895	79,591	77,831	86,147	74,667	33,370
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	46,844
Public Safety	-	-	-	-	-	-	-	30,521	31,059	82,691
Other Purposes	-	-	45,500	36,793	22,235	-	25,484	327,000	191,575	242,042
Committed for:										
Capital Projects	-	-	-	-	-	-	-	-	7,688,169	8,120,427
Economic Development	-	-	358,676	516,823	664,401	477,233	752,819	968,178	1,257,093	1,437,025
Assigned for:										
Other Purposes	-	-	27,603	-	-	-	-	-	-	-
Unassigned	-	-	115,223	(3,883)	(6,364)	3,115	-	-	-	-
Total All Other Governmental Funds	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	28,048,429
Total Governmental Funds	\$ 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	\$ 49,011,385

**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)**

	2009	2010	2011	2012
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 15,636,534	\$ 15,900,747	\$ 15,803,400	\$ 17,471,642
Non-Property Taxes	14,478,768	13,744,620	14,564,185	16,183,779
Franchise Fees	2,761,511	2,578,154	2,760,188	2,727,370
Licenses and Permits	429,681	833,178	1,210,058	953,709
Intergovernmental	257,429	1,323,831	3,543,357	2,676,792
Service Fees	2,696,581	3,135,434	2,840,317	3,104,592
Fines and Forfeitures	1,322,196	1,215,414	1,104,477	1,208,773
Earnings on Investments	1,234,816	298,634	122,128	75,972
Rental Charges	670,546	700,207	733,957	931,619
Recycling Proceeds	18,570	21,126	22,608	26,414
Other	90,574	2,277,342	531,149	483,009
<b>Total Revenues</b>	<b>39,597,206</b>	<b>42,028,687</b>	<b>43,235,824</b>	<b>45,843,671</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	6,357,501	6,323,891	6,353,784	6,135,191
Public Safety	14,374,702	13,812,617	14,857,023	15,075,757
Development Services	864,234	887,132	885,218	886,705
Streets	2,356,219	1,672,375	1,612,011	1,612,699
Parks and Recreation	4,072,051	3,698,831	4,061,666	4,269,381
Visitor Services	6,216,141	5,445,391	7,655,939	6,171,479
Municipal Court	-	-	-	54,370
Economic Development	-	-	342,200	469,679
Debt Service:				
Principal Retirement	4,115,100	4,369,520	3,873,610	4,738,040
Interest and Fiscal Charges	2,808,332	2,444,875	2,284,774	1,918,640
Debt Issuance Costs	-	-	-	141,666
Capital Projects:				
Salaries and Fringe Benefits	4,325	-	-	-
Supplies	2,878	937	-	17,635
Maintenance and Materials	41,480	231,367	9,870	-
Contractual Services	-	-	-	-
Other	-	-	-	-
Engineering and Contractual Services	1,591,103	2,585,480	1,846,919	796,958
Construction and Equipment	3,573,333	9,431,214	14,375,210	3,038,501
<b>Total Expenditures</b>	<b>46,377,399</b>	<b>50,903,630</b>	<b>58,158,224</b>	<b>45,326,701</b>
Excess/(Deficiency) of Revenues over Expenditures	(6,780,193)	(8,874,943)	(14,922,400)	516,970
<b>OTHER FINANCING SOURCES/(USES):</b>				
Proceeds from Refunding Bonds Issued	-	-	-	46,315,000
Payment to Refunded Bond Escrow Agent	-	-	-	(14,834,842)
Issuance of Debt	-	-	-	-
Discount on issuance of bonds	-	-	-	(632,482)
Bond Issuance Costs	-	-	-	-
Premium on Issuance of Bonds	-	-	-	4,133,956
Transfers In	896,489	2,133,827	1,384,156	1,258,263
Transfers Out	(979,528)	(2,133,827)	(1,384,156)	(3,074,679)
Proceeds on Asset Sales	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(83,039)</b>	<b>-</b>	<b>-</b>	<b>33,165,216</b>
<b>Net Change in Fund Balance</b>	<b>\$ (6,863,232)</b>	<b>\$ (8,874,943)</b>	<b>\$ (14,922,400)</b>	<b>\$ 33,682,186</b>
Debt Service as a Percentage of Non-Capital Expenditures	17.51%	17.63%	15.40%	16.32%

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports

Table 4

2013	2014	2015	2016	2017	2018
\$ 18,047,998	\$ 19,274,720	\$ 20,560,124	\$ 22,559,004	\$ 23,521,642	\$ 23,783,670
17,604,795	19,444,668	19,728,511	20,181,697	21,217,028	23,148,710
2,695,073	2,818,869	2,828,420	3,074,519	2,664,422	2,624,458
886,423	901,645	1,011,223	768,964	1,225,373	1,404,035
73,578	19,093	180,612	160,619	15,565	16,228
2,939,606	2,758,458	2,543,707	4,463,789	4,520,358	3,620,748
1,082,115	988,574	764,144	603,282	468,734	358,737
122,169	143,299	277,680	372,088	472,896	831,714
1,119,737	1,119,551	1,201,389	949,956	704,701	635,165
25,539	13,295	10,403	2,426	3,258	11,407
105,803	206,157	199,880	377,608	391,883	324,961
44,702,836	47,688,329	49,306,093	53,513,952	55,205,860	56,759,833
6,371,055	6,646,587	7,657,465	7,598,584	8,057,632	8,381,216
14,945,841	15,876,424	16,699,726	16,301,539	16,945,126	17,919,259
927,684	962,584	1,090,973	1,207,871	1,158,967	1,374,246
1,750,500	1,727,403	1,803,139	1,791,257	1,942,584	1,895,171
4,316,689	4,874,394	4,755,341	4,912,455	5,020,975	5,054,566
7,116,334	6,730,501	5,454,910	7,077,371	7,595,136	6,780,909
53,112	30,878	60,426	17,610	66,616	75,904
624,014	1,029,585	1,281,649	1,349,920	1,747,750	1,475,201
4,701,161	5,086,153	5,473,152	5,800,151	5,618,331	4,909,148
2,747,654	3,110,704	3,417,820	3,089,643	2,810,607	2,631,422
-	-	-	-	-	-
-	-	-	-	-	-
80,660	-	-	-	-	-
3,946	12,459	-	-	-	-
49	-	-	-	-	-
138,236	-	-	-	-	-
2,165,012	422,982	5,076,254	62,647	416,179	758,687
3,742,776	8,241,546	3,840,912	9,086,389	7,583,129	9,414,596
49,684,723	54,752,200	56,611,767	58,295,437	58,963,032	60,670,325
(4,981,887)	(7,063,871)	(7,305,674)	(4,781,485)	(3,757,172)	(3,910,492)
-	-	-	-	-	-
-	-	-	-	-	-
7,790,000	12,000,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
292,493	97,299	-	-	-	-
578,501	570,000	5,226,082	2,349,124	7,624,205	3,618,152
(578,501)	(570,000)	(5,226,082)	(2,349,124)	(6,824,205)	(3,118,152)
-	-	-	-	3,212,610	27,311
8,082,493	12,097,299	-	-	4,012,610	527,311
\$ 3,100,606	\$ 5,033,428	\$ (7,305,674)	\$ (4,781,485)	\$ 255,438	\$ (3,383,181)
17.27%	16.11%	18.38%	18.07%	16.41%	14.71%

**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
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
2018	46,932,380	2,624,458	1,404,035	16,228	3,620,748	358,737	831,714	635,165	336,368	56,759,833

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 <sup>3</sup>	Public Safety	Development Services	Streets	Parks and Recreation <sup>1</sup>	Visitor Services <sup>2</sup>	Economic Development	Debt Service	Total
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
2018	8,457,120	17,919,259	1,374,246	1,895,171	5,054,566	6,780,909	1,475,201	7,540,570	50,497,042

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.
- (3) Includes Municipal Court

**SUMMARY OF TAX REVENUES AND FRANCHISE FEES**  
 Last Ten Fiscal Years

Fiscal Year	Property Taxes <sup>1</sup>	1% Town Sales Tax	Mixed Beverage Taxes	Franchise Fees	Hotel Occupancy Tax	Total
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
2018	23,783,670	16,449,993	1,146,633	2,624,458	5,552,084	49,556,838

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

**Notes:**

<sup>(1)</sup> Includes penalty and interest.

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

Fiscal Year	Actual Levy Year	Real Property Assessed Value <sup>1</sup>	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate <sup>2</sup>
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
2018	2017	4,179,274,260	730,791,690	(459,532,446)	4,450,533,504	0.5500

**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 <sup>1</sup>			Overlapping Rates <sup>2</sup>					Total Ad Valorem Rate
	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	
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
2018	0.3970	0.1530	0.5500	0.2531	0.1242	1.2821	1.3810	0.2794	2.4888

**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
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%	(6,535)	23,451,637	97.0%
2018	2017	24,531,963	23,833,997	97.2%	(115,949)	23,718,048	96.7%

**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			
2009	\$ 26,495,000	\$ 33,766,900	\$ 9,940,301	\$ 9,748,100	\$ 79,950,301	13.79	\$ 5,966
2010	22,775,000	33,117,380	7,740,152	9,467,620	73,100,152	13.09	5,599
2011	19,575,000	32,443,770	5,245,003	9,176,230	66,440,003	11.14	5,087
2012	40,587,307	40,779,773	2,656,792	10,580,639	94,604,511	15.50	6,916
2013	44,865,727	39,564,153	-	20,668,963	105,098,843	16.11	7,594
2014	52,868,244	38,578,326	2,145,000	25,322,281	118,913,851	15.71	7,834
2015	48,157,452	37,513,716	1,805,000	24,545,293	112,021,461	14.93	7,213
2016	65,165,138	15,642,986	8,122,465	17,312,599	106,243,188	14.10	6,810
2017	59,974,766	14,009,287	7,663,243	16,305,591	97,952,887	12.89	6,227
2018	56,085,819	12,309,771	7,186,019	15,274,984	90,856,593	10.65	5,765

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

**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds <sup>1</sup>	Certificates of Obligation <sup>1</sup>	Less: Amounts Available in Debt Service Fund <sup>2</sup>	Total Outstanding Debt	Percentage of Actual Taxable Value (%)	Per Capita
2009	\$ 36,435,301	\$ 43,515,000	\$ 1,082,061	\$ 78,868,240	2.12	\$ 5,885.69
2010	30,515,152	42,585,000	1,126,069	71,974,083	2.17	5,512.72
2011	24,820,003	41,620,000	1,127,831	65,312,172	2.14	5,000.93
2012	43,244,099	51,360,412	1,079,254	93,525,257	3.09	6,836.64
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
2018	63,271,838	27,584,755	168,535	90,688,058	2.04	5,754.32

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.

**DIRECT AND OVERLAPPING DEBT**  
Year Ended September 30, 2018

Taxing Jurisdiction	Bonded Debt	Percent Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 178,785,000	1.36%	\$ 2,431,476
Dallas County	172,265,000	1.74%	2,997,411
Dallas County Community College District	228,350,000	1.74%	3,973,290
Dallas County Hospital District	687,775,000	1.74%	11,967,285
Dallas County Schools	36,600,000	2.08%	761,280
Dallas ISD	2,817,050,000	3.49%	98,315,045
Total Overlapping Debt			120,445,787
Town of Addison (Direct Debt)	\$ 84,840,000 <sup>(2)</sup>	100%	84,840,000
Total Direct and Overlapping Debt			<u>\$ 205,285,787</u>
Ratio of Overlapping Bonded Debt to 2014 Taxable Assessed Valuation			461.00%
Per Capita Overlapping Bonded Debt			\$ 13,026

**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 bonded debt shown for the Town of Addison excludes self-supporting debt and amount available for repayment in the Debt Service funds. It includes all bonded debt that is secured by ad valorem taxes.



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

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements <sup>2</sup>			Revenue Bond Coverage <sup>3</sup>
	Gross Revenue	Expense <sup>1</sup>	Net Revenue	Principal	Interest	Total	
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
2018	12,211,566	11,121,149	1,090,417	-	-	-	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 <sup>2</sup>
	Gross Revenue	Expenditure <sup>1</sup>	Net Revenue	Principal	Interest	Total	
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
2018	7,889,706	1,027,977	6,861,729	700,000	10,500	710,500	9.7

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 <sup>1</sup>	Assessed Valuations <sup>2</sup>	Personal Income (Thousands)	Per Capita Personal Income <sup>3</sup>	Labor Force <sup>4</sup>	Unemployment Rate <sup>4</sup>
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	2,566,491	3.3%
2018	15,760	4,450,533,504	852,821	54,113	2,638,077	3.4%

**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	2018		2009	
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank
FPG Colonnade LP	Land, Office Buildings	\$ 215,721,500	1		
Post Apartment Homes	Mixed Development	174,300,000	2		
SAYOYE2 LLC	Apartments	119,000,000	3		
5100 Belt Line Investors LLC	Insurance	94,500,000	4		
Mary Kay INC	Office Buildings	90,369,680	5		
COP Spectrum Center LLC	Office Buildings	84,600,000	6		
Fiori LLC	Land, Hotel	80,000,000	7		
Gaedeke Holdings IX LLC	Office Buildings	78,645,630	8		
FSP Addison Circle LP	Office Buildings	73,241,460	9		
DCO Realty Inc	Land, Office Buildings	69,106,450	10		
Colonnade Realty Holdings	Land, Office Buildings			\$ 140,892,640	1
Post Addison Circle	Mixed Development			122,170,000	2
Richmont Properties Ltd	Land, Office Buildings			65,731,740	3
Equastone North Dallas / Aberdeen	Mixed Development			56,550,860	4
Spectrum Center Partners	Office Buildings			54,820,250	5
G&I V VOP LP	Land, Office Buildings			54,587,150	6
FSP Addison CIR/LIBERTY LP	Business Personal Property			54,067,220	7
KBS Millennium LLC	Office Buildings			51,618,490	8
MBNA Texas Properties	Land, Office Buildings			46,558,410	9
DCO Greenhaven/Clipper Pointe ETAL	Apartments			43,890,420	10
		\$			
		<u>1,079,484,720</u>		<u>\$ 690,887,180</u>	
			<u>24.26%</u>		<u>18.55%</u>

**SOURCE:** Dallas County Tax Office (2018); Town of Addison CAFR (2009)

**MAJOR EMPLOYEES**  
Current Year and Nine Years Ago

Company	Type of Business	2018		2009	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Mary Kay Cosmetics	Cosmetics	2,000	3.00%	1,250	2.74%
Bank of America	Finance	1,200	1.80%	830	1.82%
Regus Texas	Real Estate	590	0.89%	N/A	N/A
Barrett Daffin Frappier Turner	Attorney Firm	550	0.83%	N/A	N/A
Expense Reduction Analysts	Consulting Service	501	0.75%	N/A	N/A
Maxim Integrated Products	Manufacturing	500	0.75%	N/A	N/A
Intercontinental Hotel Dallas	Hospitality	450	0.68%	365	8.00%
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%	252	0.55%
Pizza Hut Corporate Office	Food Specialties	N/A	N/A	750	1.64%
Barrett Burke Wilson & Castle	Attorney Firm	N/A	N/A	550	1.20%
Jones Lang LaSalle	Real Estate	N/A	N/A	505	1.11%
Concentra Health Services	Medical	N/A	N/A	400	0.88%
United Surgical Partners	Medical	N/A	N/A	270	0.59%
Town of Addison	Municipal Government	N/A	N/A	268	0.59%

**SOURCE:** North Central Texas Council of Governments (2018); Town of Addison CAFR (2009)

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Manager's Office	8.5	8.5	8.0	7.5	6.0	7.0	8.0	7.5	6.5	6.5
Financial and Strategic Services	10.0	9.0	8.0	8.0	8.0	7.5	9.7	13.0	13.0	13.0
Municipal Court	5.7	5.7	5.4	5.4	5.4	5.7	5.7	5.8	5.8	5.8
General Services	10.0	10.0	9.0	8.0	5.0	5.0	5.0	5.0	4.8	4.8
Human Resources	5.2	5.2	4.2	5.2	4.2	4.2	3.5	4.0	4.0	4.0
Information Technology	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Total General Government	45.4	44.4	40.6	40.1	35.6	36.4	38.9	42.3	41.1	41.1
Public Safety										
Police	70.3	73.3	72.3	73.8	73.8	75.3	79.8	79.8	71.0	71.0
Emergency Communications	13.5	13.5	13.5	13.5	13.5	13.5	13.5	14.5	-	-
Fire	55.0	54.0	53.0	52.0	52.0	55.3	55.3	55.3	56.0	57.0
Total Public Safety	138.8	140.8	138.8	139.3	139.3	144.1	148.6	149.6	127.0	128.0
Development Services	7.0	7.0	7.0	7.2	7.2	7.2	7.2	7.2	11.0	11.0
Economic Development	-	-	-	1.0	2.0	3.0	4.0	4.0	4.0	4.0
Public Works										
Streets	7.0	7.0	7.0	5.0	5.0	5.0	5.4	5.4	6.4	6.4
Stormwater						1.4	1.7	1.7	2.0	2.0
Utilities	18.0	17.0	17.0	16.0	18.0	18.3	16.6	17.6	19.2	19.2
Total Public Works	25.0	24.0	24.0	21.0	23.0	24.7	23.7	24.7	27.6	27.6
Parks and Recreation										
Parks	21.0	20.0	20.0	20.0	21.0	21.0	21.0	22.0	22.0	22.0
Recreation	15.6	15.6	15.6	14.6	14.6	14.6	15.1	15.1	15.7	15.7
Total Parks and Recreation	36.6	35.6	35.6	34.6	35.6	35.6	36.1	37.1	37.7	37.7
Visitor Services										
Visitor Services	2.5	2.5	3.0	3.0	3.0	3.0	-	-	-	-
Conference Centre	7.5	7.5	7.5	8.0	7.0	8.7	8.5	9.5	9.5	9.5
Special Events	4.0	4.0	3.0	3.0	3.5	4.0	4.3	4.3	4.2	4.2
Marketing	-	-	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0
General Hotel Operations	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
Total Visitor Services	14.0	14.0	13.5	15.0	14.5	16.7	14.8	15.8	16.7	16.7
Airport Fund	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.4	3.4
<b>TOTAL</b>	<b>268.8</b>	<b>267.8</b>	<b>261.5</b>	<b>261.2</b>	<b>260.2</b>	<b>270.7</b>	<b>276.3</b>	<b>283.7</b>	<b>268.5</b>	<b>269.5</b>

**SOURCE:** Town of Addison Finance Department

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Crimes Against Property	1,100	968	1,056	933	942	768	728	835	804	866
Crimes Against Persons	452	381	388	435	393	358	55	97	106	61
Arrests	3,220	2,775	2,876	2,924	2,548	2,006	1,712	1,679	1,702	1,706
Calls for Service	16,109	15,453	17,989	17,390	16,463	16,624	17,181	20,700	17,163	17,092
<b>Fire</b>										
Number of Fires	50	44	51	45	61	63	51	39	42	60
Dollar Loss	\$ 396,100	\$ 2,212,000	\$ 3,027,173	\$ 2,484,545	\$ 1,166,345	\$ 1,268,010	\$ 608,900	\$ 686,920	\$ 1,394,390	\$ 3,324,215
Calls for Service - Fire	893	834	866	837	896	989	996	865	652	823
Calls for Service - EMS	1,422	1,518	1,463	1,676	1,696	1,598	1,730	1,765	1,683	1,608
<b>Streets</b>										
Tons of Recycling Collected	343	328	330	334	360	387	323	390	419	463
<b>Parks</b>										
Acres Maintained	138	139	163	163	163	163	163	163	163	163
<b>Recreation</b>										
Recreation Event Participants	13,184	14,947	14,874	22,496	22,632	21,392	21,392	22,462	26,401	24,640
Number of Users	126,123	125,339	123,794	131,730	128,722	122,656	122,656	122,111	126,287	123,961
Active Athletic Club Members	3,222	3,300	3,428	3,637	3,669	3,942	3,942	3,665	3,815	3,949
<b>Utilities</b>										
Water Usage - Peak <sup>1</sup>	8,748	8,895	9,402	8,871	8,979	10,042	11,093	8,846	7,652	8,803
Water Usage - Average <sup>1</sup>	4,627	4,334	5,014	5,021	4,829	4,577	4,682	4,628	4,672	4,895
Service Line Breaks	11	11	7	10	11	16	8	4	10	12
Water Main Breaks	1	1	1	2	5	7	4	2	7	4

**SOURCE:** Town of Addison Department Data

Notes:

(<sup>1</sup>) In thousands of gallons

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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	43	43	43
Lane Miles	126	164	164	164	164	164	164	167	167	167
Traffic Signals	34	36	36	36	36	36	36	36	36	37
<u>Parks and Recreation<sup>1</sup></u>										
Acres Maintained	138	139	163	163	163	163	163	163	163	163
Parks	13	13	15	15	15	15	15	14	14	14
Playgrounds	3	3	5	5	5	5	5	3	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)	101	96	80	80	80	80	80	80	96	96
Fire Hydrants	1,200	1,013	1,052	1,052	1,038	1,038	1,038	1,052	1,052	1,052
<u>Wastewater</u>										
Miles of Sanitary Sewers	90	82	66	66	66	66	66	66	75	75
Miles of Storm Sewers	22	22	57	57	60	60	60	76	76	76

**SOURCE:** Town of Addison Department Data