

**Town of Addison, Texas**  
**Comprehensive Annual Financial Report**

For the Year Ended September 30, 2019

**City Council**

	Expiration of Term
Joe Chow, Mayor	May 2021
Tom Braun, Mayor Pro Tempore	May 2021
Lori Ward, Deputy Mayor Pro Tempore	May 2021
Ivan Hughes, Council Member	May 2021
Guillermo Quintanilla, Council Member	May 2020
Paul Walden, Council Member	May 2020
Marlin Willesen, Council Member	May 2020

**City Manager**

Wesley S. Pierson

**Prepared by the  
Department of Finance**

Amanda Turner, CPA, CGFO, Controller  
Ashley Boatright, Accounting Manager  
Tandi Dickey, Senior Accountant  
Ismael Villalta, Accountant  
Kristen Solares, CGFO, Senior Budget Analyst



**Town of Addison, Texas**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2019

**TABLE OF CONTENTS**

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page No.</u></b>
Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Principal Officials	8
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report	9
Management's Discussion and Analysis	12
<b><u>Basic Financial Statements:</u></b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	21
Statement of Activities	22
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	27
Statement and Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Hotel Fund	31
<b>Proprietary Funds:</b>	
Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position	33
Statement of Cash Flows	34
Notes to Financial Statements	35
<b><u>Required Supplementary Information:</u></b>	
<b>Texas Municipal Retirement System:</b>	
Schedule of the Town's Changes in Net Pension Liability/(Asset) and Related Ratios (Unaudited)	70
Schedule of Town Contributions (Unaudited)	71
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios-Retiree Healthcare Plan (Unaudited)	72
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios-TMRS Supplemental Death Benefits Fund (Unaudited)	73

**FINANCIAL SECTION (Continued)**

**Page No.**

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:**

Debt Service Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- General Obligation Debt Service Fund	74
--	----

Non-major Governmental Funds:

Special Revenue Funds:

Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	76

Municipal Court Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	77
---	----

Public Safety Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	78
---	----

Advanced Funding Grant Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	79
---	----

Economic Development Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	80
---	----

PEG Fees Fund:

Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual	81
---	----

Proprietary Funds:

Internal Service Funds:

Combining Statement of Net Position	82
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	83
Combining Statement of Cash Flows	84

**STATISTICAL SECTION**

	<b><u>Table</u></b>	<b><u>Page No</u></b>
Net Position by Component	1	85
Changes in Net Position	2	86
Fund Balances, Governmental Funds	3	88
Changes in Fund Balances, Governmental Funds	4	89
General Governmental Revenues by Selected Sources	5	91
General Governmental Expenditures by Function	6	92
Summary of Tax Revenues and Franchise Fees	7	93
Assessed and Estimated Market Value of Taxable Property	8	94
Direct and Overlapping Property Tax Rates	9	95

**STATISTICAL SECTION (Continued)**

	<b><u>Table</u></b>	<b><u>Page No</u></b>
Property Tax Levies and Collections	10	96
Ratio of Outstanding Debt by Type	11	97
Ratio of General Bonded Debt Outstanding	12	98
Direct and Overlapping Debt	13	99
Schedule of Revenue Bond Coverage – Water and Sewer Fund	14	100
Schedule of Combination Tax and Revenue Certificates of Obligation Coverage – Hotel Fund	15	101
Demographic and Economic Statistics	16	102
Principal Property Taxpayers	17	103
Major Employers	18	104
Budgeted Full-Time Equivalent City Government Employees by Function/Program	19	105
Operating Indicators by Function/Program	20	106
Capital Asset Statistics by Function/Program	21	107

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March 17, 2020

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, 2019. 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 sections: *Introductory*, *Financial*, and *Statistical*. 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, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion (i.e., clean opinion) that the Town of Addison's financial statements for the fiscal year ended September 30, 2019 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**

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Dallas, TX 75254

P.O. Box 9010  
Addison, TX 75001

phone: 972.450.7000  
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. Money Inc. and Doorsteps.com recently listed Addison as the number one place in the Dallas region to live.



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.

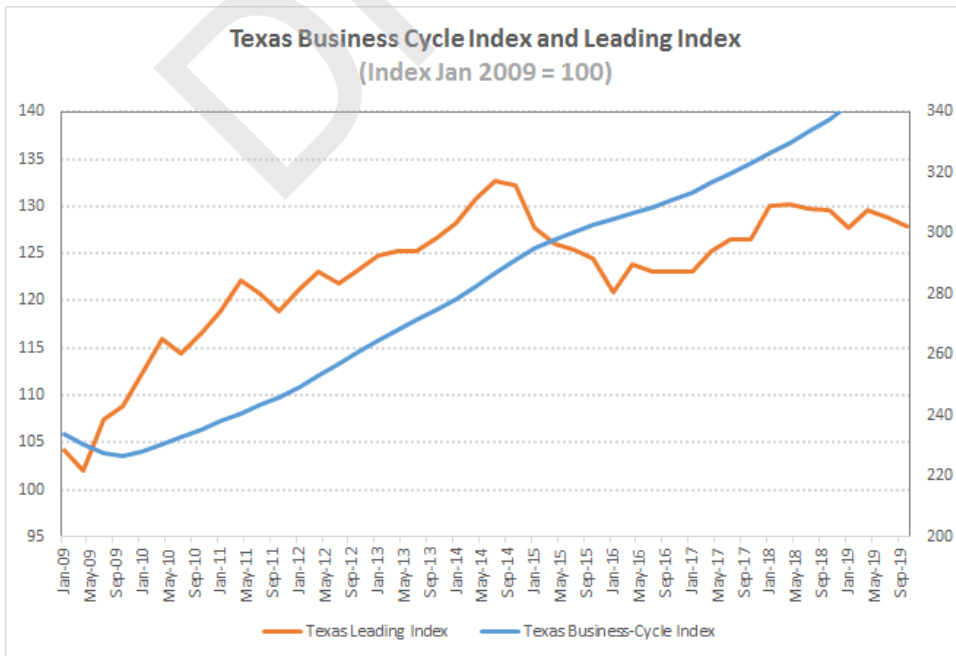
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and Council ordinances. The appropriated 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 below the nation as a whole. Texas began fiscal year 2019 at 3.8% unemployment, reached as low as 3.4%, and ended the year at 3.4%, just below the U.S. rate of 3.5%.

Addison is densely developed with 11.4 million square feet of office space distributed among 120 office buildings. Much attention is given to the occupancy rates of buildings in Addison. At the end of September 2019, Addison's occupancy rate stood at 82 percent compared with the 85.8 percent recorded a year earlier. Addison's occupancy rate is 3.3 percent lower than the 85.3 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 2 percent increase in taxable property values for the 2019 certified levy compared to a 3.5 percent increase for the 2018 certified levy.

For the 2019 fiscal year, General Fund revenues of \$40.2 million represented a slight decrease from \$40.3 million in fiscal year 2018. The property tax levy produced 43% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 37%. The Town's sales tax receipts decreased 8.71 percent from fiscal year 2018. General Fund expenditures and transfers for the 2019 fiscal year totaled \$40.6 million. The General Fund ending fund balance decreased by almost \$400 thousand to \$20.6 million, with an ending fund balance of 57% of General Fund operating expenditures. The primary reason for the decrease was due to planned increased transfers to cash-funded capital project funds.

### **Long-Term Financial Planning**

The City Council has adopted various financial policies for operations, capital, and debt management. Fiscal year 2019 was most significantly impacted by our policy requiring a multi-year plan for capital projects. During the year, key community stakeholders were selected by Council to develop a bond election program to help the Town align the Town priorities with the needs and values of the stakeholders.

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 2018-19 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 website at <http://addisontexas.net/index.php?section=finance-department> [Addison-budget](#)

### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. 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 43 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 2019 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 32 consecutive years. Together, the *Award* and the *Certificate* are evidence of the Finance Department's dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

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

Respectfully submitted,

Wesley S. Pierson  
City Manager

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Government Finance Officers Association

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

Presented to

**Town of Addison  
Texas**

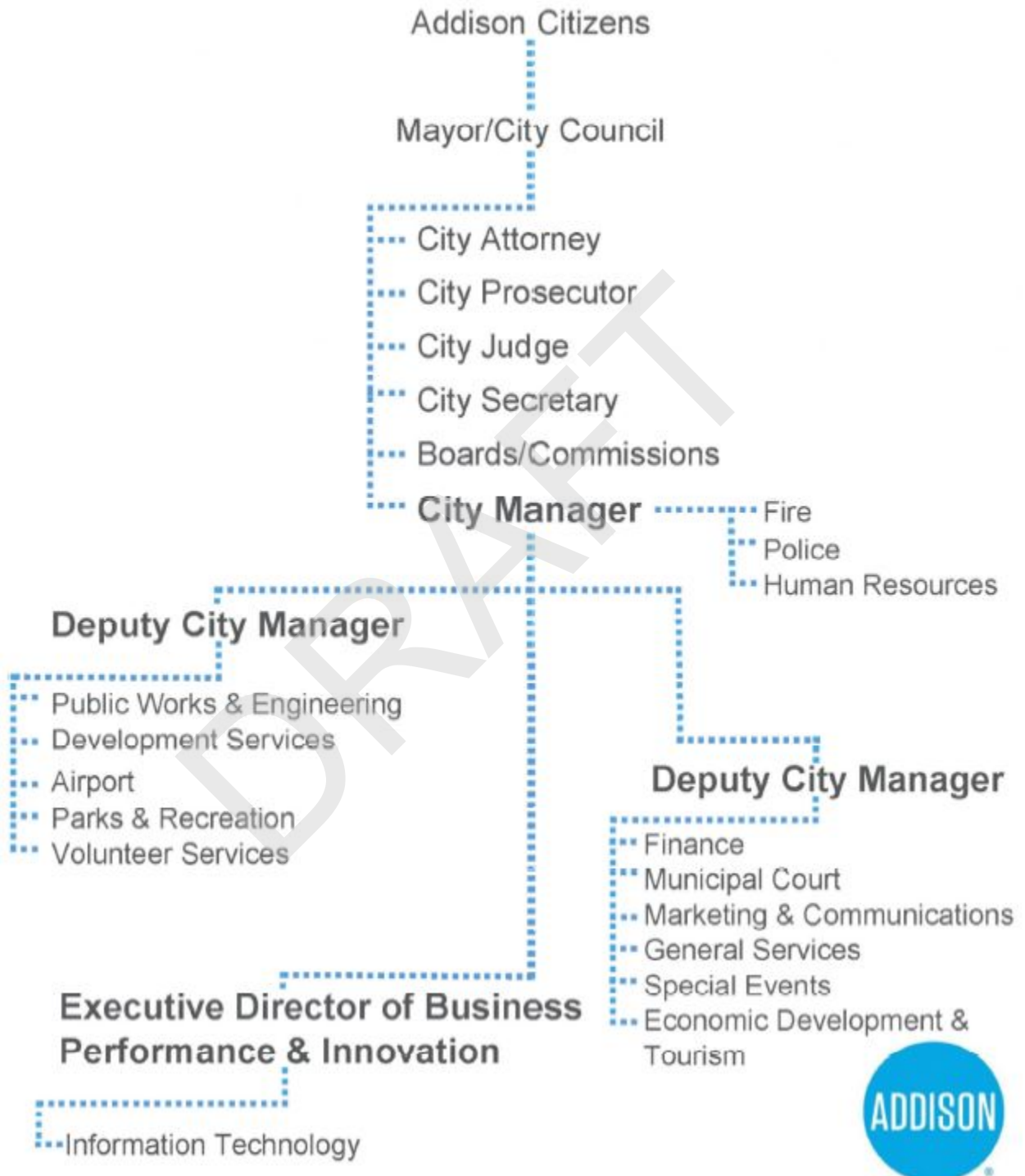
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# Addison Staff Organization Chart



**Town of Addison  
LIST OF PRINCIPAL OFFICIALS  
September 30, 2019**

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

**Elected Officials**

Mayor	Joe Chow	(972) 450-7000
Mayor Pro Tempore	Tom Braun	(972) 450-7000
Deputy Mayor Pro Tempore	Lori Ward	(972) 450-7000
Council Member	Ivan Hughes	(972) 450-7000
Council Member	Guillermo Quintanilla	(972) 450-7000
Council Member	Paul Walden	(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
Deputy City Manager	John Crawford	(972) 450-7036
Exec. Dir. of Business Performance & Innovation	Hamid Khalehipour	(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	Steven Glickman	(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 Public Works & Engineering	Lisa Pyles	(972) 450-2878
Director of Development Services	Charles Goff	(972) 450-7027
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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Dallas County Water Supply Corporation, a joint venture between the Town of Addison and the City of Farmers Branch, Texas, which statements reflect total net position of \$11,777,632 of which 55% (\$6,474,399) is recorded in the statement of net position and represents 5.1% of the business-type activities total assets. The financial statements of the North Dallas County Water Supply Corporation were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included as equity in joint venture, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***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, 2019, 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.

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

#### ***Other Information***

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

The 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.

Dallas, Texas  
March 17, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Town of Addison, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Addison for the fiscal year ended September 30, 2019. 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

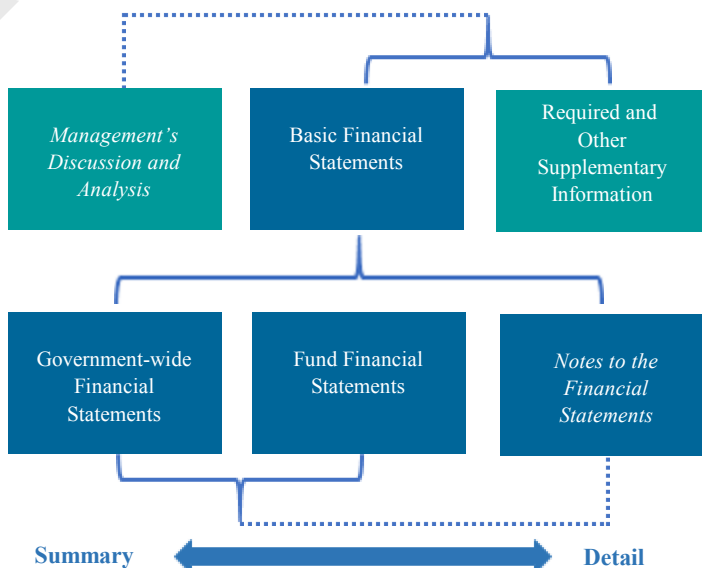
- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows of resources at the close of the 2019 fiscal year by \$251,711. This amount represents an increase over the previous year of \$2,115. The increase is due to an increase in the pension liability of \$11,957, offset by an increase in deferred outflows on pensions of \$6,488 and a decrease of deferred inflows on pensions of \$3,524.
- As of September 30, 2019, the Town's governmental funds reported combined ending fund balances of \$46,450, a decrease of \$2,561. The majority of the decrease is due to payments for capital expenditures and projects.
- At the end of the 2019 fiscal year, the fund balance for the General Fund was \$20,588, or 57 percent of total fund expenditures. Fund balance decreased \$375 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$114,945, an increase of \$24,088 from the previous year, which is attributed to the issuance of additional debt during the year.

### Overview of Financial Statements

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

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

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



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

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

<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 assets, 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 10 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 35-69 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 75-84.

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

As of the close of the 2019 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$251,711 (see Table A-1). Of this amount \$188,947, or 75 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 (\$84), promotion of tourism and hotel industry (\$3,449) and other restrictions (\$612). The remaining amount of net position is labeled as unrestricted and totals \$58,618. 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)**

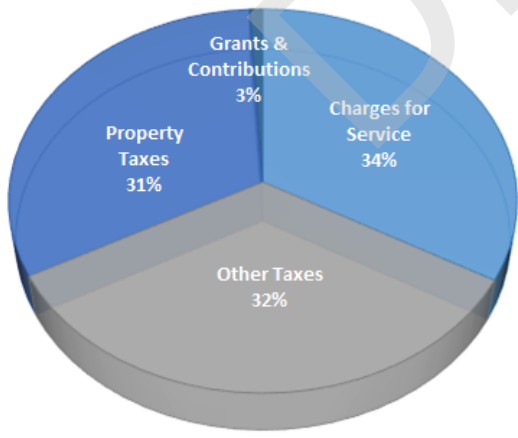
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and Other Assets	\$ 60,424	\$ 65,020	\$ 44,785	\$ 31,770	\$ 105,210	\$ 96,790
Capital Assets	176,504	176,750	81,653	81,597	258,157	258,347
<b>Total Assets</b>	<b>236,928</b>	<b>241,770</b>	<b>126,439</b>	<b>113,367</b>	<b>363,367</b>	<b>355,137</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charges on Refundings	1,372	1,476	369	402	1,741	1,878
Deferred Outflows on Pensions	8,188	2,183	627	144	8,816	2,327
Deferred Outflows on OPEB	259	303	22	26	281	329
<b>Total Deferred Outflows of Resources</b>	<b>9,819</b>	<b>3,962</b>	<b>1,019</b>	<b>572</b>	<b>10,838</b>	<b>4,533</b>
<b>Liabilities:</b>						
Long-Term Liabilities Outstanding	79,034	73,006	35,911	23,064	114,945	96,070
Other Liabilities	4,594	7,198	2,660	3,190	7,254	10,388
<b>Total Liabilities</b>	<b>83,628</b>	<b>80,204</b>	<b>38,572</b>	<b>26,255</b>	<b>122,199</b>	<b>106,458</b>
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows on Pensions	84	3,383	6	231	90	3,614
Deferred Inflows on OPEB	187	4	16	-	204	4
<b>Total Deferred Inflows of Resources</b>	<b>271</b>	<b>3,387</b>	<b>23</b>	<b>231</b>	<b>294</b>	<b>3,618</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	125,522	125,983	63,425	64,971	188,947	190,954
Restricted :						
Debt Service	84	311	-	-	84	311
Tourism/Hotel	3,449	4,168	-	-	3,449	4,168
Child Safety	91	84	-	-	91	84
Justice Administration	53	23	-	-	53	23
Court Technology	28	33	-	-	28	33
Public Safety	101	85	-	-	101	85
Court Security	37	47	-	-	38	47
Other Purposes	303	242	-	-	303	242
Unrestricted	33,180	31,165	25,438	22,483	58,618	53,648
<b>Total Net Position</b>	<b>\$ 162,848</b>	<b>\$ 162,141</b>	<b>\$ 88,863</b>	<b>\$ 87,454</b>	<b>\$ 251,711</b>	<b>\$ 249,595</b>

As reflected in Table A-2, the Town's net position increased \$2,115 during the 2019 fiscal year.

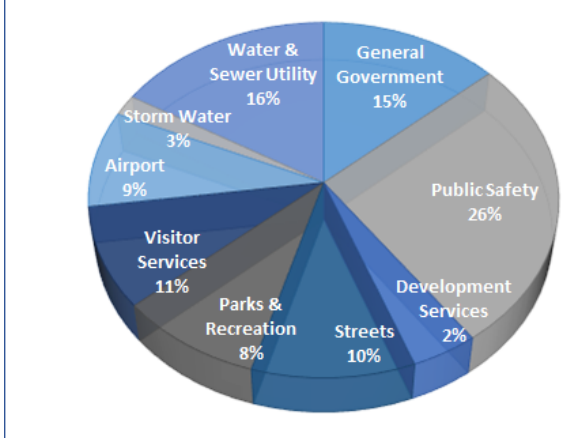
**Table A-2  
Town of Addison's Change in Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,362	\$ 5,373	\$ 20,811	\$ 20,516	\$ 26,173	\$ 25,890
Capital Grants & Contributions	130	122	457	395	587	517
Operating Grants & Contributions	101	106	69	121	170	227
General Revenues:						
Property Taxes	25,181	23,601	-	-	25,181	23,601
Other Taxes	24,208	25,866	-	-	24,208	25,866
Other	1,708	1,152	903	114	2,611	1,266
<b>Total Revenues</b>	<b>56,690</b>	<b>56,220</b>	<b>22,240</b>	<b>21,147</b>	<b>78,930</b>	<b>77,367</b>
Expenses:						
General Government	10,150	10,219	-	-	10,150	10,219
Public Safety	19,855	17,815	-	-	19,855	17,815
Development Services	3,138	1,379	-	-	3,138	1,379
Streets	7,678	7,249	-	-	7,678	7,249
Parks & Recreation	6,840	6,069	-	-	6,840	6,069
Visitor Services	6,885	7,118	-	-	6,885	7,119
Interest and Fiscal Charges on Long-Term Debt	1,938	2,038	-	-	1,938	2,038
Airport	-	-	6,574	6,996	6,574	6,996
Storm water	-	-	1,428	820	1,428	820
Water & Sewer Utility	-	-	12,329	12,709	12,329	12,709
<b>Total Expenses</b>	<b>56,484</b>	<b>51,887</b>	<b>20,331</b>	<b>20,525</b>	<b>76,815</b>	<b>72,412</b>
Increase (decrease) in net position	206	4,333	1,909	621	2,115	4,954
Transfers	500	500	(500)	(500)	-	-
<b>Change in Net Position</b>	<b>706</b>	<b>4,833</b>	<b>1,409</b>	<b>121</b>	<b>2,115</b>	<b>4,954</b>
Change in Accounting Principle	-	(2,519)	-	(250)	-	(2,769)
Net Position - Beginning of year	162,141	159,827	87,454	87,583	249,595	247,410
<b>Net Position - End of year</b>	<b>\$ 162,848</b>	<b>\$ 162,141</b>	<b>\$ 88,863</b>	<b>\$ 87,454</b>	<b>\$ 251,711</b>	<b>\$ 249,595</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 \$706 in fiscal year 2019 as compared to a \$2,315 (\$4,834 before change in accounting principle of \$2,519) million increase in fiscal year 2018. The major changes from 2018 to 2019 are as follows:

1. Property tax revenue increased by \$1.6 million due to increasing property values
2. Sales tax revenue decreased by \$1.5 million due to a one-time large audit collection in 2018
3. Expenses in public safety increased by \$2 million due to the increase in pension expense in 2019

## Business-Type Activities

The Town's business-type activities experienced a \$1,409 increase in net position with the Airport Fund recording an increase of \$367, due mostly to the decrease of maintenance costs and increase of rent and fees, while the Utility Fund posted an increase in net position of \$324, due mainly to the discontinuation of the transfer out to fund infrastructure development. The Storm Water Fund posted an increase in net position of \$543, which is \$1,034 less than the prior year increase in net position. This is due mostly to the increase in contractual service fees related to construction projects, as well as the addition of a \$500 transfer out to capital project funds in 2019.

## 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, 2019, the Town's governmental funds reported combined ending fund balances of \$46,450, a decrease of \$2,561 compared to balances a year earlier. Of the ending balance, \$20,084 or 43.2 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$11,067), promotion of tourism and hotel industry (\$3,449), debt service (\$18) or *committed* for Economic Development (\$1,797) and Capital Projects (\$8,952). Components of the net decrease of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$40,627 compared to revenues of \$40,239. Expenditures increased \$1,649 from the 2018 fiscal year. This increase is primarily due to the increases in public safety (\$774), general government (\$550), and parks and recreation expenditures (\$466). Revenues decreased \$37 from the previous year. The decrease was mainly due to receiving less sales tax collections from sales tax audit adjustments in 2019 as compared to 2018.
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$8,028 compared to revenues of \$7,355. Fund revenues decreased \$535 from the previous year, and expenditures decreased \$532 from fiscal year 2018 due in large part to the removal of Tasty Bucks sales and transition to the Point-of-Sale systems for vendors at the Town's special events.
- Capital project funds recorded a net decrease in fund balance of \$1,789, 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, 2019. 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 \$6,835; the Utility Fund reported an unrestricted net position of \$12,234, while the Stormwater Fund reported an unrestricted net position of \$6,194.

## 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)*:

- Sales tax revenue was amended to recognize an increase in sales tax collections by \$305,000, and other financing uses was amended for an increase of \$363,089 for transfers out to self-funded capital projects. Additionally, \$235,000 was amended for costs associated with storm cleanup in the Parks Department. 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 an increase to budgeted revenue of \$305,000 and increasing expenditures by \$903,089 or 0.9 percent. \$363,089 was transferred to the Self-Funded Project Fund for future capital needs.

The final actuals resulted in revenues of 6.6 percent higher than the revised budget, and expenditures 4.3 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, 2019, totals \$258,158 (net of accumulated depreciation). This amount represents a \$189 decrease 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 Vitruvian Public Infrastructure, Midway Road Revitalization, Kellway Lift Station Rehabilitation, Sherlock Basin Improvements, Airport Facility Improvements, and Customs Facility Construction. 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 66,250	\$ 66,250	\$ 17,046	\$ 16,945	\$ 83,296	\$ 83,195
Intangible Assets	672	554	-	-	672	554
Buildings	8,951	8,326	6,585	6,775	15,536	15,102
Improvements other than Buildings	76,702	65,043	48,500	50,574	125,202	115,617
Machinery and Equipment	10,030	9,075	1,815	1,566	11,846	10,641
Construction in Progress	13,900	27,502	7,707	5,737	21,607	33,239
<b>Total Capital Assets</b>	<b>\$ 176,505</b>	<b>\$ 176,751</b>	<b>\$ 81,653</b>	<b>\$ 81,598</b>	<b>\$ 258,158</b>	<b>\$ 258,348</b>



*Long-term debt* – At the end of the 2019 fiscal year, the Town of Addison had total bonded debt outstanding of \$98,025 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	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 51,888	\$ 56,086	\$ 6,411	\$ 7,186	\$ 58,299	\$ 63,272
Certificates of Obligation	11,605	12,310	28,121	15,275	39,726	27,585
<b>Total Debt Outstanding</b>	<b>\$ 63,493</b>	<b>\$ 68,396</b>	<b>\$ 34,532</b>	<b>\$ 22,461</b>	<b>\$ 98,025</b>	<b>\$ 90,857</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 2020 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 \$4,819,907,442 for fiscal year 2020 which represented a 2.0 percent increase from the previous year. The property tax rate increased to \$0.583500 per \$100 appraised value, from the previous fiscal year. Of the 2020 budget tax rate, \$0.434117 was levied for operation/maintenance and \$0.149383 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2019. Sales tax collections were projected to remain flat in fiscal year 2020 compared to the 2019 budget.

Hotel occupancy tax collections were budgeted to increase slightly by approximately 0.18 percent between fiscal year 2019 and fiscal year 2020.

**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: adturner@addisontx.gov

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

TOWN OF ADDISON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Pooled Cash and Investments	\$ 54,322,073	\$ 35,483,100	\$ 89,805,173
Receivables, Net of Allowances for Uncollectibles	4,699,724	2,827,888	7,527,612
Prepaid Items	470,103	-	470,103
Inventories, at Cost	34,155	-	34,155
Investment in Joint Venture	897,402	6,474,399	7,371,801
Capital Assets, Net of Accumulated Depreciation			
Land	66,249,935	17,046,407	83,296,342
Intangible Assets	672,076	-	672,076
Buildings	8,950,779	6,584,713	15,535,492
Improvements other than Buildings	76,701,637	48,500,030	125,201,667
Machinery and Equipment	10,030,498	1,815,156	11,845,654
Construction in Progress	13,899,390	7,706,752	21,606,142
<b>Total Assets</b>	<u>236,927,772</u>	<u>126,438,445</u>	<u>363,366,217</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refundings	1,372,093	369,084	1,741,177
Deferred Outflows on Pensions	8,188,125	627,498	8,815,623
Deferred Outflows on OPEB	258,647	22,459	281,106
<b>Total Deferred Outflows of Resources</b>	<u>9,818,865</u>	<u>1,019,041</u>	<u>10,837,906</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	4,590,031	1,236,329	5,826,360
Customer Deposits	4,067	1,423,780	1,427,847
Long-Term Liabilities			
Due within One Year	3,541,365	1,707,915	5,249,280
Due in More Than One Year	75,492,269	34,203,570	109,695,839
<b>Total Liabilities</b>	<u>83,627,732</u>	<u>38,571,594</u>	<u>122,199,326</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows on Pensions	83,940	6,493	90,433
Deferred Inflows on OPEB	187,396	16,292	203,688
<b>Total Deferred Inflows of Resources</b>	<u>271,336</u>	<u>22,785</u>	<u>294,121</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	125,521,642	63,424,919	188,946,561
Restricted for:			
Debt Service	83,524	-	83,524
Promotion of Tourism and Hotel Industry	3,449,095	-	3,449,095
Child Safety	90,718	-	90,718
Justice Administration	52,722	-	52,722
Court Technology	27,831	-	27,831
Court Security	37,495	-	37,495
Public Safety	101,240	-	101,240
Other Purposes	303,147	-	303,147
Unrestricted	33,180,155	25,438,188	58,618,343
<b>Total Net Position</b>	<u>\$ 162,847,569</u>	<u>\$ 88,863,107</u>	<u>\$ 251,710,676</u>

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, 2019

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	\$ 10,149,540	\$ 763,244	\$ -	\$ -	\$ (9,386,296)	\$ -	\$ (9,386,296)
Public Safety	19,855,190	916,430	100,904	95,000	(18,742,856)	-	(18,742,856)
Development Services	3,137,715	1,379,721	-	-	(1,757,994)	-	(1,757,994)
Streets	7,677,651	403,676	-	-	(7,273,975)	-	(7,273,975)
Parks and Recreation	6,840,345	64,453	-	35,000	(6,740,892)	-	(6,740,892)
Visitor Services	6,884,597	1,834,700	-	-	(5,049,897)	-	(5,049,897)
Interest on Long-Term Debt	1,938,010	-	-	-	(1,938,010)	-	(1,938,010)
<b>Total Governmental Activities</b>	<b>56,483,048</b>	<b>5,362,224</b>	<b>100,904</b>	<b>130,000</b>	<b>(50,889,920)</b>	<b>-</b>	<b>(50,889,920)</b>
Business-Type Activities:							
Airport	6,574,351	6,725,125	69,241	-	-	220,015	220,015
Utilities	12,329,112	11,847,562	-	457,426	-	(24,124)	(24,124)
Stormwater	1,427,551	2,237,953	-	-	-	810,402	810,402
<b>Total Business-Type Activities</b>	<b>20,331,014</b>	<b>20,810,640</b>	<b>69,241</b>	<b>457,426</b>	<b>-</b>	<b>1,006,293</b>	<b>1,006,293</b>
<b>Total Primary Government</b>	<b>\$ 76,814,062</b>	<b>\$ 26,172,864</b>	<b>\$ 170,145</b>	<b>\$ 587,426</b>	<b>(50,889,920)</b>	<b>1,006,293</b>	<b>(49,883,627)</b>
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					25,180,507	-	25,180,507
Sales Taxes					16,258,669	-	16,258,669
Franchise Taxes					2,513,414	-	2,513,414
Hotel/Motel Taxes					5,436,211	-	5,436,211
Interest on Investments					1,365,659	833,703	2,199,362
Gain on Sale of Capital Assets					12,935	-	12,935
Miscellaneous					328,764	68,955	397,719
Transfers					500,000	(500,000)	-
<b>Total General Revenues and Transfers</b>					<b>51,596,159</b>	<b>402,658</b>	<b>51,998,817</b>
<b>Change in Net Position</b>					<b>706,239</b>	<b>1,408,951</b>	<b>2,115,190</b>
<b>NET POSITION, Beginning of Year</b>					<b>162,141,330</b>	<b>87,454,156</b>	<b>249,595,486</b>
<b>NET POSITION, End of Year</b>					<b>\$ 162,847,569</b>	<b>\$ 88,863,107</b>	<b>\$ 251,710,676</b>

See accompanying notes to basic financial statements.

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

**Governmental Funds**  
**Balance Sheet**  
**September 30, 2019**

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Pooled Cash and Investments	\$ 20,092,402	\$ 3,772,872	\$ 18,973	\$ 20,885,272	\$ 2,503,430	\$ 47,272,949
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	141,428	-	56,860	2,307	8,933	209,528
Non-Property Taxes	2,815,218	442,227	-	-	-	3,257,445
Franchise Fees	304,561	-	-	-	-	304,561
Service Fees, Net	150,455	-	-	-	-	150,455
Ambulance, Net	241,418	-	-	-	-	241,418
Interest	62,702	10,421	-	36,849	7,205	117,177
Intergovernmental	71,963	-	-	-	5,692	77,655
Other	13,523	307,557	-	-	-	321,080
Prepaid Items	470,103	-	-	-	-	470,103
Inventories, At Cost	34,155	-	-	-	-	34,155
Total Assets	<u>\$ 24,397,928</u>	<u>\$ 4,533,077</u>	<u>\$ 75,833</u>	<u>\$ 20,924,428</u>	<u>\$ 2,525,260</u>	<u>\$ 52,456,526</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 1,928,245	\$ 990,992	\$ 981	\$ 902,829	\$ 140,816	\$ 3,963,863
Intergovernmental Payable	78,873	2,243	-	-	-	81,116
Customer Deposits	3,417	650	-	-	-	4,067
Total Liabilities	<u>2,010,535</u>	<u>993,885</u>	<u>981</u>	<u>902,829</u>	<u>140,816</u>	<u>4,049,046</u>
Deferred Inflows of Resources:						
Unavailable Resources	<u>1,799,149</u>	<u>90,097</u>	<u>56,859</u>	<u>2,307</u>	<u>9,086</u>	<u>1,957,498</u>
Total Deferred Inflows of Resources	<u>1,799,149</u>	<u>90,097</u>	<u>56,859</u>	<u>2,307</u>	<u>9,086</u>	<u>1,957,498</u>
Fund Balances:						
Nonspendable						
Inventories	34,155	-	-	-	-	34,155
Prepaid Items	470,103	-	-	-	-	470,103
Restricted						
Debt Service	-	-	17,993	-	-	17,993
Promotion of Tourism and Hotel Industry	-	3,449,095	-	-	-	3,449,095
Capital Projects	-	-	-	11,067,329	-	11,067,329
Child Safety	-	-	-	-	90,718	90,718
Justice Administration	-	-	-	-	23,829	23,829
Court Technology	-	-	-	-	27,831	27,831
Court Security	-	-	-	-	37,495	37,495
Public Safety	-	-	-	-	95,319	95,319
Governmental Public Education	-	-	-	-	303,147	303,147
Committed						
Capital Projects	-	-	-	8,951,963	-	8,951,963
Economic Development	-	-	-	-	1,797,019	1,797,019
Unassigned	<u>20,083,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,083,986</u>
Total Fund Balance	<u>20,588,244</u>	<u>3,449,095</u>	<u>17,993</u>	<u>20,019,292</u>	<u>2,375,358</u>	<u>46,449,982</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 24,397,928</u>	<u>\$ 4,533,077</u>	<u>\$ 75,833</u>	<u>\$ 20,924,428</u>	<u>\$ 2,525,260</u>	<u>\$ 52,456,526</u>

See accompanying notes to basic financial statements.

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

**TOWN OF ADDISON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

Total Fund Balances - Governmental Funds	\$	46,449,982
<p>The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. The effect of this consolidation is to increase net position.</p>		
		12,525,633
<p>Capital assets used in governmental activities, including infrastructure and developer contributions, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$170,803,183, net of accumulated depreciation of \$135,967,101, exclusive of the capital assets of internal service funds with a net carrying value of \$5,701,132, included above, increased net position in the government-wide financial statements.</p>		
		170,803,183
<p>Investment in Joint Venture is not financial resources and is not reported in the fund financial statements. Investment in Joint Venture of \$897,402 increased net position in the government-wide financial statements.</p>		
		897,402
<p>Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.</p>		
		1,372,093
<p>Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.</p>		
		(63,492,587)
<p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p>		
		(918,562)
<p>Total OPEB liability is not reflected in the fund financial statements.</p>		
		(3,715,831)
<p>Deferred outflows on OPEB, net of amortization, are not reflected in fund financial statements</p>		
		258,647
<p>Deferred inflows on OPEB, net of amortization, are not reflected in fund financial statements</p>		
		(187,396)
<p>Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		8,188,125
<p>Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		(83,940)
<p>Net pension liability is not reflected in fund financial statements</p>		
		(10,906,652)
<p>Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net position.</p>		
		(300,026)
<p>Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants is a deferred inflow in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide statements.</p>		
		1,957,498
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>162,847,569</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, 2019**

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Ad Valorem Taxes	\$ 17,240,969	\$ -	\$ 6,585,427	\$ 284,010	\$ 1,086,365	\$ 25,196,771
Non-Property Taxes	16,168,139	5,427,585	-	-	-	21,595,724
Franchise Fees	2,459,254	-	-	-	54,160	2,513,414
Licenses and Permits	1,366,941	-	-	-	-	1,366,941
Intergovernmental	71,963	-	-	-	121,941	193,904
Service Fees	1,726,863	1,206,764	-	-	64,026	2,997,653
Fines and Forfeitures	376,362	-	-	-	39,359	415,721
Earnings on Investments	643,083	94,058	23,219	541,393	63,906	1,365,659
Rental Charges	7,380	558,877	-	-	-	566,257
Recycling Proceeds	616	-	-	-	-	616
Other	177,446	67,500	-	-	9,154	254,100
<b>Total Revenues</b>	<b>40,239,016</b>	<b>7,354,784</b>	<b>6,608,646</b>	<b>825,403</b>	<b>1,438,911</b>	<b>56,466,760</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	8,917,497	-	3,909	-	1,654	8,923,060
Public Safety	18,589,033	-	-	-	119,468	18,708,501
Development Services	1,350,598	-	-	-	-	1,350,598
Streets	1,777,128	-	-	-	-	1,777,128
Parks and Recreation	5,520,903	-	-	-	-	5,520,903
Visitor Services	-	7,313,226	-	-	-	7,313,226
Municipal Court	-	-	-	-	53,096	53,096
Economic Development	-	-	-	-	1,553,813	1,553,813
Debt Service:						
Principal Retirement	-	-	4,280,000	-	-	4,280,000
Interest and Fiscal Charges	-	-	2,475,279	-	-	2,475,279
Capital Projects:						
Engineering and Contractual Services	-	-	-	1,469,752	-	1,469,752
Construction and Equipment	-	-	-	6,115,742	-	6,115,742
<b>Total Expenditures</b>	<b>36,155,159</b>	<b>7,313,226</b>	<b>6,759,188</b>	<b>7,585,494</b>	<b>1,728,031</b>	<b>59,541,098</b>
Excess/(Deficiency) of Revenues over Expenditures	4,083,857	41,558	(150,542)	(6,760,091)	(289,120)	(3,074,338)
<b>OTHER FINANCING SOURCES/(USES):</b>						
Transfers In	-	-	-	4,971,504	715,000	5,686,504
Transfers Out	(4,471,504)	(715,000)	-	-	-	(5,186,504)
Proceeds on Asset Sales	12,935	-	-	-	-	12,935
<b>Total Other Financing Sources/(Uses)</b>	<b>(4,458,569)</b>	<b>(715,000)</b>	<b>-</b>	<b>4,971,504</b>	<b>715,000</b>	<b>512,935</b>
Net Change in Fund Balance	(374,712)	(673,442)	(150,542)	(1,788,587)	425,880	(2,561,403)
Fund Balances at Beginning of Year	20,962,956	4,122,537	168,535	21,807,879	1,949,478	49,011,385
<b>Fund Balances at End of Year</b>	<b>\$ 20,588,244</b>	<b>\$ 3,449,095</b>	<b>\$ 17,993</b>	<b>\$ 20,019,292</b>	<b>\$ 2,375,358</b>	<b>\$ 46,449,982</b>

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, 2019**

Total Net Change in Fund Balances - Governmental Funds		\$	(2,561,403)
<p>The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. A portion of the revenues and expenses of the internal service funds are included in governmental activities in the government-wide statement of activities. The effect of this consolidation is to increase net position.</p>			
			594,136
<p>Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net position.</p>			
			7,406,675
<p>Capital asset donations are not recognized in fund financial statements.</p>			
			35,000
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position. This amount excludes \$1,026,131 depreciation in the internal service funds.</p>			
			(7,650,643)
<p>The Town's share of net loss from Investment in Joint Venture is not reflected in fund financials.</p>			
			(62,783)
<p>The issuance of long term debt increases the current financial resources of governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds, but both have no effect on net position. The amortization of prepaid insurance associated with the issuance of long-term debt, bond premiums, bond discounts, and deferred gain/loss on refunding of long term debts is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the increase in net position of the following:</p>			
Bond repayments		4,280,000	
Amortization		519,454	
		4,799,454	4,799,454
<p>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.</p>			
			(53,720)
<p>The current year decrease in the total OPEB liability of \$29,619, amortization of deferred inflows and outflows on OPEB of \$228,143 are not shown in the fund financial statements. The effect of recording these amounts is to decrease net position.</p>			
			(198,524)
<p>Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the decrease in accrued interest is to increase net position.</p>			
			17,815
<p>Decrease in pension asset of \$192,086, amortization of deferred inflows and outflows on pensions of (\$9,304,378), and addition of a pension liability of \$10,906,652, decrease net position by increasing the pension expense in each function.</p>			
			(1,794,360)
<p>Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants not recognized in fund financial statements on the modified accrual basis is recognized on the accrual basis in the government-wide financial statements.</p>			
			174,592
<b>Change in Net Position of Governmental Activities</b>		<b>\$</b>	<b>706,239</b>

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, 2019**

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes:</b>				
Ad Valorem Taxes:				
Current	\$ 16,965,736	\$ 16,965,736	\$ 17,296,733	\$ 330,997
Delinquent	(45,000)	(45,000)	(96,002)	(51,002)
Penalties and Interest	30,000	30,000	40,238	10,238
Total Ad Valorem	<u>16,950,736</u>	<u>16,950,736</u>	<u>17,240,969</u>	<u>290,233</u>
Non-Property Taxes:				
Sales Tax	13,700,000	14,005,000	15,017,082	1,012,082
Alcoholic Beverage Tax	1,200,000	1,200,000	1,151,057	(48,943)
Total Non-Property Taxes	<u>14,900,000</u>	<u>15,205,000</u>	<u>16,168,139</u>	<u>963,139</u>
Total Taxes	<u>31,850,736</u>	<u>32,155,736</u>	<u>33,409,108</u>	<u>1,253,372</u>
<b>Franchise Fees:</b>				
Electric Franchise	1,600,000	1,600,000	1,534,930	(65,070)
Gas Franchise	200,000	200,000	253,426	53,426
Telephone Franchise	475,000	475,000	400,099	(74,901)
Cable Franchise	300,000	300,000	270,799	(29,201)
Total Franchise Fees	<u>2,575,000</u>	<u>2,575,000</u>	<u>2,459,254</u>	<u>(115,746)</u>
<b>Licenses and Permits:</b>				
Business Licenses and Permits	194,900	194,900	222,420	27,520
Building and Construction Permits	603,900	603,900	1,144,521	540,621
Total Licenses and Permits	<u>798,800</u>	<u>798,800</u>	<u>1,366,941</u>	<u>568,141</u>
<b>Service Fees:</b>				
General Government	100	100	-	(100)
Public Safety	931,000	931,000	907,174	(23,826)
Urban Development	2,850	2,850	2,180	(670)
Streets and Sanitation	370,000	370,000	403,676	33,676
Recreation	71,300	71,300	64,453	(6,847)
Interfund	328,520	328,520	349,380	20,860
Total Service Fees	<u>1,703,770</u>	<u>1,703,770</u>	<u>1,726,863</u>	<u>23,093</u>
<b>Fines and Forfeitures</b>	320,000	320,000	376,362	56,362
<b>Earnings on Investments</b>	100,000	100,000	643,083	543,083
<b>Intergovernmental</b>	-	-	71,963	71,963
<b>Rental Charges</b>	6,600	6,600	7,380	780
<b>Recycling Proceeds</b>	3,000	3,000	616	(2,384)
<b>Other</b>	<u>90,000</u>	<u>90,000</u>	<u>177,446</u>	<u>87,446</u>
Total Revenues	<u>\$ 37,447,906</u>	<u>\$ 37,752,906</u>	<u>\$ 40,239,016</u>	<u>\$ 2,486,110</u>



**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, 2019**

	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	94,889	94,889	113,997	(19,108)
Supplies	20,700	20,700	13,374	7,326
Contractual Services	64,500	64,500	48,598	15,902
<b>Total City Secretary</b>	<b>180,089</b>	<b>180,089</b>	<b>175,969</b>	<b>4,120</b>
City Manager's Office:				
Salaries and Fringe Benefits	951,447	924,447	976,878	(52,431)
Supplies	23,848	23,848	27,765	(3,917)
Maintenance and Materials	40,777	40,777	20,203	20,574
Contractual Services	113,922	140,922	129,389	11,533
Capital Replacement	18,982	18,982	18,982	-
Capital Outlay	-	-	12,900	(12,900)
<b>Total City Manager's Office</b>	<b>1,148,976</b>	<b>1,148,976</b>	<b>1,186,117</b>	<b>(37,141)</b>
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,303,557	1,303,557	1,132,480	171,077
Supplies	27,100	27,100	17,808	9,292
Maintenance and Materials	34,624	34,624	18,000	16,624
Contractual Services	409,851	714,851	830,196	(115,345)
Capital Replacement	45,682	45,682	45,682	-
<b>Total Financial and Strategic Services</b>	<b>1,820,814</b>	<b>2,125,814</b>	<b>2,044,166</b>	<b>81,648</b>
General Services:				
Salaries and Fringe Benefits	488,478	488,478	473,252	15,226
Supplies	21,398	21,398	26,039	(4,641)
Maintenance and Materials	91,461	91,461	109,437	(17,976)
Contractual Services	108,894	108,894	76,141	32,753
Capital Replacement	31,980	31,980	31,980	-
<b>Total General Services</b>	<b>742,211</b>	<b>742,211</b>	<b>716,849</b>	<b>25,362</b>
Municipal Court:				
Salaries and Fringe Benefits	540,894	540,894	485,172	55,722
Supplies	13,500	13,500	9,556	3,944
Maintenance and Materials	52,400	52,400	49,313	3,087
Contractual Services	92,160	92,160	67,689	24,471
Capital Replacement	38,931	38,931	38,931	-
<b>Total Municipal Court</b>	<b>737,885</b>	<b>737,885</b>	<b>650,661</b>	<b>87,224</b>
Human Resources:				
Salaries and Fringe Benefits	485,000	485,000	443,810	41,190
Supplies	8,248	8,248	8,628	(380)
Maintenance and Materials	881	881	1,349	(468)
Contractual Services	190,233	190,233	177,483	12,750
Capital Replacement	11,844	11,844	11,844	-
<b>Total Human Resources</b>	<b>696,206</b>	<b>696,206</b>	<b>643,114</b>	<b>53,092</b>

**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, 2019**

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Information Technology:				
Salaries and Fringe Benefits	1,095,829	1,095,829	1,095,135	694
Supplies	34,994	34,994	18,800	16,194
Maintenance and Materials	812,000	812,000	735,669	76,331
Contractual Services	127,894	127,894	80,315	47,579
Capital Replacement	29,876	29,876	29,876	-
Capital Outlay	-	-	47,136	(47,136)
Total Information Technology	<u>2,100,593</u>	<u>2,100,593</u>	<u>2,006,931</u>	<u>93,662</u>
Combined Services:				
Salaries and Fringe Benefits	7,642	7,642	41,706	(34,064)
Supplies	47,000	47,000	42,480	4,520
Contractual Services	1,305,984	1,305,984	1,078,949	227,035
Total Combined Services	<u>1,360,626</u>	<u>1,360,626</u>	<u>1,163,135</u>	<u>197,491</u>
City Council Special Projects:				
Salaries and Fringe Benefits	29,483	29,483	27,384	2,099
Supplies	20,500	20,500	16,011	4,489
Contractual Services	288,260	288,260	283,896	4,364
Capital Replacement	3,264	3,264	3,264	-
Total City Council Special Projects	<u>341,507</u>	<u>341,507</u>	<u>330,555</u>	<u>10,952</u>
Total General Government	<u>9,128,907</u>	<u>9,433,907</u>	<u>8,917,497</u>	<u>516,410</u>
<b>Public Safety:</b>				
Police:				
Salaries and Fringe Benefits	7,652,344	7,652,344	7,521,152	131,192
Supplies	330,469	330,469	240,028	90,441
Maintenance and Materials	237,693	237,693	237,200	493
Contractual Services	631,793	631,793	698,999	(67,206)
Capital Replacement	657,435	657,435	657,435	-
Total Police	<u>9,509,734</u>	<u>9,509,734</u>	<u>9,354,814</u>	<u>154,920</u>
Emergency Communications:				
Maintenance and Materials	26,643	26,643	33,165	(6,522)
Contractual Services	1,356,509	1,356,509	1,332,326	24,183
Total Emergency Communications	<u>1,383,152</u>	<u>1,383,152</u>	<u>1,365,491</u>	<u>17,661</u>
Fire:				
Salaries and Fringe Benefits	6,606,571	6,606,571	6,661,958	(55,387)
Supplies	252,595	252,595	244,666	7,929
Maintenance and Materials	258,145	252,758	259,412	(6,654)
Contractual Services	357,223	357,223	320,760	36,463
Capital Replacement	376,545	376,545	376,545	-
Capital Outlay	-	5,387	5,387	-
Total Fire	<u>7,851,079</u>	<u>7,851,079</u>	<u>7,868,728</u>	<u>(17,649)</u>
Total Public Safety	<u>18,743,965</u>	<u>18,743,965</u>	<u>18,589,033</u>	<u>154,932</u>

**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, 2019**

	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	1,213,052	1,181,896	1,123,412	58,484
Supplies	32,554	32,554	31,029	1,525
Maintenance and Materials	9,353	9,353	10,951	(1,598)
Contractual Services	312,545	343,701	140,866	202,835
Capital Replacement	44,340	44,340	44,340	-
Total Development Services	<u>1,611,844</u>	<u>1,611,844</u>	<u>1,350,598</u>	<u>261,246</u>
<b>Streets:</b>				
Streets:				
Salaries and Fringe Benefits	544,692	544,692	477,216	67,476
Supplies	43,615	43,615	47,449	(3,834)
Maintenance and Materials	727,942	722,602	548,237	174,365
Contractual Services	792,879	792,879	598,985	193,894
Capital Replacement	67,125	67,125	67,125	-
Capital Outlay	28,000	33,340	38,116	(4,776)
Total Streets	<u>2,204,253</u>	<u>2,204,253</u>	<u>1,777,128</u>	<u>427,125</u>
<b>Parks and Recreation:</b>				
Parks:				
Salaries and Fringe Benefits	1,714,970	1,699,970	1,495,200	204,770
Supplies	220,616	220,616	253,990	(33,374)
Maintenance and Materials	971,348	1,173,848	1,203,687	(29,839)
Contractual Services	884,960	899,960	833,120	66,840
Capital Replacement	90,758	90,758	90,417	341
Capital Outlay	-	32,500	34,903	(2,403)
Total Parks	<u>3,882,652</u>	<u>4,117,652</u>	<u>3,911,317</u>	<u>206,335</u>
Recreation:				
Salaries and Fringe Benefits	997,472	997,472	936,968	60,504
Supplies	179,232	173,232	144,117	29,115
Maintenance and Materials	206,559	212,559	138,726	73,833
Contractual Services	418,523	418,523	328,193	90,330
Capital Replacement	61,582	61,582	61,582	-
Total Recreation	<u>1,863,368</u>	<u>1,863,368</u>	<u>1,609,586</u>	<u>253,782</u>
Total Parks and Recreation	<u>5,746,020</u>	<u>5,981,020</u>	<u>5,520,903</u>	<u>460,117</u>
Total Expenditures	<u>37,434,989</u>	<u>37,974,989</u>	<u>36,155,159</u>	<u>1,819,830</u>
Excess (deficiency) of revenues over expenditures	<u>12,917</u>	<u>(222,083)</u>	<u>4,083,857</u>	<u>4,305,940</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers Out	(4,108,415)	(4,471,504)	(4,471,504)	-
Proceeds on Asset Sales	5,000	5,000	12,935	7,935
Total Other Financing Sources/(Uses)	<u>(4,103,415)</u>	<u>(4,466,504)</u>	<u>(4,458,569)</u>	<u>7,935</u>
Net Change in Fund Balance	(4,090,498)	(4,688,587)	(374,712)	4,313,875
Fund Balances at Beginning of Year	<u>20,962,956</u>	<u>20,962,956</u>	<u>20,962,956</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 16,872,458</u>	<u>\$ 16,274,369</u>	<u>\$ 20,588,244</u>	<u>\$ 4,313,875</u>

**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, 2019**

	2019			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Hotel/Motel Occupancy Taxes	\$ 5,530,000	\$ 5,530,000	\$ 5,427,585	\$ (102,415)
Proceeds from Special Events and Service Fees	2,647,700	2,647,700	1,206,764	(1,440,936)
Earnings on Investments	17,000	17,000	94,058	77,058
Rental Charges	630,000	630,000	558,877	(71,123)
Other	70,000	82,880	67,500	(15,380)
Total Revenues	<u>8,894,700</u>	<u>8,907,580</u>	<u>7,354,784</u>	<u>(1,552,796)</u>
<b>EXPENDITURES:</b>				
Conference Centre	1,100,052	1,100,052	956,507	143,545
Marketing	1,083,888	1,083,888	962,527	121,361
Special Events	5,043,519	5,043,519	3,482,551	1,560,968
Performing Arts	840,452	1,919,960	1,768,877	151,083
General Hotel Operations	161,470	161,470	142,764	18,706
Total Expenditures	<u>8,229,381</u>	<u>9,308,889</u>	<u>7,313,226</u>	<u>1,995,663</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>665,319</u>	<u>(401,309)</u>	<u>41,558</u>	<u>442,867</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfer to Debt Service Fund	<u>(715,000)</u>	<u>(715,000)</u>	<u>(715,000)</u>	<u>-</u>
Net Change in Fund Balance	(49,681)	(1,116,309)	(673,442)	442,867
Fund Balances at Beginning of Year	<u>4,122,537</u>	<u>4,122,537</u>	<u>4,122,537</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 4,072,856</u>	<u>\$ 3,006,228</u>	<u>\$ 3,449,095</u>	<u>\$ 442,867</u>

See accompanying notes to basic financial statements.

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

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2019**

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
<b>ASSETS:</b>					
Current Assets:					
Pooled Cash and Investments	\$ 14,248,789	\$ 12,576,797	\$ 8,482,839	\$ 35,308,425	\$ 7,223,799
Interest Receivable	41,302	38,668	48,299	128,269	20,405
Accounts Receivable, Net	250,475	2,147,060	302,084	2,699,619	-
Total Current Assets	14,540,566	14,762,525	8,833,222	38,136,313	7,244,204
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,413,034	-	17,046,407	-
Construction in Progress	1,119,527	4,955,579	1,631,646	7,706,752	-
Buildings	2,600,302	6,923,788	-	9,524,090	-
Improvements other than Buildings	56,595,270	47,302,072	1,520,299	105,417,641	-
Machinery and Equipment	1,658,285	2,915,876	21,035	4,595,196	15,337,454
Accumulated Depreciation	(31,555,281)	(30,968,262)	(113,485)	(62,637,028)	(9,636,322)
Total Capital Assets, Net of Accumulated Depreciation	46,051,476	32,542,087	3,059,495	81,653,058	5,701,132
Investment in Joint Venture	-	6,474,399	-	6,474,399	-
Total Assets	60,592,042	53,779,011	11,892,717	126,263,770	12,945,336
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Charges on Refundings	2,405	366,679	-	369,084	-
Deferred Outflows on Pensions	-	627,498	-	627,498	-
Deferred Outflows on OPEB	3,933	16,703	1,823	22,459	-
Total Deferred Outflows of Resources	6,338	1,010,880	1,823	1,019,041	-
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 365,050	\$ 346,363	\$ 362,319	\$ 1,073,732	\$ 245,028
Accrued Interest Payable	45,023	86,047	31,527	162,597	-
Current Compensated Absences Payable	518	9,897	-	10,415	-
Current Maturities of Long-Term Liabilities	562,500	840,000	295,000	1,697,500	-
Customer Deposits	330,117	1,093,663	-	1,423,780	-
Total Current Liabilities	1,303,208	2,375,970	688,846	4,368,024	245,028
Non-Current Liabilities:					
Long-Term Liabilities, Net of Current Portion	9,400,952	19,224,266	5,578,352	34,203,570	-
Total Liabilities	10,704,160	21,600,236	6,267,198	38,571,594	245,028
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows on Pensions	-	6,493	-	6,493	-
Deferred Inflows on OPEB	2,851	12,218	1,223	16,292	-
Total Deferred Inflows of Resources	2,851	18,711	1,223	22,785	-
<b>NET POSITION:</b>					
Net Investment in Capital Assets	43,056,100	20,936,659	(567,840)	63,424,919	5,701,132
Unrestricted	6,835,269	12,234,285	6,193,959	25,263,513	6,999,176
Total Net Position	\$ 49,891,369	\$ 33,170,944	\$ 5,626,119	\$ 88,688,432	\$ 12,700,308

Reconciliation to business-type activities:

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service balances are included with business-type activities.

	\$ 174,675
Net Position of business type activities	<u>\$ 88,863,107</u>

See accompanying notes to basic financial statements.

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year ended September 30, 2019**

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
<b>OPERATING REVENUES:</b>					
Water	\$ -	\$ 6,663,348	\$ -	\$ 6,663,348	\$ -
Sewer	-	5,153,298	-	5,153,298	-
Drainage	-	-	2,235,566	2,235,566	-
Penalties	-	107,593	-	107,593	-
Water and Sewer Taps and Other Fees	-	9,438	2,387	11,825	-
Fuel Flowage Fees	1,019,452	-	-	1,019,452	-
Customs Agent Fees	103,306	-	-	103,306	-
Rental Charges	5,488,112	-	-	5,488,112	-
Other Income	178,523	5,455	-	183,978	4,700
Department Contributions	-	-	-	-	2,141,524
<b>Total Operating Revenues</b>	<b>6,789,393</b>	<b>11,939,132</b>	<b>2,237,953</b>	<b>20,966,478</b>	<b>2,146,224</b>
<b>OPERATING EXPENSES:</b>					
Salaries and Fringe Benefits	324,776	1,867,185	275,422	2,467,383	-
Supplies	33,600	176,462	16,117	226,179	21,179
Maintenance and Materials	2,839,071	329,051	77,810	3,245,932	8,999
Contractual Services	930,680	909,601	757,941	2,598,222	33,147
Water Purchases	-	3,551,624	-	3,551,624	-
Wastewater Purchases	-	3,809,787	-	3,809,787	-
Total Operating Expenses (Excluding Depreciation)	4,128,127	10,643,710	1,127,290	15,899,127	63,325
Depreciation	2,342,091	1,362,770	65,459	3,770,320	1,026,131
<b>Total Operating Expenses</b>	<b>6,470,218</b>	<b>12,006,480</b>	<b>1,192,749</b>	<b>19,669,447</b>	<b>1,089,456</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>319,175</b>	<b>(67,348)</b>	<b>1,045,204</b>	<b>1,297,031</b>	<b>1,056,768</b>
<b>NON-OPERATING REVENUES/(EXPENSES):</b>					
Investment Income	287,969	313,187	232,547	833,703	71,027
Gain/(Loss) on Disposal of Assets	68,473	-	-	68,473	50,398
Gain/(Loss) on Joint Venture	-	(86,115)	-	(86,115)	-
Interest Expense and Fiscal Charges	(336,097)	(674,725)	(234,802)	(1,245,624)	-
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>20,345</b>	<b>(447,653)</b>	<b>(2,255)</b>	<b>(429,563)</b>	<b>121,425</b>
<b>NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>339,520</b>	<b>(515,001)</b>	<b>1,042,949</b>	<b>867,468</b>	<b>1,178,193</b>
Capital Grants and Contributions	-	457,426	-	457,426	-
Transfers In	27,864	381,518	-	409,382	-
Transfers Out	-	-	(500,000)	(500,000)	(409,382)
<b>CHANGE IN NET POSITION</b>	<b>367,384</b>	<b>323,943</b>	<b>542,949</b>	<b>1,234,276</b>	<b>768,811</b>
Net Position at Beginning of Year	49,523,985	32,847,001	5,083,170	87,454,156	11,931,497
Net Position at End of Year	<u>\$ 49,891,369</u>	<u>\$ 33,170,944</u>	<u>\$ 5,626,119</u>	<u>\$ 88,688,432</u>	<u>\$ 12,700,308</u>

Reconciliation to business-type activities:  
Change in net position of enterprise funds \$ 1,234,276

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service balances are included with business-type activities.  
Net Position of business type activities \$ 1,408,951

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

**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended September 30, 2019**

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 6,643,375	\$ 12,073,485	\$ 2,258,127	\$ 20,974,987	\$ 2,146,224
Payments to Suppliers	(3,739,996)	(8,703,957)	(662,311)	(13,106,264)	(156,742)
Payments to Employees for Services	(321,892)	(1,705,394)	(274,127)	(2,301,413)	-
<i>Net Cash Provided by Operating Activities</i>	<u>2,581,487</u>	<u>1,664,134</u>	<u>1,321,689</u>	<u>5,567,310</u>	<u>1,989,482</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>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and Construction of Capital Assets	(405,366)	(2,041,720)	(1,423,841)	(3,870,927)	(1,155,676)
Proceeds from Issuance of Long-Term Debt	7,058,568	6,549,642	-	13,608,210	-
Principal Paid on Long-Term Debt	(547,500)	(595,000)	(290,000)	(1,432,500)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(321,115)	(742,787)	(261,724)	(1,325,626)	-
Proceeds from Sale of Capital Assets	68,473	-	-	68,473	72,436
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>5,853,060</u>	<u>3,170,135</u>	<u>(1,975,565)</u>	<u>7,047,630</u>	<u>(1,083,240)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on Cash and Investments	257,565	289,675	226,633	773,873	63,137
<i>Net Cash Provided by Investing Activities</i>	<u>257,565</u>	<u>289,675</u>	<u>226,633</u>	<u>773,873</u>	<u>63,137</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	8,692,112	5,123,944	(927,243)	12,888,813	969,379
Cash and Cash Equivalents, October 1	5,556,677	7,452,853	9,410,082	22,419,612	6,254,420
Cash and Cash Equivalents, September 30	<u>\$ 14,248,789</u>	<u>\$ 12,576,797</u>	<u>\$ 8,482,839</u>	<u>\$ 35,308,425</u>	<u>\$ 7,223,799</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 319,175	\$ (67,348)	\$ 1,045,204	\$ 1,297,031	\$ 1,056,768
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	2,342,091	1,362,770	65,459	3,770,320	1,026,131
Change in Assets, Liabilities, and Deferred Items:					
(Increase)/Decrease in Accounts Receivables	(150,018)	139,982	20,174	10,138	-
(Increase)/Decrease in Prepaid Items	-	-	-	-	9,000
Increase/(Decrease) in Accounts Payable	63,218	70,667	189,557	323,442	(102,417)
Increase/(Decrease) in Customer Deposits	4,000	(5,629)	-	(1,629)	-
(Increase)/Decrease in Deferred Outflows on Pensions	-	(483,122)	-	(483,122)	-
(Increase)/Decrease in Deferred Outflows on OPEB	677	2,898	290	3,865	-
(Increase)/Decrease in Pension Asset	-	12,193	-	12,193	-
Increase/(Decrease) in Deferred Inflows on Pensions	-	(224,773)	-	(224,773)	-
Increase/(Decrease) in Deferred Inflows on OPEB	2,795	11,980	1,198	15,973	-
Increase/(Decrease) in Net Pension Liability	-	846,448	-	846,448	-
Increase/(Decrease) in Total OPEB Liability	(451)	(1,932)	(193)	(2,576)	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 2,581,487</u>	<u>\$ 1,664,134</u>	<u>\$ 1,321,689</u>	<u>\$ 5,567,310</u>	<u>\$ 1,989,482</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Grants and Contributions	\$ -	\$ 457,426	\$ -	\$ 457,426	\$ -
Capital Assets in Accounts Payable	(134,674)	(576,340)	(199,888)	(910,902)	243,210
Transfers of Capital Assets	27,864	381,518	-	409,382	(409,382)
Gain/(Loss) of Joint Venture	-	(86,115)	-	(86,115)	-
<i>Net Noncash Items from Capital and Related Financing Activities</i>	<u>\$ (106,810)</u>	<u>\$ 176,489</u>	<u>\$ (199,888)</u>	<u>\$ (130,209)</u>	<u>\$ (166,172)</u>

See accompanying notes to the basic financial statements.





**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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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, 2019

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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.

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, 2019

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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, 2019

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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, 2019 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), the quarterly payment to Dallas Central Appraisal District for appraisal fees, and postage.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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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 reimbursable hours at the employees' rate of pay as of September 30, 2019. The Town's liability for compensated absences increased \$51,682 for a total liability of \$1,012,102.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is capital developer donations of \$457,426 for Utilities, donations of \$35,000 in public artwork, and a capital grant of \$95,000 for public safety equipment. Operating grants included \$100,904 of funding for public safety, \$19,241 for non-capital developer donations for the Airport, and a \$50,000 grant for Airport operations.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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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.
- Difference between projected and actual investment earnings on pension plan - This difference is deferred and amortized over the estimated average remaining service lives of all employees that are provided with pensions the pension plan (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 due to changes in OPEB assumptions is deferred and recognized over the estimated average remaining service lives of all employees that are provided with OPEB through the OPEB plans (active and inactive employees) determined as of the beginning of the measurement 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, 2019

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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. Only the General Fund reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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, with most restrictive being restricted, then committed, then assigned, and lastly unassigned.

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, 2019

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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 FY2019 budget was amended two times, and the amendments were approved by City Council on April 25, 2019 and September 24, 2019. The April 25th amendment was to allocate additional funds to the Addison Athletic Club Air Conditioning and Heating System project and to the Addison Circle Park Fountains project, as well as roll over remaining FY18 unused allocations in the Capital Replacement fund to FY19. The September 24th budget amendment appropriated funds for the storm cleanup and sales tax audit fees, and to reflect the receipt of insurance proceeds for a claim at the Addison Theatre Centre.

Excess of Expenditures over Appropriations – For the year ended September 30, 2019, City Manager's department expenditures in the General Fund exceeded appropriations by \$37,141, mainly due to hiring a new Deputy City Manager. Also in the General Fund, the Fire department expenditures exceeded appropriations by \$17,649, mainly due to hiring a new Deputy Fire Chief. 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.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

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

**Cash**

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by the state statutes at September 30, 2019. 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 \$12,659,176. The respective bank balance totaled \$13,783,392. In addition, collateral with a market value of \$21,503,520 and unused letters of credit in the amount of \$10,369,360 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.

**External Investment Pools**

The Town's pool investments as of September 30, 2019 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, 2019

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

Investments

As of September 30, 2019, the Town held the following investments:

	<u>Carrying Value</u>	<u>Average Maturity (Days)</u>
Certificates of Deposit	\$ 10,246,941	128
Commercial Paper	14,928,666	83
Agency Securities	48,586,437	173
<i>Total Investment in Securities</i>	<u>73,762,044</u>	<u>145</u>
TexStar	8,786,502	1
TexPool	4,839,136	1
<i>Total Investment in Pools</i>	<u>13,625,638</u>	<u>1</u>
<i>Total Investments</i>	<u>\$ 87,387,682</u>	135

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. 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, 2019

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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, 2019, 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 12%, 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 16%.

Fair Value of Assets

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

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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, 2019:

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	\$ 14,928,666	\$ -	\$ 14,928,666
U.S. Agency Securities	48,586,437	-	48,586,437
<i>Total Investment by fair value level</i>	63,515,103	\$ -	\$ 63,515,103
<b>Investments measured at net asset value - TexSTAR</b>	8,786,502		
<b>Investments measured at amortized cost - TexPool</b>	4,839,136		
<b>Non-negotiable certificates of deposit</b>	10,246,941		
<i>Total Investments</i>	\$ 87,387,682		

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, 2019, 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, 2018, upon which the fiscal year 2019 levy is based, was \$4,725,759,169.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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, 2019 was \$.5500 per \$100, of which \$.4074 was allocated for general government and \$.1426 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, 2019, were 96.50% 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, 2019, was \$422,040.

**C. Receivables**

As of September 30, 2019, 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	\$ 403,267	\$ -	\$ 196,965	\$ -	\$ 6,039	\$ 25,297	\$ -	\$ 631,568
Non-Property	2,815,218	442,227	-	-	-	-	-	3,257,445
Franchise Fees	304,561	-	-	-	-	-	-	304,561
Service Fees	972,101	-	-	-	-	-	-	972,101
Ambulance	740,614	-	-	-	-	-	-	740,614
Interest	62,702	10,421	-	-	36,849	7,205	20,405	137,582
Other	85,486	307,557	-	-	-	5,692	-	398,735
Gross Receivables	\$ 5,383,949	\$ 760,205	\$ 196,965	\$ -	\$ 42,888	\$ 38,194	\$ 20,405	\$ 6,442,606
Less: Allowance for Uncollectibles	1,582,681	-	140,105	-	3,732	16,364	-	1,742,882
Net Receivables	\$ 3,801,268	\$ 760,205	\$ 56,860	\$ -	\$ 39,156	\$ 21,830	\$ 20,405	\$ 4,699,724

The above allowance for uncollectible accounts represents reserves for ambulance (\$499,196), court warrants (\$775,109), sales tax (\$46,537), and property taxes (\$422,040).

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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

In the proprietary funds at September 30, 2019 the Airport fund has \$200,475 rent receivable and \$50,000 grant receivable with no associated allowance accounts. The Utility fund has \$2,247,930 in water and sewer sales receivable, net of an allowance of \$100,870. The stormwater fund has stormwater fees receivable of \$308,991 net of an allowance of \$6,907.

**D. Capital Assets**

Capital Asset activity for the year ended September 30, 2019 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	554,471	-	-	117,605	672,076
Construction in Progress	27,501,381	7,199,418	-	(20,801,409)	13,899,390
<b>Total Capital Assets, not Depreciable</b>	<b>94,305,787</b>	<b>7,199,418</b>	<b>-</b>	<b>(20,683,804)</b>	<b>80,821,401</b>
Capital Assets, Depreciable:					
Buildings	22,084,774	19,359	-	1,193,555	23,297,688
Improvements other than Buildings	176,497,474	64,941	-	18,001,256	194,563,671
Machinery and Equipment	21,928,202	1,433,447	(1,139,684)	1,203,005	23,424,970
<b>Total Capital Assets, Depreciable</b>	<b>220,510,450</b>	<b>1,517,747</b>	<b>(1,139,684)</b>	<b>20,397,816</b>	<b>241,286,329</b>
Less Accumulated Depreciation for:					
Buildings	(13,758,490)	(588,419)	-	-	(14,346,909)
Improvements other than Buildings	(111,454,208)	(6,412,811)	-	4,985	(117,862,034)
Machinery and Equipment	(12,853,628)	(1,675,543)	1,139,684	(4,985)	(13,394,472)
<b>Total Accumulated Depreciation</b>	<b>(138,066,326)</b>	<b>(8,676,773)</b>	<b>1,139,684</b>	<b>-</b>	<b>(145,603,415)</b>
<b>Total Capital Assets, Depreciable, net</b>	<b>82,444,124</b>	<b>(7,159,026)</b>	<b>-</b>	<b>20,397,816</b>	<b>95,682,914</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 176,749,911</b>	<b>\$ 40,392</b>	<b>\$ -</b>	<b>\$ (285,988)</b>	<b>\$ 176,504,315</b>
<b>Business-type Activities:</b>					
Capital Assets, not Depreciable:					
Land	\$ 16,945,437	\$ 100,970	\$ -	\$ -	\$ 17,046,407
Construction in Progress	5,735,583	2,763,071	-	(791,902)	7,706,752
<b>Total Capital Assets, not Depreciable</b>	<b>22,681,020</b>	<b>2,864,041</b>	<b>-</b>	<b>(791,902)</b>	<b>24,753,159</b>
Capital Assets, Depreciable:					
Buildings	9,524,090	-	-	-	9,524,090
Improvements other than Buildings	104,168,312	457,427	-	791,902	105,417,641
Machinery and Equipment	4,192,105	219,378	(102,275)	285,988	4,595,196
<b>Total Capital Assets, Depreciable</b>	<b>117,884,507</b>	<b>676,805</b>	<b>(102,275)</b>	<b>1,077,890</b>	<b>119,536,927</b>
Less Accumulated Depreciation for:					
Buildings	(2,748,890)	(190,487)	-	-	(2,939,377)
Improvements other than Buildings	(53,594,316)	(3,323,295)	-	-	(56,917,611)
Machinery and Equipment	(2,625,777)	(256,538)	102,275	-	(2,780,040)
<b>Total Accumulated Depreciation</b>	<b>(58,968,983)</b>	<b>(3,770,320)</b>	<b>102,275</b>	<b>-</b>	<b>(62,637,028)</b>
<b>Total Capital Assets, Depreciable, net</b>	<b>58,915,524</b>	<b>(3,093,515)</b>	<b>-</b>	<b>1,077,890</b>	<b>56,899,899</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 81,596,544</b>	<b>\$ (229,474)</b>	<b>\$ -</b>	<b>\$ 285,988</b>	<b>\$ 81,653,058</b>

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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	\$ 338,613	\$ -
Public Safety	466,622	-
Development Services	2,495	-
Streets	5,397,366	-
Parks and Recreation	880,318	-
Visitor Services	565,228	-
IT Replacement	341,298	-
Capital Replacement	684,833	-
Airport Fund	-	2,342,091
Utility Fund	-	1,362,770
Stormwater Fund	-	65,459
	<u>\$ 8,676,773</u>	<u>\$ 3,770,320</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2019:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<b>Governmental Activities</b>			
Vitruvian Public Infrastructure	\$ 10,021,107	\$ 9,138,063	\$ 883,044
Midway Road Rehabilitation	3,000,000	2,835,177	164,823
	<u>\$ 13,021,107</u>	<u>\$ 11,973,240</u>	<u>\$ 1,047,867</u>
<b>Business-type Activities</b>			
Sherlock Basin Improvements	\$ 1,868,191	\$ 1,567,437	\$ 300,754
Customs Facility Construction	7,283,257	905,700	6,377,557
Airport Facility Improvements	1,290,287	213,828	1,076,459
Water Line Replacement	1,181,798	1,029,518	152,280
Basin I Sanitary Sewer Reroute	2,301,000	399,846	1,901,154
Kellway Lift Station Rehab & Repair	1,510,000	419,537	1,090,463
	<u>\$ 15,434,533</u>	<u>\$ 4,535,866</u>	<u>\$ 10,898,667</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**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 \$6,474,399, net of related debt, is included in Unrestricted Net Position. This joint venture provides audited financial statements bi-annually. The most recent audit report available is 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, 2019:

	<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"	\$ 11,685,000	\$ -



**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**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>		
A series of 4,518 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to fund various public improvement projects up to \$19,830,000 to include construction, engineering, and other professional services; refund the Town's outstanding General Obligation Bonds, Series 2004, and General Obligation Refunding and Improvement Bonds, Series 2005; and pay the costs of issuance associated with the sale of the bonds. The bonds mature serially through 2032 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from Ad Valorem taxes.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured	\$ 14,160,000	\$ -
<b>General Obligation Bonds, Tax-Exempt Series of 2013</b>		
A series of 933 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to (i) engineer, construct, improve, repair, develop, extend and expand streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting and the acquisition of land therefore; (ii) acquire and improve land and interest in land to provide improvements, additions and access to the Addison Municipal Airport, and (iii) pay the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 3,675,000	\$ -
<b>General Obligation Bonds Series 2013A (AMT)</b>		
A series of 375 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to: (i) acquire and improve of land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the AMT bonds. The bonds mature serially through 2018 with interest rates ranging from 2% to 2.25%. The bonds are not callable.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 1,460,000	\$ -

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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

	Governmental Activities	Business-type Activities
<b>General Obligation Bonds</b>		
<b>Taxable Series of 2013B</b>		
<p>A series of 250 bonds at \$5,000 each dated July 15, 2013. The bonds, used together with other available Town funds, were issued to provide funds to: (i) acquire and improve land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 3.75% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"</p>	\$ 980,000	\$ -
<b>Combination Tax and Revenue Certificates of Obligation</b>		
<b>Series of 2013</b>		
<p>A series of 2,037 bonds at \$5,000 each dated July 15, 2013. The Certificates were issued for (i) (a) designing, acquiring, improving, constructing and renovating facilities and infrastructure at the Addison Municipal Airport and the acquisition and improvement of land and interests in land to provide improvements, additions and access to the airport, (b) designing, acquiring, improving, constructing, and renovating City drainage and stormwater infrastructure and facilities ((a) and (b) together, the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"</p>	\$ -	\$ 7,925,000
<b>General Obligation Bonds, Tax-Exempt</b>		
<b>Series 2014</b>		
<p>A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2032 with interest rates ranging from 3% to 3.625%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aa1"; Standard &amp; Poor's "AAA"</p>	\$ 10,295,000	\$ -

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 6,320,000
<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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 380,000
<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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 17,035,000	\$ 5,275,000

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Combination Tax and Revenue Certificates of Obligation Series 2018</b>		
A series of 2,623 bonds at \$5,000 each dated December 11, 2018. The bonds were issued for the purpose of (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, (ii) designing, acquiring, improving, constructing, and renovating facilities and infrastructure at the Addison Municipal Airport related to constructing and equipping a new customs and airport administration facility, and (iii) to pay for 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 2039 with interest rates ranging from 3% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2028 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 "Aaa"; Standard & Poor's "AAA"	\$ -	\$ 13,115,000
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<u>\$ 59,290,000</u>	<u>\$ 33,015,000</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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, 2019 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 51,175	\$ -	\$ (3,570)	\$ 47,605	\$ 2,705
Premium on General Obligation Bonds	4,954	-	(631)	4,323	-
Discount on General Obligation Bonds	(43)	-	3	(40)	-
Certificates of Obligation	12,395	-	(710)	11,685	720
Discount on Certificates of Obligation	(85)	-	5	(80)	-
Net Pension Liability	-	14,108	(3,202)	10,906	-
Compensated Absences	865	204	(151)	918	116
Total OPEB Liability	3,745	100	(129)	3,716	-
<b>Long-Term Liabilities – Governmental Activities</b>	<b>\$ 73,006</b>	<b>\$ 14,412</b>	<b>\$ (8,385)</b>	<b>\$ 79,033</b>	<b>\$ 3,541</b>
<b>Business-type Activities:</b>					
General Obligation Refunding Bonds	\$ 6,320	\$ -	\$ (665)	\$ 5,655	\$ 690
(Payable from airport and utility system revenues)					
Premium on General Obligation Refunding Bonds	867	-	(112)	755	-
Combination Tax and Revenue Certificates of Obligation	2,380	6,800	(115)	9,065	120
(Payable from airport revenues)					
Premium on Combination Tax and Revenue C.O.	85	259	(21)	323	-
Combination Tax and Revenue Certificates of Obligation	6,620	6,315	(300)	12,635	530
(Payable from utility system revenues)					
Premium on Combination Tax and Revenue C.O.	26	235	(13)	248	-
Combination Tax and Revenue Certificates of Obligation	5,950	-	(290)	5,660	295
(Payable from storm water system revenues)					
Premium on Combination Tax and Revenue C.O.	214	-	(26)	188	-
Note Payable	182	-	(63)	119	62
Net Pension Liability	-	1,095	(248)	847	-
Compensated Absences	95	15	(16)	94	11
Total OPEB Liability	325	9	(11)	323	-
<b>Long-Term Liabilities – Business-type Activities</b>	<b>\$ 23,064</b>	<b>\$ 14,728</b>	<b>\$ (1,880)</b>	<b>\$ 35,912</b>	<b>\$ 1,708</b>

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 \$17,993 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.

Bonded debt is direct obligations and pledge the full faith and credit of the government for both governmental and business-type activities. 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, 2019.

For the governmental activities, compensated absences are generally liquidated in the General Fund, Economic Development Fund and Hotel Fund.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
General Obligation Bonds:				
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	3,120,000	1,518,133	365,000	182,750
2025-2029	17,630,000	5,332,758	1,990,000	644,600
2030-2034	15,470,000	1,326,095	1,595,000	164,375
	<u>\$ 47,605,000</u>	<u>\$ 15,458,259</u>	<u>\$ 5,655,000</u>	<u>\$ 1,864,825</u>
Certificates of Obligation:				
2020	\$ 720,000	\$ 354,713	\$ 945,000	\$ 1,036,458
2021	735,000	340,162	1,230,000	1,002,182
2022	755,000	321,488	1,280,000	957,683
2023	780,000	294,562	1,335,000	909,057
2024	815,000	262,663	1,385,000	858,658
2025-2029	3,535,000	932,037	7,880,000	3,397,745
2030-2034	2,580,000	508,578	8,975,000	1,597,844
2035-2039	1,765,000	90,703	4,330,000	389,681
	<u>\$ 11,685,000</u>	<u>\$ 3,104,906</u>	<u>\$ 27,360,000</u>	<u>\$ 10,149,308</u>

At September 30, 2019, the Town had \$26,000,000 authorized but unissued general obligation bonds.

**G. Interfund Transfers**

Transfers between funds during the year ended September 30, 2019 were comprised of the following:

Fund	Transfers In	Transfers Out	Purpose of Transfer
General Fund	\$ -	\$ 1,000,000	For capital projects
General Fund	-	700,000	For capital projects
General Fund	-	2,771,504	For capital projects
Stormwater Fund	-	500,000	For capital projects
Capital Project Fund	1,000,000	-	For capital projects
Capital Project Fund	700,000	-	For capital projects
Capital Project Fund	2,771,504	-	For capital projects
Capital Project Fund	500,000	-	For capital projects
Hotel Fund	-	715,000	For economic development
Economic Development Fund	715,000	-	For economic development
Internal Service Fund	-	27,864	For purchase of assets in Internal Svc Fund
Internal Service Fund	-	46,608	For purchase of assets in Internal Svc Fund
Internal Service Fund	-	334,910	For purchase of assets in Internal Svc Fund
Airport Fund	27,864	-	For purchase of assets in Internal Svc Fund
Utility Fund	46,608	-	For purchase of assets in Internal Svc Fund
Utility Fund	334,910	-	For purchase of assets in Internal Svc Fund
Total Transfers	<u>\$ 6,095,886</u>	<u>\$ 6,095,886</u>	

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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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 2019, 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 five 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 2018 to September 2019, the Town offered health benefits through one of two plans operated by Blue Cross Blue Shield. Employees were able to choose either an HSA (health savings account) plan or a PPO (preferred provider organization) plan. The Town also offers a dental plan through Delta Dental and a vision plan through Blue Cross Blue Shield of Texas Vision. The HSA, PPO, and dental plans are funded by joint contributions from the employees and the Town and are accounted for in the respective operating funds. The vision plan is solely from employee contributions.

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 net 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 887 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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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**IV. OTHER INFORMATION (CONTINUED)**

Internal Revenue Code. 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.thrs.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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	208
Inactive employees entitled to but not yet receiving benefits	227
Active employees	<u>263</u>
Total	<u>698</u>



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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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 10.68%. Accordingly, contributions to TMRS for the year ended September 30, 2019 were \$2,172,375 and were equal to the required contribution.

Net Pension Liability/(Asset)

The Town's Net Pension Liability/(Asset) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% including inflation
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, 2018, 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**  
September 30, 2019

**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:

Asset Class	Target Location	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Single Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the total pension liability as of December 31, 2018. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the Town will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**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 10/1/2018	\$ 126,145,081	\$ 126,349,361	\$ (204,280)
Changes for the year:			
Service cost	3,028,227	-	3,028,227
Interest	8,365,372	-	8,365,372
Changes of benefit terms	-	-	-
Difference between expected and actual experience	154,569	-	154,569
Changes of assumptions	-	-	-
Contributions - employer	-	2,066,662	(2,066,662)
Contributions - employee	-	1,382,710	(1,382,710)
Net investment income	-	(3,781,614)	3,781,614
Benefit payments, including refunds of employee contributions	(7,455,524)	(7,455,524)	-
Administrative expense	-	(73,147)	73,147
Other	-	(3,821)	3,821
Net changes	4,092,644	(7,864,734)	11,957,378
Balance at 9/30/2019	<u>\$ 130,237,725</u>	<u>\$ 118,484,627</u>	<u>\$ 11,753,098</u>

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) \$	28,659,453	11,753,098	(2,223,893)

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, 2019, the Town recognized pension expense of \$4,156,642. At September 30, 2019, 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, 2019

**IV. OTHER INFORMATION (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 538,567	\$ (90,433)
Contributions subsequent to the measurement date	1,709,081	-
Change of assumptions	29,533	-
Difference between projected and actual investment earnings	6,538,442	-
Total	<u>\$ 8,815,623</u>	<u>\$ (90,433)</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 \$1,709,081 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	Net deferred outflows (inflows) of resources
2020	\$ 2,559,440
2021	1,086,833
2022	904,029
2023	2,465,807
Total	<u>\$ 7,016,109</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, 2019, is presented below (in thousands).

Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
<b>Retiree Health Care Plan</b>				
Governmental Activities	\$ 2,907,608	\$ 206,444	\$ (118,265)	\$ 259,648
Business-Type Activities	252,550	17,925	(10,282)	22,578
<b>Supplemental Death Benefits</b>				
Governmental Activities	808,223	52,203	(69,131)	50,002
Business-Type Activities	70,200	4,534	(6,010)	4,348
Total	<u>\$ 4,038,581</u>	<u>\$ 281,106</u>	<u>\$ (203,688)</u>	<u>\$ 336,576</u>

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**IV. OTHER INFORMATION (CONTINUED)**

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 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, 2018 was used for the September 30, 2019 liability and expense. The information that follows was determined as of a valuation date of December 31, 2018.

Employees covered by benefit terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	44
Active Members	<u>262</u>
Total	<u>306</u>

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 2019 contribute \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2019, total retiree contributions were \$150,654.

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 \$3,160,158 was measured as of December 31, 2018.

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**IV. OTHER INFORMATION (CONTINUED)**

Actuarial assumptions

The Town's total OPEB Liability in the December 31, 2018 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.....3.71 percent (3.31% in prior year)
- Healthcare cost trend rates.....7.2 percent for 2020 decreasing to 4.25 after 15 years
- Participation rates.....50 percent of employees who retire before age 65 and 100 percent of employees who retire at age 65 or older

For plans that do not have a formal trust that meets the GASB's requirements, the discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rating as of the measurement date. The rate of 3.71 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.

Changes in the Total OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability
Balance as of 10/1/18	\$ 3,152,539
Changes for the year:	
Service cost	176,485
Interest on OPEB Liability	105,055
Effect of difference in expected & actual experience	(45,102)
Effect of assumptions (change in discount rate)	(94,984)
Benefit payments	(133,836)
Change in total OPEB Liability	<u>7,618</u>
Balance as of 9/30/19	<u>\$ 3,160,157</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 3.71% 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 (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease 2.71%	Current Discount Rate 3.71%	1% Increase 4.71%
Total OPEB liability	\$ 3,501,594	\$ 3,160,157	\$ 2,863,196

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**IV. OTHER INFORMATION (CONTINUED)**

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:

	Current Health Care		
	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB liability	\$ 2,910,449	\$ 3,160,157	\$ 3,459,049

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

For the year ended September 30, 2019, the Town recognized OPEB expense of \$282,226. At September 30, 2019, 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
Differences between expected & actual economic experience	\$ -	\$ 43,778
Change of assumptions	120,581	84,769
Benefit payments made subsequent to measurement date	103,788	-
Total	<u>\$ 224,369</u>	<u>\$ 128,547</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 \$103,788 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2020. 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 September 30	Net deferred outflows (inflows) of resources
2020	\$ 686
2021	686
2022	686
2023	686
2024	686
Thereafter	(11,396)
Total	<u>\$ (7,966)</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**IV. OTHER INFORMATION (CONTINUED)**

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.

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, 2018 was used for the September 30, 2019 liability and expense. The information that follows was determined as of a valuation date of December 31, 2018.

Employees covered by benefit terms

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	153
Inactive employees entitled to but not yet receiving benefits	59
Active employees	<u>263</u>
Total	<u>475</u>

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 2019 were \$5,918.

Total OPEB Liability for Supplemental Death Benefits

The Town’s total OPEB liability for supplemental death benefits of \$878,423 was measured as of December 31, 2018.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2018 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.....	3.71 percent (3.31% in prior year)



**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**IV. OTHER INFORMATION (CONTINUED)**

For plans that do not have a formal trust that meets the GASB's requirements, the discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rating as of the measurement date. The rate of 3.71 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.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability for supplemental death benefits

	<u>Total OPEB Liability</u>	
Balances as of 10/1/18	\$	918,237
Changes for the year:		
Service cost		25,646
Interest on OPEB Liability		30,719
Effect of difference in expected & actual experience		(21,647)
Effect of assumptions (change in discount rate)		(68,614)
Benefit payments		(5,918)
Change in OPEB Liability		<u>(39,814)</u>
Balances as of 9/30/19	\$	<u>878,423</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 3.71% 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 (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease (2.71)%	Current Discount Rate (3.71)%	1% Increase (4.71)%
Total OPEB liability	\$ 1,064,548	\$ 878,424	\$ 735,521

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

For the year ended September 30, 2019, the Town recognized OPEB expense of \$54,350. At September 30, 2019, 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
Differences between expected and actual experience	\$ -	\$ 18,021
Change of assumptions	52,016	57,120
Benefit payments made subsequent to measurement date	<u>4,721</u>	<u>-</u>
Total	<u>\$ 56,737</u>	<u>\$ 75,141</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2019

**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 \$4,721 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2020. 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 September 30	Net deferred outflows (inflows) of resources
2020	\$ (2,016)
2021	(2,016)
2022	(2,016)
2023	(2,412)
2024	(14,665)
Total	<u>\$ (23,125)</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. 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, 2019, and the amount forgone was \$34,041. Over the life of the contract, the entity has forgone \$102,123.

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 \$338,976 during the fiscal year ended September 30, 2019, and has paid \$972,744 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, 2019. Also, the contract requires a tree mitigation amount of \$424,385 to be paid in five installments starting the 10th anniversary of the contract execution date, which was in August 2012.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

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**IV. OTHER INFORMATION (CONTINUED)**

E. New Accounting Pronouncements

The Town has adopted and implemented the following statements during the fiscal year 2019.

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 had no impact on the Town's net position.

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 had no impact on the Town's net position.

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

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. 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. The Town will evaluate the potential impact on the Town's net position.

Statement No. 90, *Majority Equity Interests* – This statement aims to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement will become effective for the Town in fiscal year 2020. The Town will evaluate the potential impact on the Town's net position.

F. Subsequent Events

On October 7, 2019, the Town issued \$16,900,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, to provide funding for improvements to the Town's roadways, sidewalks, bridges, streetscapes, and storm drainage system as well as improvements to a groundwater well to supply water to the Town's Vitruvian Park.

Required Supplementary Information

DRAFT



**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 Five Measurement Years (Previous years are not available)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service cost	\$ 2,819,937	\$ 3,120,695	\$ 2,740,122	\$ 2,862,674	\$ 3,028,227
Interest (on the Total Pension Liability)	8,660,470	9,031,058	7,721,380	8,023,052	8,365,372
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	154,569
Change in assumptions	-	467,077	-	-	-
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)	(5,993,041)	(7,455,524)
Net change in total pension liability	5,299,104	5,861,074	(15,642,716)	5,719,862	4,092,644
Total pension liability - beginning	124,907,757	130,206,861	136,067,935	120,425,219	126,145,081
Total pension liability - ending (a)	130,206,861	136,067,935	120,425,219	126,145,081	130,237,725
Plan fiduciary net position:					
Contributions - employer	1,789,255	1,824,122	1,743,443	1,942,088	2,066,662
Contributions - employee	1,224,976	1,257,382	1,266,899	1,323,808	1,382,710
Net investment income	6,157,338	164,587	7,376,667	15,717,180	(3,781,614)
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,504,175)	(6,038,979)	(5,993,041)	(7,455,524)
Administrative expense	(64,289)	(100,255)	(83,336)	(81,484)	(73,147)
Other	(5,286)	(4,952)	(4,490)	(4,130)	(3,822)
Net change in plan fiduciary net position	3,908,549	(2,363,291)	4,260,204	12,904,421	(7,864,734)
Plan fiduciary net position - beginning	107,639,477	111,548,026	109,184,735	113,444,939	126,349,361
Plan fiduciary net position - ending (b)	111,548,026	109,184,735	113,444,939	126,349,360	118,484,627
Net pension liability/(asset) - ending (a) - (b)	\$ 18,658,835	\$ 26,883,200	\$ 6,980,280	\$ (204,279)	\$ 11,753,098
Plan fiduciary net position as a percentage of total pension liability	85.67%	80.24%	94.20%	100.16%	90.98%
Covered payroll	\$ 17,479,153	\$ 17,945,341	\$ 18,098,559	\$ 18,895,541	\$ 19,727,861
Net pension liability/(asset) as a percentage of covered payroll	106.75%	149.81%	38.57%	-1.08%	59.58%

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, 2019

	(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%
2019	2,172,375	2,172,375	-	21,064,448	10.31%	10.31%

**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 2019:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% 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 Two Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018
Total OPEB liability:		
Total OPEB liability - beginning	\$ 2,881,200	\$ 3,152,539
Service cost	135,826	176,485
Interest on the total OPEB liability	110,017	105,055
Difference between expected and actual experience of the total OPEB liability	(4,477)	(45,102)
Changes of assumptions	153,032	(94,984)
Benefit payments	<u>(123,059)</u>	<u>(133,836)</u>
Net change in total OPEB liability	271,339	7,618
Total OPEB liability - ending	<u>\$ 3,152,539</u>	<u>\$ 3,160,157</u>
Covered-employee payroll	\$ 18,897,760	\$ 20,042,555
Total OPEB liability as a percentage of covered-employee payroll	16.68%	15.77%

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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**

**REQUIRED SUPPLEMENTARY INFORMATION**  
 TMRS Supplemental Death Benefits Fund (SDBF)  
 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Unaudited)  
 Last Two Measurement Years (Previous years are not available)

Total OPEB liability:	Measurement Year 2017	Measurement Year 2018
Total OPEB liability - beginning	\$ 794,578	\$ 918,237
Service cost	20,785	25,646
Interest on the total OPEB liability	30,321	30,720
Differences between expected and actual experience	-	(21,647)
Changes of assumptions	78,222	(68,614)
Benefit payments	(5,669)	(5,918)
Net change in total OPEB liability	<u>123,659</u>	<u>(39,813)</u>
Total OPEB liability - ending	<u>\$ 918,237</u>	<u>\$ 878,424</u>
Covered-employee payroll	\$ 18,895,541	\$ 19,727,861
Total OPEB liability as a percentage of covered-employee payroll	4.86%	4.45%

Changes of assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

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 FUND

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.

**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, 2019

	2019			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
<b>REVENUES:</b>				
Current Property Taxes	\$ 6,751,908	\$ 6,751,908	\$ 6,606,889	\$ (145,019)
Delinquent Property Taxes	-	-	(38,217)	(38,217)
Penalties and Interest	18,000	18,000	16,755	(1,245)
Earnings on Investments	13,600	13,600	23,219	9,619
Total Revenues	<u>6,783,508</u>	<u>6,783,508</u>	<u>6,608,646</u>	<u>(174,862)</u>
<b>EXPENDITURES:</b>				
Contractual Services	2,000	2,000	3,909	(1,909)
Principal Retirement	4,280,000	4,280,000	4,280,000	-
Interest and Fiscal Charges	2,480,208	2,480,208	2,475,279	4,929
Total Expenditures	<u>6,762,208</u>	<u>6,762,208</u>	<u>6,759,188</u>	<u>3,020</u>
Net Change in Fund Balance	21,300	21,300	(150,542)	(171,842)
Fund Balances at Beginning of Year	<u>168,535</u>	<u>168,535</u>	<u>168,535</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 189,835</u>	<u>\$ 189,835</u>	<u>\$ 17,993</u>	<u>\$ (171,842)</u>



## 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, 2019

	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>							
Pooled Cash and Investments	\$ 240,807	\$ 54,492	\$ 34,821	\$ 1,868,420	\$ 2,611	\$ 302,279	\$ 2,503,430
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	8,933	-	-	8,933
Interest	679	133	96	5,429	-	868	7,205
Intergovernmental	-	4,510	-	-	1,182	-	5,692
Total Assets	<u>\$ 241,486</u>	<u>\$ 59,135</u>	<u>\$ 34,917</u>	<u>\$ 1,882,782</u>	<u>\$ 3,793</u>	<u>\$ 303,147</u>	<u>\$ 2,525,260</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 61,613	\$ 2,248	\$ -	\$ 76,830	\$ 125	\$ -	\$ 140,816
Total Liabilities	<u>61,613</u>	<u>2,248</u>	<u>-</u>	<u>76,830</u>	<u>125</u>	<u>-</u>	<u>140,816</u>
Deferred Inflows of Resources:							
Unavailable Resources	-	-	-	8,933	153	-	9,086
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,933</u>	<u>153</u>	<u>-</u>	<u>9,086</u>
Fund Balances:							
Nonspendable							
Restricted							
Child Safety	90,718	-	-	-	-	-	90,718
Justice Administration	23,829	-	-	-	-	-	23,829
Court Technology	27,831	-	-	-	-	-	27,831
Court Security	37,495	-	-	-	-	-	37,495
Public Safety	-	56,887	34,917	-	3,515	-	95,319
Governmental Public Education	-	-	-	-	-	303,147	303,147
Committed:							
Economic Development	-	-	-	1,797,019	-	-	1,797,019
Total Fund Balance	<u>179,873</u>	<u>56,887</u>	<u>34,917</u>	<u>1,797,019</u>	<u>3,515</u>	<u>303,147</u>	<u>2,375,358</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 241,486</u>	<u>\$ 59,135</u>	<u>\$ 34,917</u>	<u>\$ 1,882,782</u>	<u>\$ 3,793</u>	<u>\$ 303,147</u>	<u>\$ 2,525,260</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, 2019

	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	\$ -	\$ -	\$ -	\$ 1,086,365	\$ -	\$ -	\$ 1,086,365
Franchise Fees	-	-	-	-	-	54,160	54,160
Intergovernmental	-	7,154	5,064	-	109,723	-	121,941
Service Fees	-	-	-	64,026	-	-	64,026
Fines and Forfeitures	39,359	-	-	-	-	-	39,359
Earnings on Investments	5,890	1,209	876	48,416	570	6,945	63,906
Other	-	-	7,500	-	1,654	-	9,154
Total Revenues	<u>45,249</u>	<u>8,363</u>	<u>13,440</u>	<u>1,198,807</u>	<u>111,947</u>	<u>61,105</u>	<u>1,438,911</u>
<b>EXPENDITURES:</b>							
General Government	-	-	-	-	1,654	-	1,654
Public Safety	-	-	9,592	-	109,876	-	119,468
Municipal Court	53,096	-	-	-	-	-	53,096
Economic Development	-	-	-	1,553,813	-	-	1,553,813
Total Expenditures	<u>53,096</u>	<u>-</u>	<u>9,592</u>	<u>1,553,813</u>	<u>111,530</u>	<u>-</u>	<u>1,728,031</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(7,847)</u>	<u>8,363</u>	<u>3,848</u>	<u>(355,006)</u>	<u>417</u>	<u>61,105</u>	<u>(289,120)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>							
Transfers In	-	-	-	715,000	-	-	715,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>715,000</u>	<u>-</u>	<u>-</u>	<u>715,000</u>
Net Change in Fund Balance	<u>(7,847)</u>	<u>8,363</u>	<u>3,848</u>	<u>359,994</u>	<u>417</u>	<u>61,105</u>	<u>425,880</u>
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 179,873</u>	<u>\$ 56,887</u>	<u>\$ 34,917</u>	<u>\$ 1,797,019</u>	<u>\$ 3,515</u>	<u>\$ 303,147</u>	<u>\$ 2,375,358</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, 2019**

	2019			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and Forfeitures	\$ 19,800	\$ 19,800	\$ 39,359	\$ 19,559
Earnings on Investments	2,100	2,100	5,890	3,790
Total Revenues	<u>21,900</u>	<u>21,900</u>	<u>45,249</u>	<u>23,349</u>
<b>EXPENDITURES:</b>				
Salaries and Fringe Benefits	23,163	23,163	20,331	2,832
Supplies	49,000	49,000	30,200	18,800
Maintenance and Materials	1,000	1,000	1,506	(506)
Contractual Services	-	-	1,059	(1,059)
Total Expenditures	<u>73,163</u>	<u>73,163</u>	<u>53,096</u>	<u>20,067</u>
Net Change in Fund Balance	(51,263)	(51,263)	(7,847)	43,416
Fund Balance at Beginning of Year	<u>187,720</u>	<u>187,720</u>	<u>187,720</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 136,457</u>	<u>\$ 136,457</u>	<u>\$ 179,873</u>	<u>\$ 43,416</u>



**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, 2019**

	2019			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 7,154	\$ 7,154
Earnings on Investments	200	200	1,209	1,009
Total Revenues	200	200	8,363	8,163
<b>EXPENDITURES:</b>				
General Government				
Public Safety				
Supplies	25,000	25,000	-	25,000
Total Expenditures	25,000	25,000	-	25,000
Net Change in Fund Balance	(24,800)	(24,800)	8,363	33,163
Fund Balance at Beginning of Year	48,524	48,524	48,524	-
Fund Balance at End of Year	\$ 23,724	\$ 23,724	\$ 56,887	\$ 33,163

**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, 2019**

	2019			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 5,064	\$ (8,936)
Earnings on Investments	200	200	876	676
Other	-	-	7,500	7,500
Total Revenues	<u>14,200</u>	<u>14,200</u>	<u>13,440</u>	<u>(760)</u>
<b>EXPENDITURES:</b>				
Supplies	-	-	5,114	(5,114)
Contractual Services	13,700	13,700	4,478	9,222
Total Expenditures	<u>13,700</u>	<u>13,700</u>	<u>9,592</u>	<u>4,108</u>
Net Change in Fund Balance	500	500	3,848	3,348
Fund Balance at Beginning of Year	<u>31,069</u>	<u>31,069</u>	<u>31,069</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 31,569</u>	<u>\$ 31,569</u>	<u>\$ 34,917</u>	<u>\$ 3,348</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, 2019**

	2019			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 1,080,834	\$ 1,080,834	\$ 1,086,365	\$ 5,531
Service Fees	60,500	60,500	64,026	3,526
Earnings on Investments	7,000	7,000	48,416	41,416
Total Revenues	<u>1,148,334</u>	<u>1,148,334</u>	<u>1,198,807</u>	<u>50,473</u>
<b>EXPENDITURES:</b>				
Salaries and Fringe Benefits	463,125	463,125	453,009	10,116
Supplies	23,604	23,604	18,457	5,147
Maintenance and Materials	22,866	22,866	17,806	5,060
Contractual Services	1,329,252	1,329,252	1,042,520	286,732
Capital Replacement	22,021	22,021	22,021	-
Total Expenditures	<u>1,860,868</u>	<u>1,860,868</u>	<u>1,553,813</u>	<u>307,055</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(712,534)</u>	<u>(712,534)</u>	<u>(355,006)</u>	<u>357,528</u>
<b>Other financing sources (uses)</b>				
Transfers In	715,000	715,000	715,000	-
Total other financing sources (uses)	<u>715,000</u>	<u>715,000</u>	<u>715,000</u>	<u>-</u>
Net Change in Fund Balance	2,466	2,466	359,994	357,528
Fund Balance at Beginning of Year	<u>1,437,025</u>	<u>1,437,025</u>	<u>1,437,025</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,439,491</u>	<u>\$ 1,439,491</u>	<u>\$ 1,797,019</u>	<u>\$ 357,528</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, 2019**

	2019			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Franchise Fees	\$ 60,000	\$ 60,000	\$ 54,160	\$ (5,840)
Earnings on Investments	1,000	1,000	6,945	5,945
Total Revenues	<u>61,000</u>	<u>61,000</u>	<u>61,105</u>	<u>105</u>
Net Change in Fund Balance	61,000	61,000	61,105	105
Fund Balance at Beginning of Year	<u>242,042</u>	<u>242,042</u>	<u>242,042</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 303,042</u>	<u>\$ 303,042</u>	<u>\$ 303,147</u>	<u>\$ 105</u>

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## PROPRIETARY FUNDS

### Internal Service Funds:

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

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

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

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

**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2019**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Pooled Cash and Investments	\$ 3,545,096	\$ 3,678,703	\$ 7,223,799
Interest Receivable	10,136	10,269	20,405
Total Current Assets	<u>3,555,232</u>	<u>3,688,972</u>	<u>7,244,204</u>
Non-Current Assets:			
Capital Assets:			
Machinery and Equipment	8,599,522	6,737,932	15,337,454
Accumulated Depreciation	<u>(4,605,565)</u>	<u>(5,030,757)</u>	<u>(9,636,322)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>3,993,957</u>	<u>1,707,175</u>	<u>5,701,132</u>
Total Assets	<u>7,549,189</u>	<u>5,396,147</u>	<u>12,945,336</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>117,663</u>	<u>127,365</u>	<u>245,028</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	3,993,957	1,707,175	5,701,132
Unrestricted	<u>3,437,569</u>	<u>3,561,607</u>	<u>6,999,176</u>
Total Net Position	<u>\$ 7,431,526</u>	<u>\$ 5,268,782</u>	<u>\$ 12,700,308</u>

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year Ended September 30, 2019**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES:</b>			
Other Income	\$ 4,700	\$ -	\$ 4,700
Department Contributions	1,288,000	853,524	2,141,524
Total Operating Revenues	<u>1,292,700</u>	<u>853,524</u>	<u>2,146,224</u>
<b>OPERATING EXPENSES:</b>			
Supplies	-	21,179	21,179
Maintenance and Materials	-	8,999	8,999
Contractual Services	4,189	28,958	33,147
Total Operating Expenses (Excluding Depreciation)	<u>4,189</u>	<u>59,136</u>	<u>63,325</u>
Depreciation	684,833	341,298	1,026,131
Total Operating Expenses	<u>689,022</u>	<u>400,434</u>	<u>1,089,456</u>
<b>OPERATING INCOME</b>	<u>603,678</u>	<u>453,090</u>	<u>1,056,768</u>
<b>NON-OPERATING REVENUES/(EXPENSES):</b>			
Investment Income	66,078	4,949	71,027
Gain/(Loss) on Disposal of Assets	50,398	-	50,398
Total Non-Operating Revenues/(Expenses)	<u>116,476</u>	<u>4,949</u>	<u>121,425</u>
<b>NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS</b>	720,154	458,039	1,178,193
Transfers Out	<u>(74,472)</u>	<u>(334,910)</u>	<u>(409,382)</u>
<b>CHANGE IN NET POSITION</b>	645,682	123,129	768,811
Net Position at Beginning of Year	<u>6,785,844</u>	<u>5,145,653</u>	<u>11,931,497</u>
Net Position at End of Year	<u>\$ 7,431,526</u>	<u>\$ 5,268,782</u>	<u>\$ 12,700,308</u>

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

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2019**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Department Contributions	\$ 1,292,700	\$ 853,524	\$ 2,146,224
Payments to Suppliers	(4,140)	(152,602)	(156,742)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>1,288,560</u>	<u>700,922</u>	<u>1,989,482</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(961,414)	(194,262)	(1,155,676)
Proceeds from Sale of Capital Assets	72,436	-	72,436
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(888,978)</u>	<u>(194,262)</u>	<u>(1,083,240)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on Cash and Investments	62,092	1,045	63,137
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>62,092</u>	<u>1,045</u>	<u>63,137</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	461,674	507,705	969,379
Cash and Cash Equivalents, October 1	3,083,422	3,170,998	6,254,420
Cash and Cash Equivalents, September 30	<u>\$ 3,545,096</u>	<u>\$ 3,678,703</u>	<u>\$ 7,223,799</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 603,678	\$ 453,090	\$ 1,056,768
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	684,833	341,298	1,026,131
Change in Assets and Liabilities:			
(Increase)/Decrease in Prepaid Items	-	9,000	9,000
Increase/(Decrease) in Accounts Payable	49	(102,466)	(102,417)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 1,288,560</u>	<u>\$ 700,922</u>	<u>\$ 1,989,482</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital Assets in Accounts Payable	\$ 116,613	\$ 126,597	\$ 243,210
Transfers of Capital Assets	(74,472)	(334,910)	(409,382)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>42,141</u>	<u>\$ (208,313)</u>	<u>\$ (166,172)</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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 125,521,642
Restricted for:										
Debt Service	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619	83,524
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	3,449,095
Child Safety	-	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284	90,718
Justice Administration	-	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222	52,722
Court Technology	-	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370	27,831
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	37,495
Public Safety	-	-	-	-	-	-	-	33,238	84,870	101,240
Other purposes	-	-	32,449	22,235	-	25,484	33,694	191,575	242,042	303,147
Unrestricted	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	33,180,155
<b>Total Net Position - Governmental Activities</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>\$ 162,847,569</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 63,424,919
Unrestricted	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	25,438,188
	<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>\$ 88,863,107</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 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	\$ 188,946,561
Restricted for:										
Debt Service	-	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619	83,524
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	3,449,095
Child Safety	-	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284	90,718
Justice Administration	-	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222	52,722
Court Technology	-	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370	27,831
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	37,495
Public Safety	-	-	-	-	-	-	-	33,238	84,870	101,240
Other Purposes	-	-	32,449	22,235	-	25,484	33,694	191,575	242,042	303,147
Unrestricted	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	58,618,343
<b>Total Net Position - Primary Government</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>	<b>\$ 251,710,676</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)**

	2010	2011	2012	2013
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 6,876,385	\$ 6,709,095	\$ 6,485,716	\$ 7,021,312
Public Safety	14,550,333	14,914,759	15,130,157	15,229,474
Development Services	938,059	866,023	879,253	925,830
Streets	5,277,938	4,913,524	5,028,071	8,387,857
Parks and Recreation	4,502,295	4,742,946	4,963,327	5,062,784
Visitor Services	6,027,442	6,431,136	6,852,198	7,239,033
Interest on Long-Term Debt	2,423,732	2,261,571	2,548,945	3,054,940
<b>Total Governmental Activities</b>	<b>40,596,184</b>	<b>40,839,054</b>	<b>41,887,667</b>	<b>46,921,230</b>
<b>Business-type Activities:</b>				
Airport	4,181,256	4,387,384	4,526,398	5,188,321
Utilities	8,529,681	8,633,217	9,178,844	9,459,791
Storm Water	-	-	-	234,257
<b>Total Business-type Activities</b>	<b>12,710,937</b>	<b>13,020,601</b>	<b>13,705,242</b>	<b>14,882,369</b>
<b>Total Expenses - Primary Government</b>	<b>\$ 53,307,121</b>	<b>\$ 53,859,655</b>	<b>\$ 55,592,909</b>	<b>\$ 61,803,599</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General Government	\$ 266,954	\$ 143,529	\$ 208,734	\$ 225,731
Public Safety	2,094,280	1,899,711	2,225,165	1,611,320
Development Services	835,808	1,213,741	956,089	888,908
Streets	332,330	2,299,731	378,982	384,303
Parks and Recreation	108,113	107,387	114,164	114,866
Visitor Services	2,183,247	2,007,821	2,429,686	2,379,812
Operating Grants and Contributions	230,290	223,290	164,749	73,578
Capital Grants and Contributions	1,348,141	3,429,804	568,285	-
<b>Total Governmental Activities</b>	<b>7,399,163</b>	<b>11,325,516</b>	<b>7,045,854</b>	<b>5,678,518</b>
<b>Business-type Activities:</b>				
<b>Charges for Services:</b>				
Airport	4,289,225	4,526,593	4,255,547	4,505,430
Utilities	8,806,069	10,740,568	11,128,700	10,802,692
Storm Water	-	-	-	1,307,573
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,102,850	9,668,165	1,258,798	9,331,840
<b>Total Business-type Activities</b>	<b>14,198,144</b>	<b>24,935,326</b>	<b>16,643,045</b>	<b>25,947,535</b>
<b>Total Program Revenues - Primary Government</b>	<b>\$ 21,597,307</b>	<b>\$ 36,260,842</b>	<b>\$ 23,688,899</b>	<b>\$ 31,626,053</b>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (33,197,021)	\$ (29,513,538)	\$ (34,841,813)	\$ (41,242,712)
Business-Type Activities	1,487,207	11,914,725	2,937,803	11,065,166
<b>Total Net Expense - Primary Government</b>	<b>\$ (31,709,814)</b>	<b>\$ (17,598,813)</b>	<b>\$ (31,904,010)</b>	<b>\$ (30,177,546)</b>
<b>General Revenues</b>				
<b>Taxes:</b>				
Property Taxes, Levied for General Purposes	\$ 15,900,631	\$ 15,772,858	\$ 17,400,696	\$ 17,975,149
Sales Taxes	9,987,439	10,604,803	11,988,116	13,029,712
Franchise Taxes	2,578,154	2,792,601	2,699,520	3,021,899
Hotel/Motel Taxes	3,666,781	4,000,786	4,295,149	4,575,083
Interest on Investments	339,986	148,966	99,065	133,140
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	2,474,485	772,276	769,837	461,641
Transfers	-	-	-	-
<b>Total General Revenues and Transfers</b>	<b>34,947,476</b>	<b>34,092,290</b>	<b>37,252,383</b>	<b>39,196,624</b>
<b>Business-type Activities</b>				
Interest on Investments	11,065	(16,178)	(51,843)	(71,264)
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	18,732	10,145	405	(30,525)
Transfers	-	-	-	-
<b>Total Business-type Activities</b>	<b>29,797</b>	<b>(6,033)</b>	<b>(51,438)</b>	<b>(101,789)</b>
<b>Change in Net Position</b>				
Governmental Activities	1,750,455	4,578,752	2,410,570	(2,046,088)
Business-type Activities	1,517,004	11,908,692	2,886,365	10,963,377
<b>Total Change in Net Position - Primary Government</b>	<b>\$ 3,267,459</b>	<b>\$ 16,487,444</b>	<b>\$ 5,296,935</b>	<b>\$ 8,917,289</b>

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 2

2014	2015	2016	2017	2018	2019
\$ 7,938,875	\$ 8,730,944	\$ 10,015,214	\$ 7,184,325	\$ 10,218,620	\$ 10,149,540
15,765,099	16,820,899	17,528,619	7,021,636	17,814,777	19,855,190
932,247	1,032,105	1,278,232	100,924	1,379,071	3,137,715
6,450,628	8,105,373	6,567,732	6,660,591	7,249,140	7,677,651
5,597,254	5,517,049	5,796,136	4,259,992	6,068,682	6,840,345
7,358,141	6,106,103	7,537,477	6,839,484	7,118,492	6,884,597
3,037,574	3,018,672	2,417,435	1,713,819	2,038,203	1,938,010
<u>47,079,818</u>	<u>49,331,145</u>	<u>51,140,845</u>	<u>33,780,771</u>	<u>51,886,985</u>	<u>56,483,048</u>
6,027,300	5,893,611	6,454,693	6,509,127	6,996,377	6,574,351
10,317,160	10,748,886	10,821,202	10,081,401	12,708,842	12,329,112
768,016	848,354	2,092,187	1,408,133	820,337	1,427,551
<u>17,112,476</u>	<u>17,490,851</u>	<u>19,368,082</u>	<u>17,998,661</u>	<u>20,525,556</u>	<u>20,331,014</u>
<u>\$ 64,192,294</u>	<u>\$ 66,821,996</u>	<u>\$ 70,508,927</u>	<u>\$ 51,779,432</u>	<u>\$ 72,412,541</u>	<u>\$ 76,814,062</u>
\$ 235,233	\$ 688,005	\$ 753,062	\$ 961,336	\$ 407,531	\$ 763,244
1,506,770	945,217	1,070,517	947,071	848,523	916,430
904,895	1,015,053	774,364	1,242,223	1,414,425	1,379,721
390,453	400,561	375,564	391,126	414,493	403,676
102,288	82,681	74,719	86,595	82,122	64,453
2,195,803	1,890,522	3,532,634	3,249,506	2,206,293	1,834,700
19,093	25,806	27,472	51,063	106,322	100,904
-	158,253	148,518	-	121,578	130,000
<u>5,354,535</u>	<u>5,206,098</u>	<u>6,756,850</u>	<u>6,928,920</u>	<u>5,601,287</u>	<u>5,593,128</u>
4,857,759	5,138,479	5,387,660	5,479,786	6,197,849	6,725,125
9,953,099	9,877,262	10,576,707	10,983,136	12,178,231	11,847,562
1,640,615	1,726,526	1,883,841	2,034,484	2,140,112	2,237,953
-	-	129,093	50,000	121,226	69,241
7,660,647	1,025,835	2,130,601	148,158	395,372	457,426
<u>24,112,120</u>	<u>17,768,102</u>	<u>20,107,902</u>	<u>18,695,564</u>	<u>21,032,790</u>	<u>21,337,307</u>
<u>\$ 29,466,655</u>	<u>\$ 22,974,200</u>	<u>\$ 26,864,752</u>	<u>\$ 25,624,484</u>	<u>\$ 26,634,077</u>	<u>\$ 26,930,435</u>
\$ (41,725,283)	\$ (44,125,047)	\$ (44,383,995)	\$ (26,851,851)	\$ (46,285,698)	\$ (50,889,920)
6,999,644	277,251	739,820	696,903	507,234	1,006,293
<u>(34,725,639)</u>	<u>(43,847,796)</u>	<u>(43,644,175)</u>	<u>(26,154,948)</u>	<u>(45,778,464)</u>	<u>(49,883,627)</u>
\$ 19,484,538	\$ 20,385,225	\$ 22,593,188	\$ 23,572,225	\$ 23,600,531	\$ 25,180,507
14,222,194	14,104,584	13,847,507	15,126,354	17,734,689	16,258,669
2,806,656	2,828,420	3,074,519	2,664,422	2,624,458	2,513,414
5,011,671	5,510,406	6,132,432	5,996,924	5,507,072	5,436,211
130,419	181,811	316,288	472,896	831,714	1,365,659
-	-	-	-	27,311	12,935
613,432	590,619	581,628	3,736,791	292,272	328,764
(4,626,322)	-	-	800,000	500,000	500,000
<u>37,642,588</u>	<u>43,601,065</u>	<u>46,545,562</u>	<u>52,369,612</u>	<u>51,118,047</u>	<u>51,596,159</u>
(22,013)	100,928	151,937	185,046	335,367	833,703
-	-	-	-	(242,744)	-
7,232	512,888	135,897	43,048	22,102	68,955
4,626,322	-	-	(800,000)	(500,000)	(500,000)
<u>4,611,541</u>	<u>613,816</u>	<u>287,834</u>	<u>(571,906)</u>	<u>(385,275)</u>	<u>402,658</u>
(4,082,695)	(523,982)	2,161,567	25,517,761	4,832,349	706,239
11,611,185	891,067	1,027,654	124,997	121,959	1,408,951
<u>\$ 7,528,490</u>	<u>\$ 367,085</u>	<u>\$ 3,189,221</u>	<u>\$ 25,642,758</u>	<u>\$ 4,954,308</u>	<u>\$ 2,115,190</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 188,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:										
Inventories	-	87,835	114,733	44,486	66,933	63,176	41,001	39,550	54,843	34,155
Prepaid Items	-	67,135	57,054	291,424	272,713	267,357	84,681	449,442	442,875	470,103
Assigned for Other Purposes	-	61,193	23,061	-	-	-	-	-	-	-
Unassigned	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	20,083,986
Total General Fund	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	20,588,244
All Other Governmental Funds										
Reserved	1,302,623	-	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	51,469	-	-	-	-	-	-	-	-	-
Capital Project Funds	20,334,339	-	-	-	-	-	-	-	-	-
Debt Service Funds	863,925	-	-	-	-	-	-	-	-	-
Hotel Fund	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	17,993
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	3,449,095
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	11,067,329
Child Safety	-	-	-	93,472	101,664	88,479	98,540	86,906	84,284	90,718
Justice Administration	-	-	-	30,635	31,898	28,893	30,952	21,851	23,222	23,829
Court Technology	-	83,827	201,286	74,895	79,591	77,831	86,147	74,667	33,370	27,831
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	37,495
Public Safety	-	-	-	-	-	-	30,521	31,059	82,691	95,319
Other Purposes	-	45,500	36,793	22,235	-	25,484	327,000	191,575	242,042	303,147
Committed for:										
Capital Projects	-	-	-	-	-	-	-	7,688,169	8,120,427	8,951,963
Economic Development	-	358,676	516,823	664,401	477,233	752,819	968,178	1,257,093	1,437,025	1,797,019
Assigned for:										
Other Purposes	-	27,603	-	-	-	-	-	-	-	-
Unassigned	-	115,223	(3,883)	(6,364)	3,115	-	-	-	-	-
Total All Other Governmental Funds	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	25,861,738
Total Governmental Funds	\$ 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	\$ 46,449,982

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)

	2010	2011	2012	2013
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 15,900,747	\$ 15,803,400	\$ 17,471,642	\$ 18,047,998
Non-Property Taxes	13,744,620	14,564,185	16,183,779	17,604,795
Franchise Fees	2,578,154	2,760,188	2,727,370	2,695,073
Licenses and Permits	833,178	1,210,058	953,709	886,423
Intergovernmental	1,323,831	3,543,357	2,676,792	73,578
Service Fees	3,135,434	2,840,317	3,104,592	2,939,606
Fines and Forfeitures	1,215,414	1,104,477	1,208,773	1,082,115
Earnings on Investments	298,634	122,128	75,972	122,169
Rental Charges	700,207	733,957	931,619	1,119,737
Recycling Proceeds	21,126	22,608	26,414	25,539
Other	2,277,342	531,149	483,009	105,803
<b>Total Revenues</b>	<b>42,028,687</b>	<b>43,235,824</b>	<b>45,843,671</b>	<b>44,702,836</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	6,323,891	6,353,784	6,135,191	6,371,055
Public Safety	13,812,617	14,857,023	15,075,757	14,945,841
Development Services	887,132	885,218	886,705	927,684
Streets	1,672,375	1,612,011	1,612,699	1,750,500
Parks and Recreation	3,698,831	4,061,666	4,269,381	4,316,689
Visitor Services	5,445,391	7,655,939	6,171,479	7,116,334
Municipal Court	-	-	54,370	53,112
Economic Development	-	342,200	469,679	624,014
Debt Service:				
Principal Retirement	4,369,520	3,873,610	4,738,040	4,701,161
Interest and Fiscal Charges	2,444,875	2,284,774	1,918,640	2,747,654
Debt Issuance Costs	-	-	141,666	-
Capital Projects:				
Salaries and Fringe Benefits	-	-	-	-
Supplies	937	-	17,635	80,660
Maintenance and Materials	231,367	9,870	-	3,946
Other	-	-	-	138,236
Engineering and Contractual Services	2,585,480	1,846,919	796,958	2,165,061
Construction and Equipment	9,431,214	14,375,210	3,038,501	3,742,776
<b>Total Expenditures</b>	<b>50,903,630</b>	<b>58,158,224</b>	<b>45,326,701</b>	<b>49,684,723</b>
Excess/(Deficiency) of Revenues over Expenditures	(8,874,943)	(14,922,400)	516,970	(4,981,887)
<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	-	-	-	7,790,000
Discount on issuance of bonds	-	-	(632,482)	-
Bond Issuance Costs	-	-	-	-
Premium on Issuance of Bonds	-	-	4,133,956	292,493
Transfers In	2,133,827	1,384,156	1,258,263	578,501
Transfers Out	(2,133,827)	(1,384,156)	(3,074,679)	(578,501)
Proceeds on Asset Sales	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>33,165,216</b>	<b>8,082,493</b>
<b>Net Change in Fund Balance</b>	<b>\$ (8,874,943)</b>	<b>\$ (14,922,400)</b>	<b>\$ 33,682,186</b>	<b>\$ 3,100,606</b>
Debt Service as a Percentage of Non-Capital Expenditures	17.63%	15.40%	16.32%	17.27%

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 4

	2014	2015	2016	2017	2018	2019
\$	19,274,720	\$ 20,560,124	\$ 22,559,004	\$ 23,521,642	\$ 23,783,670	\$ 25,196,771
	19,444,668	19,728,511	20,181,697	21,217,028	23,148,710	21,595,724
	2,818,869	2,828,420	3,074,519	2,664,422	2,624,458	2,513,414
	901,645	1,011,223	768,964	1,225,373	1,404,035	1,366,941
	19,093	180,612	160,619	15,565	16,228	193,904
	2,758,458	2,543,707	4,463,789	4,520,358	3,620,748	2,997,653
	988,574	764,144	603,282	468,734	358,737	415,721
	143,299	277,680	372,088	472,896	831,714	1,365,659
	1,119,551	1,201,389	949,956	704,701	635,165	566,257
	13,295	10,403	2,426	3,258	11,407	616
	206,157	199,880	377,608	391,883	324,961	254,100
	47,688,329	49,306,093	53,513,952	55,205,860	56,759,833	56,466,760
	6,646,587	7,657,465	7,598,584	8,057,632	8,381,216	8,923,060
	15,876,424	16,699,726	16,301,539	16,945,126	17,919,259	18,708,501
	962,584	1,090,973	1,207,871	1,158,967	1,374,246	1,350,598
	1,727,403	1,803,139	1,791,257	1,942,584	1,895,171	1,777,128
	4,874,394	4,755,341	4,912,455	5,020,975	5,054,566	5,520,903
	6,730,501	5,454,910	7,077,371	7,595,136	6,780,909	7,313,226
	30,878	60,426	17,610	66,616	75,904	53,096
	1,029,585	1,281,649	1,349,920	1,747,750	1,475,201	1,553,813
	5,086,153	5,473,152	5,800,151	5,618,331	4,909,148	4,280,000
	3,110,704	3,417,820	3,089,643	2,810,607	2,631,422	2,475,279
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	12,459	-	-	-	-	-
	-	-	-	-	-	-
	422,982	5,076,254	62,647	416,179	758,687	1,469,752
	8,241,546	3,840,912	9,086,389	7,583,129	9,414,596	6,115,742
	54,752,200	56,611,767	58,295,437	58,963,032	60,670,325	59,541,098
	(7,063,871)	(7,305,674)	(4,781,485)	(3,757,172)	(3,910,492)	(3,074,338)
	-	-	-	-	-	-
	-	-	-	-	-	-
	12,000,000	-	-	-	-	-
	-	-	-	-	-	-
	97,299	-	-	-	-	-
	570,000	5,226,082	2,349,124	7,624,205	3,618,152	5,686,504
	(570,000)	(5,226,082)	(2,349,124)	(6,824,205)	(3,118,152)	(5,186,504)
	-	-	-	3,212,610	27,311	12,935
	12,097,299	-	-	4,012,610	527,311	512,935
\$	5,033,428	\$ (7,305,674)	\$ (4,781,485)	\$ 255,438	\$ (3,383,181)	\$ (2,561,403)
	16.11%	18.38%	18.07%	16.41%	14.71%	12.98%

**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
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
2019	46,792,495	2,513,414	1,366,941	193,904	2,997,653	415,721	1,365,659	566,257	254,716	56,466,760

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
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	6,755,279	49,711,751
2019	8,976,156	18,708,501	1,350,598	1,777,128	5,520,903	7,313,226	1,553,813	6,755,279	51,955,604

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
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
2019	25,196,771	15,017,082	1,151,057	2,513,414	5,427,585	49,305,909

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

Notes:

(1) 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>
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
2019	2018	4,477,513,780	729,708,210	(481,462,821)	4,725,759,169	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>					
	Operating General Rates	General Obligation Debt Service	Total Direct Ad Valorem Rate	Dallas County	Community College District	Dallas ISD	Carrollton/Farmers Branch ISD	Dallas County Hospital District	Total Ad Valorem Rate
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
2019	0.4073	0.1427	0.5500	0.2531	0.1240	1.4120	1.3700	0.2794	2.6185

**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
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%
2019	2018	26,050,652	25,281,036	97.0%	(152,247)	25,128,789	96.5%

**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			
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
2019	51,888,184	11,604,403	6,410,005	28,118,950	98,021,542	11.31	6,123

**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
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
2019	57,654,198	39,023,647	17,993	96,659,852	2.05	6,121.59

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, 2019

Taxing Jurisdiction	Bonded Debt	Percent Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 230,980,000	1.42%	\$ 3,279,916
Dallas County	151,495,000	1.69%	2,560,266
Dallas County Community College District	182,800,000	1.69%	3,089,320
Dallas County Hospital District	671,290,000	1.69%	11,344,801
Dallas County Schools	36,801,240	2.08%	765,466
Dallas ISD	2,676,385,000	3.38%	90,461,813
Total Overlapping Debt			111,501,582
Town of Addison (Direct Debt)	\$ 59,290,000 <sup>(2)</sup>	100%	59,290,000
Total Direct and Overlapping Debt			<u>\$ 170,791,582</u>
Ratio of Overlapping Bonded Debt to 2017 Taxable Assessed Valuation			3.61%
Per Capita Overlapping Bonded Debt			\$ 10,816

**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	
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
2019	11,939,132	10,729,825	1,209,307	-	-	-	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
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
2019	7,354,784	956,507	6,398,277	-	-	-	N/A

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>5</sup>
2010	13,056	3,311,049,800	558,248	42,758	3,300,761	7.9%
2011	13,060	3,058,773,717	596,254	45,655	3,374,414	7.6%
2012	13,680	3,028,042,568	610,333	44,615	3,420,186	6.4%
2013	13,840	3,134,894,878	652,418	47,140	3,474,226	5.9%
2014	15,180	3,490,007,698	756,981	49,867	3,539,326	4.8%
2015	15,530	3,805,580,841	750,379	48,318	3,585,279	3.9%
2016	15,600	4,036,723,767	753,761	48,318	3,703,339	3.9%
2017	15,730	4,300,271,555	760,042	48,318	3,810,780	3.3%
2018	15,760	4,450,533,504	852,821	54,113	3,900,458	3.4%
2019	15,790	4,819,907,442	854,444	54,113	4,014,600	3.2%

**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.
- (5) Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented represents the City of Farmer's Branch, a neighboring city.

**PRINCIPAL PROPERTY TAXPAYERS**  
Current Year and Nine Years Ago

Name of Taxpayer	Nature of Property	2019			2010		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
FPG Colonnade LP	Land, Office Buildings	\$ 225,004,500	1	4.76%			
Post Apartment Homes	Mixed Development	185,000,000	2	3.91%			
SAYOYE2 LLC	Apartments	121,841,700	3	2.58%			
5100 Belt Line Investors LLC	Insurance	99,250,000	4	2.10%			
Mary Kay INC	Office Buildings	92,730,890	5	1.96%			
COP Spectrum Center LLC	Office Buildings	86,000,000	6	1.82%			
Gaedeke Holdings IX LLC	Office Buildings	78,015,630	7	1.65%			
Fiori LLC	Land, Hotel	78,000,000	8	1.65%			
DCO Realty Inc	Land, Office Buildings	77,877,520	9	1.65%			
GS Addison Circle LLC	Office Buildings	74,221,380	10	1.57%			
Colonnade Realty Holdings	Land, Office Buildings				\$ 117,997,180	1	3.86%
Post Addison Circle	Mixed Development				115,000,000	2	3.76%
Richmont Properties Ltd	Land, Office Buildings				63,318,740	3	2.07%
G&I V VOP LP	Land, Office Buildings				50,000,000	4	1.63%
DCO Savoye LLC	Apartments				48,690,430	5	1.59%
MBNA Texas Properties	Land, Office Buildings				44,318,610	6	1.45%
Spectrum Center Partners	Office Buildings				43,431,250	7	1.42%
KBS Millennium LLC	Office Buildings				40,298,490	8	1.32%
Fairfield Addison Circle	Apartments				33,800,000	9	1.11%
FSP Addison Circle LP	Land, Office Buildings				31,566,000	10	1.03%
		<u>\$ 1,117,941,620</u>		<u>23.66%</u>	<u>\$ 588,420,700</u>		<u>19.24%</u>

**SOURCE:** Dallas County Tax Office (2019); Town of Addison CAFR (2010)

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

Company	Type of Business	2019		2010	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Mary Kay Cosmetics	Cosmetics	1,200	1.80%	1,183	2.59%
Bank of America	Finance	1,200	1.80%	837	1.83%
Homeward Residential Inc	Finance	750	1.13%	N/A	N/A
Regus Texas	Real Estate	590	0.89%	250	0.55%
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%	N/A	N/A
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%	258	0.57%
Pizza Hut Corporate Office	Food Specialties	N/A		620	1.36%
Concentra Health Services	Medical	N/A		432	0.95%
Glazers Wholesale	Beer, Wine and Spirits	N/A		300	0.66%
United Surgical Partners	Medical	N/A		275	0.60%
National Business Research	Surveying and Research	N/A		267	0.58%
Palm Harbor Homes LP	Manufactured Homes	N/A		240	0.53%

**SOURCE:** North Central Texas Council of Governments (2019); Town of Addison CAFR (2010)

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government</b>										
City Manager's Office	8.5	8.0	7.5	6.0	7.0	8.0	7.5	6.5	6.5	7.5
Financial and Strategic Services	9.0	8.0	8.0	8.0	7.5	9.7	13.0	13.0	13.0	13.0
Municipal Court	5.7	5.4	5.4	5.4	5.7	5.7	5.8	5.8	5.8	5.0
General Services	10.0	9.0	8.0	5.0	5.0	5.0	5.0	4.8	4.8	5.5
Human Resources	5.2	4.2	5.2	4.2	4.2	3.5	4.0	4.0	4.0	4.0
Information Technology	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<b>Total General Government</b>	<b>44.4</b>	<b>40.6</b>	<b>40.1</b>	<b>35.6</b>	<b>36.4</b>	<b>38.9</b>	<b>42.3</b>	<b>41.1</b>	<b>41.1</b>	<b>42.0</b>
<b>Public Safety</b>										
Police	73.3	72.3	73.8	73.8	75.3	79.8	79.8	71.0	71.0	72.0
Emergency Communications	13.5	13.5	13.5	13.5	13.5	13.5	14.5	-	-	-
Fire	54.0	53.0	52.0	52.0	55.3	55.3	55.3	56.0	57.0	57.0
<b>Total Public Safety</b>	<b>140.8</b>	<b>138.8</b>	<b>139.3</b>	<b>139.3</b>	<b>144.1</b>	<b>148.6</b>	<b>149.6</b>	<b>127.0</b>	<b>128.0</b>	<b>129.0</b>
<b>Development Services</b>										
Development Services	7.0	7.0	7.2	7.2	7.2	7.2	7.2	11.0	11.0	12.0
<b>Economic Development</b>										
Economic Development	-	-	1.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0
<b>Public Works</b>										
Streets	7.0	7.0	5.0	5.0	5.0	5.4	5.4	6.4	6.4	7.4
Stormwater					1.4	1.7	1.7	2.0	2.0	4.0
Utilities	17.0	17.0	16.0	18.0	18.3	16.6	17.6	19.2	19.2	22.2
<b>Total Public Works</b>	<b>24.0</b>	<b>24.0</b>	<b>21.0</b>	<b>23.0</b>	<b>24.7</b>	<b>23.7</b>	<b>24.7</b>	<b>27.6</b>	<b>27.6</b>	<b>33.6</b>
<b>Parks and Recreation</b>										
Parks	20.0	20.0	20.0	21.0	21.0	21.0	22.0	22.0	22.0	21.0
Recreation	15.6	15.6	14.6	14.6	14.6	15.1	15.1	15.7	15.7	15.7
<b>Total Parks and Recreation</b>	<b>35.6</b>	<b>35.6</b>	<b>34.6</b>	<b>35.6</b>	<b>35.6</b>	<b>36.1</b>	<b>37.1</b>	<b>37.7</b>	<b>37.7</b>	<b>36.7</b>
<b>Visitor Services</b>										
Visitor Services	2.5	3.0	3.0	3.0	3.0	-	-	-	-	-
Conference Centre	7.5	7.5	8.0	7.0	8.7	8.5	9.5	9.5	9.5	9.5
Special Events	4.0	3.0	3.0	3.5	4.0	4.3	4.3	4.2	4.2	4.5
Marketing	-	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
General Hotel Operations	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
<b>Total Visitor Services</b>	<b>14.0</b>	<b>13.5</b>	<b>15.0</b>	<b>14.5</b>	<b>16.7</b>	<b>14.8</b>	<b>15.8</b>	<b>16.7</b>	<b>16.7</b>	<b>17.0</b>
<b>Airport Fund</b>										
Airport Fund	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.4	3.4	4.4
<b>TOTAL</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>	<b>278.7</b>

**SOURCE:** Town of Addison Finance Department

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police</b>										
Crimes Against Property	968	1,056	933	942	768	728	835	804	866	846
Crimes Against Persons	381	388	435	393	358	55	97	106	61	91
Arrests	2,775	2,876	2,924	2,548	2,006	1,712	1,679	1,702	1,706	1,567
Calls for Service	15,453	17,989	17,390	16,463	16,624	17,181	20,700	17,163	17,092	17,298
<b>Fire</b>										
Number of Fires	44	51	45	61	63	51	39	42	60	45
Dollar Loss	\$ 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	\$ 3,422,870
Calls for Service - Fire	834	866	837	896	989	996	865	652	823	802
Calls for Service - EMS	1,518	1,463	1,676	1,696	1,598	1,730	1,765	1,683	1,608	1,726
<b>Streets</b>										
Tons of Recycling Collected	328	330	334	360	387	323	390	419	463	418
<b>Parks</b>										
Acres Maintained	139	163	163	163	163	163	163	163	163	163
<b>Recreation</b>										
Recreation Event Participants	14,947	14,874	22,496	22,632	21,392	21,392	22,462	26,401	24,640	26,561
Number of Users	125,339	123,794	131,730	128,722	122,656	122,656	122,111	126,287	123,961	126,228
Active Athletic Club Members	3,300	3,428	3,637	3,669	3,942	3,942	3,665	3,815	3,949	4,135
<b>Utilities</b>										
Water Usage - Peak <sup>1</sup>	8,895	9,402	8,871	8,979	10,042	11,093	8,846	7,652	8,803	8,073
Water Usage - Average <sup>1</sup>	4,334	5,014	5,021	4,829	4,577	4,682	4,628	4,672	4,895	4,478
Service Line Breaks	11	7	10	11	16	8	4	10	12	6
Water Main Breaks	1	1	2	5	7	4	2	7	4	4

SOURCE: Town of Addison Department Data

Notes:

(1) In thousands of gallons

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	43	43	43	43
Lane Miles	164	164	164	164	164	164	167	167	167	167
Traffic Signals	36	36	36	36	36	36	36	36	37	37
<u>Parks and Recreation</u>										
Acres Maintained	139	163	163	163	163	163	163	163	163	163
Parks	13	15	15	15	15	15	14	14	14	14
Playgrounds	3	5	5	5	5	5	3	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)	96	80	80	80	80	80	80	96	96	96
Fire Hydrants	1,013	1,052	1,052	1,038	1,038	1,038	1,052	1,052	1,052	1,076
<u>Wastewater</u>										
Miles of Sanitary Sewers	82	66	66	66	66	66	66	75	75	72
Miles of Storm Sewers	22	57	57	60	60	60	76	76	76	76

**SOURCE:** Town of Addison Department Data