

Town of Addison, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2020

City Council

	Expiration of Term
Joe Chow, Mayor	May 2021
Lori Ward, Mayor Pro Tempore	May 2021
Guillermo Quintanilla, Deputy Mayor Pro Tempore	May 2022
Tom Braun, Council Member	May 2021
Ivan Hughes, Council Member	May 2021
Paul Walden, Council Member	May 2022
Marlin Willesen, Council Member	May 2022

City Manager

Wesley S. Pierson

**Prepared by the
Department of Finance**

Steven Glickman, CPA, CGFO, Chief Financial Officer
Amanda Turner, CPA, CGFO, Controller
Ashley Boatright, Accounting Manager
Tandi Dickey, Senior Accountant
Ben Nguyen, Accountant
Eric Wellman, Accounting Specialist
Kristen Solares, CGFO, Budget Manager



Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

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February 5, 2021

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, 2020. 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, 2020 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, 2020 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

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Addison, TX 75001

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ADDISONTXAS.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.

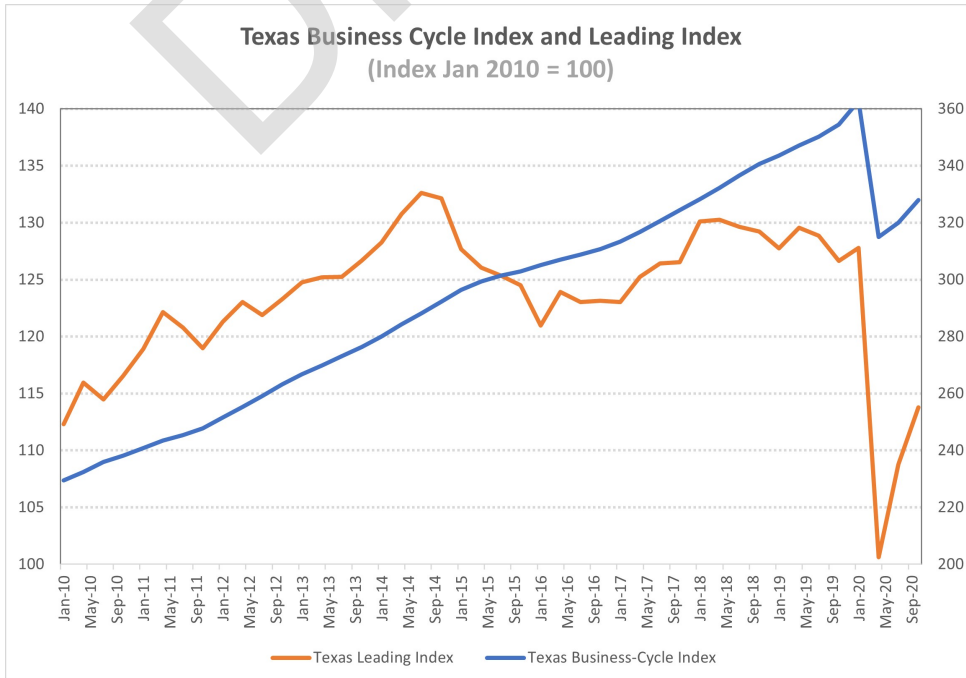
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and Council ordinances. The appropriated 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 and Business Cycle Index indicators declined significantly during FY2020, primarily due to the COVID-19 pandemic. Both indicis, however, after sharp declines in the second and third quarters rebounded significantly in the fourth quarter, a trend that bodes well for the continued economic strength of the Town.



The United States unemployment rate rose significantly due to the COVID-19 pandemic. Texas ended the year above the nation as a whole. Texas began fiscal year 2020 at 3.5% unemployment, which was the lowest point reached during the year, and ended the year at 8.3%, above the U.S. rate of 7.9%.

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 2020, Addison's occupancy rate stood at 79 percent compared with the 82 percent recorded a year earlier. Addison's occupancy rate is 4 percent higher than the 75 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 2.2 percent increase in taxable property values for the 2020 certified appraised values compared to a 2 percent increase for the 2019 certified appraised values.

For the 2020 fiscal year, General Fund revenues of \$39.8 million represented a slight decrease from \$40.2 million in fiscal year 2019. The property tax levy produced 47% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 38%. The Town's sales tax receipts decreased 6.04 percent from fiscal year 2019. General Fund expenditures and transfers for the 2020 fiscal year totaled \$40.3 million. The General Fund ending fund balance decreased by almost \$454 thousand to \$20.1 million, with an ending fund balance of 55% 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 2020 was most significantly impacted by our fund balance policy during this Coronavirus pandemic. During the year, Town employees worked together to find ways to cover lost revenues, use grant funding to cover unplanned expenditures, and adjust spending in several funds to ensure each fund will continue to be sustainable.

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 2019-20 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, 2019. 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 44 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 2020 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 33 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



Steven Glickman, CPA
Chief Financial Officer

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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

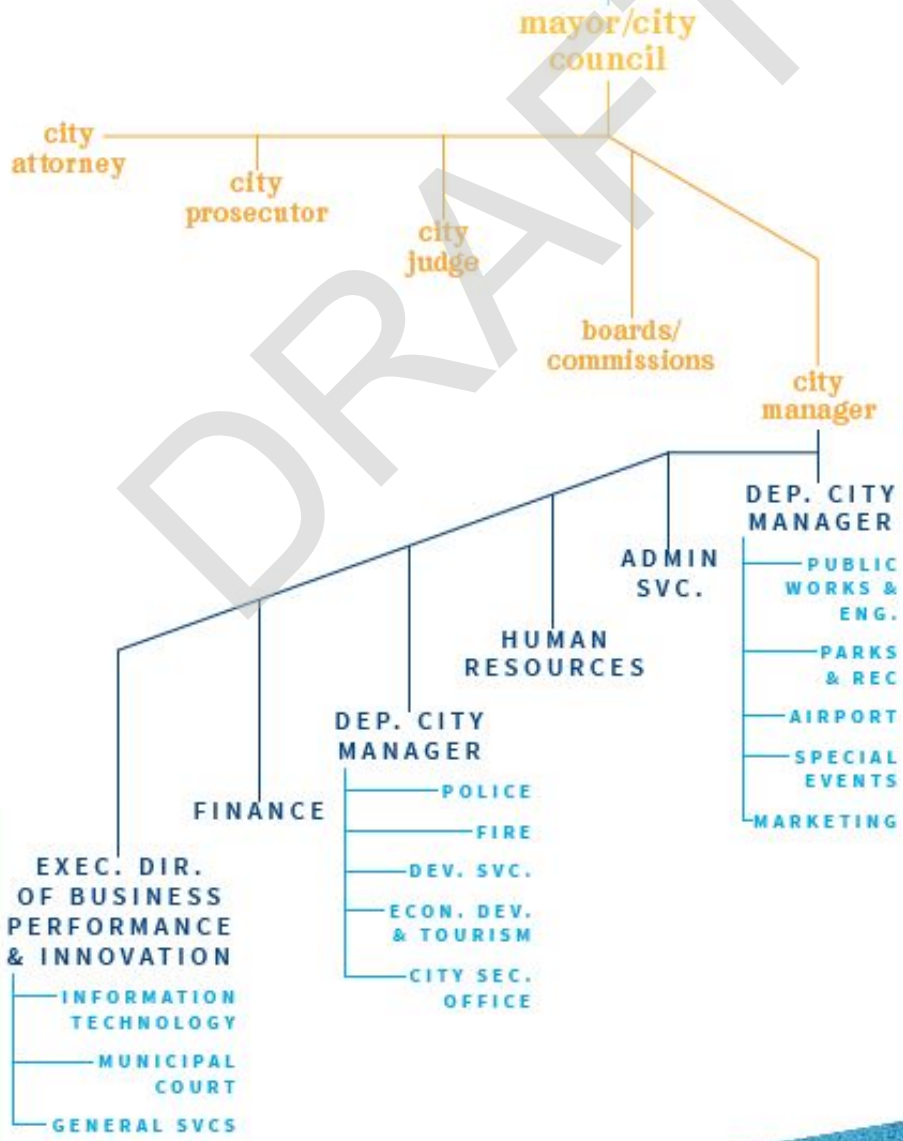
September 30, 2019

Christopher P. Morill

Executive Director/CEO

STAFF ORGANIZATION CHART

ADDISON
citizens



**Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2020**

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

Elected Officials

Mayor	Joe Chow	(972) 450-7000
Mayor Pro Tempore	Lori Ward	(972) 450-7000
Deputy Mayor Pro Tempore	Guillermo Quintanilla	(972) 450-7000
Council Member	Tom Braun	(972) 450-7000
Council Member	Ivan Hughes	(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 Khaleghipour	(972) 450-2868
City Secretary	Irma Parker	(972) 450-7017
Director of Administrative Services	Bill Hawley	(972) 450-7016
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 Parks and Recreation	Janna Tidwell	(972) 450-2869
Police Chief	Paul Spencer	(972) 450-7168
Director of Public Communications	Mary Rosenbleeth	(972) 450-7032
Director of Public Works & Engineering	Shannon Hicks	(972) 450-2849
Director of Special Events	Jasmine Lee	(972) 450-6221

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, 2020. 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

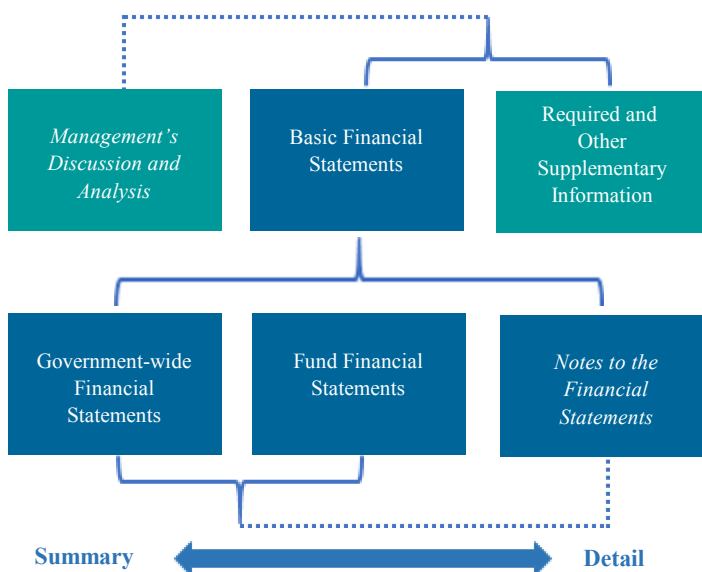
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by \$251,573. This amount represents a decrease over the previous year of \$138. The slight decrease is due to decreased revenues offset by controlled spending to preserve fund balance during the Coronavirus pandemic to prepare for potential declining revenues in the upcoming year.
- As of September 30, 2020, the Town's governmental funds reported combined ending fund balances of \$75,501, an increase of \$29,051. The majority of the increase is due to the issuance of \$16,900 in new Certificates of Obligation and \$13,635 in new General Obligation bonds.
- At the end of the 2020 fiscal year, the fund balance for the General Fund was \$20,134, or 55 percent of total fund expenditures. Fund balance decreased \$454 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$133,573, an increase of \$18,628 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.

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

Government-wide Financial Statements

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

- The *statement of net position* presents information on all of the Town's 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 Fund.

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, major equipment, 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 35-71 of this report.

Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 77-88.

Government-wide Financial Analysis

As of the close of the 2020 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$251,573 (see Table A-1). Of this amount \$190,501, or 76 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 (\$63), promotion of tourism and hotel industry (\$3,239) and other restrictions (\$711). The remaining amount of net position is labeled as unrestricted and totals \$57,059. 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.

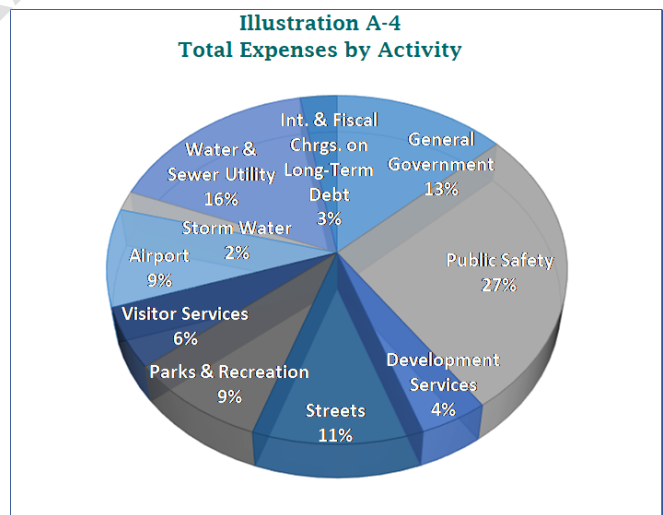
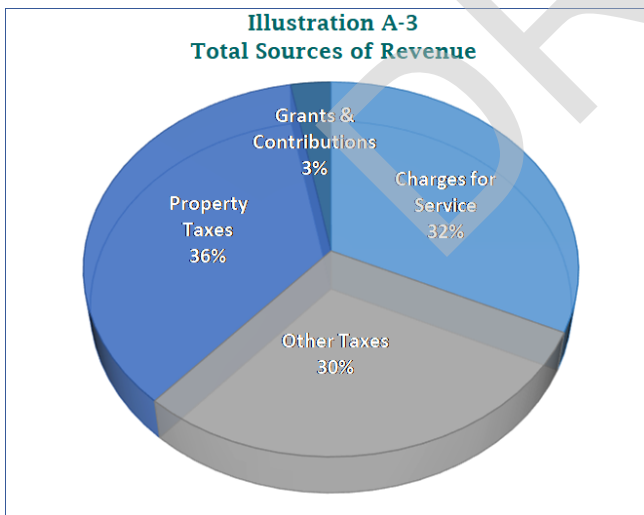
**Table A-1
Town of Addison's Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and Other Assets	\$ 90,354	\$ 60,424	\$ 39,273	\$ 44,785	\$ 129,627	\$ 105,209
Capital Assets	171,956	176,504	93,013	81,653	264,969	258,157
Total Assets	262,310	236,928	132,286	126,438	394,596	363,366
Deferred Outflows of Resources:						
Deferred Charges on Refundings	1,137	1,372	340	369	1,477	1,741
Deferred Outflows on Pensions	2,785	8,188	181	627	2,966	8,816
Deferred Outflows on OPEB	508	259	44	22	552	281
Total Deferred Outflows of Resources	4,430	9,819	565	1,018	4,995	10,837
Liabilities:						
Long-Term Liabilities Outstanding	100,149	79,034	33,423	35,911	133,572	114,945
Other Liabilities	5,754	4,594	4,429	2,660	10,183	7,254
Total Liabilities	105,903	83,628	37,852	38,571	143,755	122,199
Deferred Inflows of Resources:						
Deferred Inflows on Pensions	3,856	84	224	6	4,080	90
Deferred Inflows on OPEB	168	187	15	16	183	203
Total Deferred Inflows of Resources	4,024	271	239	22	4,263	293
Net Position:						
Net Investment in Capital Assets	121,008	125,522	69,493	63,425	190,501	188,947
Restricted :						
Debt Service	63	84	-	-	63	84
Tourism/Hotel	3,239	3,449	-	-	3,239	3,449
Child Safety	111	91	-	-	111	91
Justice Administration	57	53	-	-	57	53
Court Technology	27	28	-	-	27	28
Public Safety	124	101	-	-	124	101
Court Security	33	37	-	-	33	37
Other Purposes	359	303	-	-	359	303
Unrestricted	31,792	33,180	25,267	25,438	57,059	58,618
Total Net Position	\$ 156,813	\$ 162,848	\$ 94,760	\$ 88,863	\$ 251,573	\$ 251,711

As reflected in Table A-2, the Town's net position decreased \$138 during the 2020 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,714	\$ 5,362	\$ 20,533	\$ 20,811	\$ 24,247	\$ 26,173
Capital Grants & Contributions	-	130	1,358	457	1,358	587
Operating Grants & Contributions	634	101	207	69	841	170
General Revenues:						
Property Taxes	27,005	25,181	-	-	27,005	25,181
Other Taxes	20,496	24,208	-	-	20,496	24,208
Other	1,368	1,708	626	903	1,994	2,611
Total Revenues	53,195	56,690	22,724	22,240	75,919	78,930
Expenses:						
General Government	10,206	10,150	-	-	10,206	10,150
Public Safety	20,337	19,855	-	-	20,337	19,855
Development Services	3,321	3,138	-	-	3,321	3,138
Streets	8,327	7,678	-	-	8,327	7,678
Parks & Recreation	6,784	6,840	-	-	6,784	6,840
Visitor Services	4,311	6,884	-	-	4,311	6,884
Interest and Fiscal Charges on Long-Term Debt	2,154	1,938	-	-	2,154	1,938
Airport	-	-	6,894	6,574	6,894	6,574
Storm water	-	-	1,362	1,428	1,362	1,428
Water & Sewer Utility	-	-	12,361	12,329	12,361	12,329
Total Expenses	55,440	56,483	20,617	20,331	76,057	76,814
Increase (decrease) in net position	(2,245)	207	2,107	1,909	(138)	2,115
Transfers	(3,790)	500	3,790	(500)	-	-
Change in Net Position	(6,035)	707	5,897	1,409	(138)	2,116
Change in Accounting Principle	-	-	-	-	-	-
Net Position - Beginning of year	162,848	162,141	88,863	87,454	251,711	249,595
Net Position - End of year	\$ 156,813	\$ 162,848	\$ 94,760	\$ 88,863	\$ 251,573	\$ 251,711



Governmental Activities

Governmental activities decreased the Town of Addison's net position by \$6,035 in fiscal year 2020 as compared to a \$707 increase in fiscal year 2019. The major changes from 2019 to 2020 are as follows:

1. A transfer in 2020 from the governmental activities to business-type activities of \$3.8 million for completed capital assets
2. Hotel tax revenue decreased by \$2.2 million due to the Coronavirus pandemic
3. Sales tax revenue decreased by \$1.2 million also due to the Coronavirus pandemic
4. Property tax revenue increased by \$1.9 million due to the increased tax levy
5. Visitor Services revenue decreased by \$1.6 million, and their expenses decreased by \$3.3 million due to the cancellation of special events during the pandemic

Business-Type Activities

The Town's business-type activities experienced a \$5,897 increase in net position with the Airport Fund recording an increase of \$39, due mostly to the slight increase in maintenance costs and decrease in rent, fuel flowage fees, and investment income. These were partially offset by the \$1,224 capital grant for land purchase reimbursement. The Utility Fund posted an increase in net position of \$3,446, due mainly to the contribution of capital assets constructed in governmental funds. The Storm Water Fund posted an increase in net position of \$2,029, which is \$1,486 more than the prior year increase in net position. This is due mostly to the contribution of capital assets constructed in the governmental funds.

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, 2020, the Town's governmental funds reported combined ending fund balances of \$75,501, an increase of \$29,051 compared to balances a year earlier. Of the ending balance, \$20,053 or 26.6 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$39,200), promotion of tourism and hotel industry (\$3,149), debt service (\$6) or *committed* for Economic Development (\$1,969) and Capital Projects (\$10,369). Components of the net increase of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$40,273 compared to revenues of \$39,798. Expenditures increased \$509 from the 2019 fiscal year. This increase is primarily due to the increases in public safety (\$582), development services (\$151), and streets expenditures (\$22). Revenues decreased \$441 from the previous year. The decrease was mainly due to a reduction in sales tax, service fees, investment earnings during the pandemic.
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$4,007 compared to revenues of \$3,707. Fund revenues decreased \$3,648 from the previous year, and expenditures decreased \$3,690 from fiscal year 2019 due in large part to COVID-19 restrictions and the cancellation of several of the Town's special events.
- Capital project funds recorded a net increase in fund balance of \$29,549, primarily due to the issuance of additional general obligation debt and certificates of obligation during 2020. Included in these funds is the Infrastructure Investment Fund with an ending fund balance of \$5,243 as of September 30, 2020. Other balances included are for capital projects funded with bond proceeds such as the 2014 and 2020 G.O. Bonds issued as well as savings from general operations transferred to the Self-Funded Project fund for future capital projects.

Proprietary funds - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Airport Fund at the end of the fiscal year amounted to \$4,718; the Utility Fund reported an unrestricted net position of \$12,275, while the Stormwater Fund reported an unrestricted net position of \$7,716.

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)*:

- Building permit revenue was amended to recognize an increase in building permits. Additionally, \$100,000 was amended for costs associated with health insurance elections being higher than anticipated for the Fire Department. An additional allocation to provide emergency funding to Metrocrest Services for a Resident Assistance Program as part of the CARES Act, as well as an allocation for the grant revenue were made that did not result in a net change to appropriations.

The adjustments resulted in an increase to budgeted revenue of \$100,000 and increased expenditures by \$100,000 or 0.2 percent. \$451,500 was reduced from the transfer to the Self-Funded Project Fund.

The final actuals resulted in revenues of 1.6 percent higher than the revised budget, and expenditures 6.8 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 computer software maintenance and licensing, and lower than expected expenses for utilities, including residential trash disposal.

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, 2020, totals \$264,969 (net of accumulated depreciation). This amount represents a \$6,811 increase from the previous year and is attributed to the addition of the completion of constructed assets less depreciation of existing assets. Some of the projects that are in progress include the Vitruvian Public Infrastructure, Midway Road Rehabilitation, Airport Parkway Reconstruction, Keller Springs Reconstruction, Kellway Lift Station Rehabilitation, Celestial Ground Storage Tank, Basin I Sanitary Sewer Reroute, 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 67,194	\$ 66,250	\$ 17,259	\$ 17,046	\$ 84,453	\$ 83,296
Intangible Assets	858	672	-	-	858	672
Buildings	8,347	8,951	6,394	6,585	14,741	15,536
Improvements other than Buildings	73,627	76,702	53,750	48,500	127,377	125,202
Machinery and Equipment	10,890	10,030	2,423	1,815	13,313	11,846
Construction in Progress	11,039	13,900	13,188	7,707	24,227	21,607
Total Capital Assets	\$ 171,955	\$ 176,505	\$ 93,014	\$ 81,653	\$ 264,968	\$ 258,158

Long-term debt – At the end of the 2020 fiscal year, the Town of Addison had total bonded debt outstanding of \$124,665 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 Bonded Debt (000’s)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 63,730	\$ 51,888	\$ 5,616	\$ 6,411	\$ 69,346	\$ 58,299
Certificates of Obligation	28,223	11,605	27,096	28,121	55,319	39,726
Total Debt Outstanding	\$ 91,953	\$ 63,493	\$ 32,712	\$ 34,532	\$ 124,665	\$ 98,025

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 2021 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 \$4,925,943,024 for fiscal year 2021 which represented a 2.2 percent increase from the previous year. The property tax rate increased to \$0.608676 per \$100 appraised value, from the previous fiscal year. Of the 2021 budget tax rate, \$0.441109 was levied for operation/maintenance and \$0.167567 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2020. Sales tax collections were projected to decrease in fiscal year 2021 compared to the 2020 budget.

Hotel occupancy tax collections were budgeted to decrease by approximately 25.0 percent between fiscal year 2020 and fiscal year 2021.

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: sglickman@addisontx.gov

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 84,907,620	\$ 30,173,033	\$ 115,080,653
Receivables, Net of Allowances for Uncollectibles	3,941,126	2,706,079	6,647,205
Prepaid Items	60,668	-	60,668
Inventories, at Cost	20,946	-	20,946
Due from Other Funds	615,000	-	615,000
Investment in Joint Venture	809,253	6,393,505	7,202,758
Capital Assets, Net of Accumulated Depreciation			
Land	67,194,694	17,258,730	84,453,424
Intangible Assets	858,063	-	858,063
Buildings	8,346,871	6,394,226	14,741,097
Improvements other than Buildings	73,626,731	53,750,100	127,376,831
Machinery and Equipment	10,889,745	2,423,136	13,312,881
Construction in Progress	11,039,270	13,187,545	24,226,815
Total Assets	<u>262,309,987</u>	<u>132,286,354</u>	<u>394,596,341</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	1,137,575	339,315	1,476,890
Deferred Outflows on Pensions	2,784,828	181,366	2,966,194
Deferred Outflows on OPEB	507,970	44,140	552,110
Total Deferred Outflows of Resources	<u>4,430,373</u>	<u>564,821</u>	<u>4,995,194</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	5,289,960	2,384,711	7,674,671
Due to Other Funds	-	615,000	615,000
Unearned Revenue	463,010	-	463,010
Customer Deposits	375	1,429,812	1,430,187
Long-Term Liabilities			
Due within One Year	5,256,071	1,633,121	6,889,192
Due in More Than One Year	94,893,105	31,790,334	126,683,439
Total Liabilities	<u>105,902,521</u>	<u>37,852,978</u>	<u>143,755,499</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Pensions	3,856,173	224,001	4,080,174
Deferred Inflows on OPEB	168,303	14,633	182,936
Total Deferred Inflows of Resources	<u>4,024,476</u>	<u>238,634</u>	<u>4,263,110</u>
NET POSITION			
Net Investment in Capital Assets	121,008,111	69,493,275	190,501,386
Restricted for:			
Debt Service	63,194	-	63,194
Promotion of Tourism and Hotel Industry	3,239,356	-	3,239,356
Child Safety	110,712	-	110,712
Justice Administration	56,887	-	56,887
Court Technology	27,651	-	27,651
Court Security	32,841	-	32,841
Public Safety	123,730	-	123,730
Other Purposes	359,096	-	359,096
Unrestricted	31,791,785	25,266,288	57,058,073
Total Net Position	<u>\$ 156,813,363</u>	<u>\$ 94,759,563</u>	<u>\$ 251,572,926</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, 2020

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
Primary Government:							
Governmental Activities:							
General Government	\$ 10,206,304	\$ 770,105	\$ 431,455	\$ 100	\$ (9,004,644)	\$ -	\$ (9,004,644)
Public Safety	20,337,267	889,868	195,133	-	(19,252,266)	-	(19,252,266)
Development Services	3,320,919	1,227,095	4,896	-	(2,088,928)	-	(2,088,928)
Streets	8,326,816	505,545	-	-	(7,821,271)	-	(7,821,271)
Parks and Recreation	6,784,214	34,914	2,598	-	(6,746,702)	-	(6,746,702)
Visitor Services	4,310,828	286,892	-	-	(4,023,936)	-	(4,023,936)
Interest on Long-Term Debt	2,153,845	-	-	-	(2,153,845)	-	(2,153,845)
Total Governmental Activities	55,440,193	3,714,419	634,082	100	(51,091,592)	-	(51,091,592)
Business-Type Activities:							
Airport	6,893,786	5,392,936	207,000	1,224,219	-	(69,631)	(69,631)
Utilities	12,361,224	12,818,071	-	107,991	-	564,838	564,838
Stormwater	1,361,880	2,322,350	-	26,015	-	986,485	986,485
Total Business-Type Activities	20,616,890	20,533,357	207,000	1,358,225	-	1,481,692	1,481,692
Total Primary Government	\$ 76,057,083	\$ 24,247,776	\$ 841,082	\$ 1,358,325	(51,091,592)	1,481,692	(49,609,900)
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					27,005,415	-	27,005,415
Sales Taxes					15,036,200	-	15,036,200
Franchise Taxes					2,227,367	-	2,227,367
Hotel/Motel Taxes					3,232,320	-	3,232,320
Interest on Investments					1,116,915	569,513	1,686,428
Gain on Sale of Capital Assets					21,503	24,005	45,508
Miscellaneous					207,898	31,014	238,912
Transfers					(3,790,232)	3,790,232	-
Total General Revenues and Transfers					45,057,386	4,414,764	49,472,150
Change in Net Position					(6,034,206)	5,896,456	(137,750)
NET POSITION, Beginning of Year					162,847,569	88,863,107	251,710,676
NET POSITION, End of Year					\$ 156,813,363	\$ 94,759,563	\$ 251,572,926

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2020

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Pooled Cash and Investments	\$ 21,321,781	\$ 3,141,320	\$ 31,518	\$ 50,059,180	\$ 3,296,694	\$ 77,850,493
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	232,414	-	88,393	3,585	13,810	338,202
Non-Property Taxes	2,377,085	143,398	-	-	-	2,520,483
Franchise Fees	278,667	-	-	-	-	278,667
Service Fees, Net	147,331	-	-	-	-	147,331
Ambulance, Net	221,672	-	-	-	-	221,672
Interest	32,605	4,705	34	61,997	4,967	104,308
Intergovernmental	-	-	-	160,919	4,760	165,679
Other	44,458	62	-	109,577	-	154,097
Due from Other Funds	-	-	-	615,000	-	615,000
Prepaid Items	60,668	-	-	-	-	60,668
Inventories, At Cost	20,946	-	-	-	-	20,946
Total Assets	<u>\$ 24,737,627</u>	<u>\$ 3,289,485</u>	<u>\$ 119,945</u>	<u>\$ 51,010,258</u>	<u>\$ 3,320,231</u>	<u>\$ 82,477,546</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 2,796,258	\$ 139,851	\$ 25,217	\$ 1,438,328	\$ 200,589	\$ 4,600,243
Intergovernmental Payable	84,729	-	-	-	-	84,729
Customer Deposits	-	375	-	-	-	375
Unearned Revenue	-	-	-	-	463,010	463,010
Total Liabilities	<u>2,880,987</u>	<u>140,226</u>	<u>25,217</u>	<u>1,438,328</u>	<u>663,599</u>	<u>5,148,357</u>
Deferred Inflows of Resources:						
Unavailable Resources	1,722,201	-	88,393	3,585	13,810	1,827,989
Total Deferred Inflows of Resources	<u>1,722,201</u>	<u>-</u>	<u>88,393</u>	<u>3,585</u>	<u>13,810</u>	<u>1,827,989</u>
Fund Balances:						
Nonspendable						
Inventories	20,946	-	-	-	-	20,946
Prepaid Items	60,668	-	-	-	-	60,668
Restricted						
Debt Service	-	-	6,335	-	-	6,335
Promotion of Tourism and Hotel Industry	-	3,149,259	-	-	-	3,149,259
Capital Projects	-	-	-	39,199,567	-	39,199,567
Child Safety	-	-	-	-	110,712	110,712
Justice Administration	-	-	-	-	27,994	27,994
Court Technology	-	-	-	-	27,651	27,651
Court Security	-	-	-	-	32,841	32,841
Public Safety	-	-	-	-	115,696	115,696
Governmental Public Education	-	-	-	-	359,096	359,096
Committed						
Capital Projects	-	-	-	10,368,778	-	10,368,778
Economic Development	-	-	-	-	1,968,832	1,968,832
Unassigned	20,052,825	-	-	-	-	20,052,825
Total Fund Balance	<u>20,134,439</u>	<u>3,149,259</u>	<u>6,335</u>	<u>49,568,345</u>	<u>2,642,822</u>	<u>75,501,200</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 24,737,627</u>	<u>\$ 3,289,485</u>	<u>\$ 119,945</u>	<u>\$ 51,010,258</u>	<u>\$ 3,320,231</u>	<u>\$ 82,477,546</u>

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, 2020

Total Fund Balances - Governmental Funds	\$	75,501,200
<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>		
		13,034,118
<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 \$165,721,759, net of accumulated depreciation of \$140,654,112, exclusive of the capital assets of internal service funds with a net carrying value of \$6,233,615, included above, increased net position in the government-wide financial statements.</p>		
		165,721,759
<p>Investment in Joint Venture is not financial resources and is not reported in the fund financial statements. Investment in Joint Venture increased net position in the government-wide financial statements.</p>		
		809,253
<p>Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.</p>		
		1,137,575
<p>Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.</p>		
		(91,952,110)
<p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p>		
		(1,198,904)
<p>Total OPEB liability is not reflected in the fund financial statements.</p>		
		(4,177,274)
<p>Deferred outflows on OPEB, net of amortization, are not reflected in fund financial statements</p>		
		507,970
<p>Deferred inflows on OPEB, net of amortization, are not reflected in fund financial statements</p>		
		(168,303)
<p>Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		2,784,828
<p>Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		(3,856,173)
<p>Net pension liability is not reflected in fund financial statements</p>		
		(2,820,886)
<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>		
		(337,679)
<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>		
		1,827,989
Net Position of Governmental Activities	\$	156,813,363

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, 2020

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Ad Valorem Taxes	\$ 18,617,246	\$ -	\$ 6,881,533	\$ 285,615	\$ 1,092,347	\$ 26,876,741
Non-Property Taxes	15,191,223	3,240,946	-	-	-	18,432,169
Franchise Fees	2,176,562	-	-	-	50,805	2,227,367
Licenses and Permits	1,183,285	-	-	-	-	1,183,285
Intergovernmental	-	-	-	-	471,145	471,145
Service Fees	1,842,055	107,030	-	160,919	47,043	2,157,047
Fines and Forfeitures	227,997	-	-	-	35,149	263,146
Earnings on Investments	402,873	57,131	19,601	592,164	45,146	1,116,915
Rental Charges	9,252	260,749	-	-	-	270,001
Recycling Proceeds	162	-	-	-	-	162
Other	147,260	41,287	-	109,577	8,023	306,147
Total Revenues	39,797,915	3,707,143	6,901,134	1,148,275	1,749,658	53,304,125
EXPENDITURES:						
Current:						
General Government	8,784,547	-	7,152	-	154,602	8,946,301
Public Safety	19,170,964	-	-	-	44,946	19,215,910
Development Services	1,501,596	-	-	-	-	1,501,596
Streets	1,799,513	-	-	-	-	1,799,513
Parks and Recreation	5,407,703	-	-	-	-	5,407,703
Visitor Services	-	3,622,979	-	-	-	3,622,979
Municipal Court	-	-	-	-	19,400	19,400
Economic Development	-	-	-	-	1,647,246	1,647,246
Debt Service:						
Principal Retirement	-	-	4,105,000	-	-	4,105,000
Interest and Fiscal Charges	-	-	2,915,428	-	-	2,915,428
Capital Projects:						
Engineering and Contractual Services	-	-	-	1,780,857	-	1,780,857
Construction and Equipment	-	-	-	6,792,067	-	6,792,067
Total Expenditures	36,664,323	3,622,979	7,027,580	8,572,924	1,866,194	57,754,000
Excess/(Deficiency) of Revenues over Expenditures	3,133,592	84,164	(126,446)	(7,424,649)	(116,536)	(4,449,875)
OTHER FINANCING SOURCES/(USES):						
Transfers In	-	-	-	3,608,900	384,000	3,992,900
Transfers Out	(3,608,900)	(384,000)	-	-	-	(3,992,900)
Proceeds on Asset Sales	21,503	-	-	-	-	21,503
Proceeds from Debt Issuance or Refunding	-	-	13,205,000	30,535,000	-	43,740,000
Payment to Refunded Bonds Escrow Agent	-	-	(13,090,212)	-	-	(13,090,212)
Premium on Issuance	-	-	-	2,829,802	-	2,829,802
Total Other Financing Sources/(Uses)	(3,587,397)	(384,000)	114,788	36,973,702	384,000	33,501,093
Net Change in Fund Balance	(453,805)	(299,836)	(11,658)	29,549,053	267,464	29,051,218
Fund Balances at Beginning of Year	20,588,244	3,449,095	17,993	20,019,292	2,375,358	46,449,982
Fund Balances at End of Year	\$ 20,134,439	\$ 3,149,259	\$ 6,335	\$ 49,568,345	\$ 2,642,822	\$ 75,501,200

**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, 2020**

Total Net Change in Fund Balances - Governmental Funds		\$	29,051,218
<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>			
			508,485
<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>			
			6,925,278
<p>Capital asset donations are not recognized in fund financial statements.</p>			
			100
<p>Losses on disposals of capital assets are not recognized in fund financial statements.</p>			
			(180,400)
<p>Capital assets purchased with governmental bonds and contributed to enterprise funds are not recognized in fund financial statements. The government-wide statement of activities will reflect a transfer out.</p>			
			(3,790,232)
<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 \$1,090,551 depreciation in the internal service funds.</p>			
			(8,036,170)
<p>The Town's share of net loss from Investment in Joint Venture is not reflected in fund financials.</p>			
			(88,149)
<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 issuances		(46,567,002)	
Bond repayments		17,195,212	
Amortization		677,749	
		(28,694,041)	(28,694,041)
<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>			
			(280,342)
<p>The current year increase in the total OPEB liability of \$461,443, amortization of deferred inflows and outflows on OPEB of \$268,417 are not shown in the fund financial statements. The effect of recording these amounts is to decrease net position.</p>			
			(193,026)
<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 increase in accrued interest is to decrease net position.</p>			
			(37,654)
<p>Decrease in pension liability of \$8,085,766 and amortization of deferred inflows and outflows on pensions of (\$9,175,530), decrease net position by increasing the pension expense in each function.</p>			
			(1,089,764)
<p>Revenue from property taxes, sales taxes, hotel taxes, franchise fees, court bonds, ambulance billing, alarm 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>			
			(129,509)
Change in Net Position of Governmental Activities			\$ (6,034,206)

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, 2020

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad Valorem Taxes:				
Current	\$ 18,781,674	\$ 18,781,674	\$ 18,925,819	\$ 144,145
Delinquent	(70,000)	(70,000)	(356,413)	(286,413)
Penalties and Interest	40,500	40,500	47,840	7,340
Total Ad Valorem	<u>18,752,174</u>	<u>18,752,174</u>	<u>18,617,246</u>	<u>(134,928)</u>
Non-Property Taxes:				
Sales Tax	13,700,000	13,700,000	14,302,624	602,624
Alcoholic Beverage Tax	1,140,000	1,140,000	888,599	(251,401)
Total Non-Property Taxes	<u>14,840,000</u>	<u>14,840,000</u>	<u>15,191,223</u>	<u>351,223</u>
Total Taxes	<u>33,592,174</u>	<u>33,592,174</u>	<u>33,808,469</u>	<u>216,295</u>
Franchise Fees:				
Electric Franchise	1,560,000	1,560,000	1,459,652	(100,348)
Gas Franchise	216,600	216,600	204,919	(11,681)
Telephone Franchise	400,000	400,000	316,471	(83,529)
Cable Franchise	150,000	150,000	196,520	46,520
Street Rental Franchise	5,500	5,500	(1,000)	(6,500)
Total Franchise Fees	<u>2,332,100</u>	<u>2,332,100</u>	<u>2,176,562</u>	<u>(155,538)</u>
Licenses and Permits:				
Business Licenses and Permits	165,700	165,700	110,964	(54,736)
Building and Construction Permits	574,500	674,500	1,072,321	397,821
Total Licenses and Permits	<u>740,200</u>	<u>840,200</u>	<u>1,183,285</u>	<u>343,085</u>
Service Fees:				
General Government	-	-	20	20
Public Safety	1,003,400	1,003,400	892,713	(110,687)
Urban Development	300	300	1,950	1,650
Streets and Sanitation	376,100	376,100	395,968	19,868
Recreation	70,300	70,300	34,914	(35,386)
Interfund	516,490	516,490	516,490	-
Total Service Fees	<u>1,966,590</u>	<u>1,966,590</u>	<u>1,842,055</u>	<u>(124,535)</u>
Fines and Forfeitures	352,000	352,000	227,997	(124,003)
Earnings on Investments	100,000	100,000	402,873	302,873
Rental Charges	6,600	6,600	9,252	2,652
Recycling Proceeds	3,000	3,000	162	(2,838)
Other	<u>1,000</u>	<u>1,000</u>	<u>147,260</u>	<u>146,260</u>
Total Revenues	<u>\$ 39,093,664</u>	<u>\$ 39,193,664</u>	<u>\$ 39,797,915</u>	<u>\$ 604,251</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, 2020

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
City Secretary:				
Salaries and Fringe Benefits	122,583	122,583	118,991	3,592
Supplies	20,700	20,700	2,676	18,024
Contractual Services	64,500	64,500	51,391	13,109
Total City Secretary	207,783	207,783	173,058	34,725
City Manager's Office:				
Salaries and Fringe Benefits	1,061,103	1,061,103	1,093,193	(32,090)
Supplies	23,893	23,893	24,734	(841)
Maintenance and Materials	40,274	40,274	36,945	3,329
Contractual Services	110,333	110,333	79,056	31,277
Capital Replacement	11,396	11,396	11,396	-
Total City Manager's Office	1,246,999	1,246,999	1,245,324	1,675
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,344,127	1,304,127	1,117,264	186,863
Supplies	18,289	18,289	28,426	(10,137)
Maintenance and Materials	37,100	37,100	29,907	7,193
Contractual Services	420,396	460,396	620,966	(160,570)
Capital Replacement	29,917	29,917	29,917	-
Total Financial and Strategic Services	1,849,829	1,849,829	1,826,480	23,349
General Services:				
Salaries and Fringe Benefits	509,478	509,478	483,227	26,251
Supplies	21,443	21,443	19,011	2,432
Maintenance and Materials	95,649	95,649	91,374	4,275
Contractual Services	114,643	114,643	63,520	51,123
Capital Replacement	24,982	24,982	24,982	-
Total General Services	766,195	766,195	682,114	84,081
Municipal Court:				
Salaries and Fringe Benefits	529,608	529,608	494,218	35,390
Supplies	12,088	12,088	7,116	4,972
Maintenance and Materials	74,322	74,322	38,523	35,799
Contractual Services	94,533	94,533	78,225	16,308
Capital Replacement	29,012	29,012	29,012	-
Total Municipal Court	739,563	739,563	647,094	92,469
Human Resources:				
Salaries and Fringe Benefits	504,112	504,112	499,045	5,067
Supplies	7,293	7,293	7,967	(674)
Maintenance and Materials	774	774	1,065	(291)
Contractual Services	191,747	191,747	124,030	67,717
Capital Replacement	9,281	9,281	9,281	-
Total Human Resources	713,207	713,207	641,388	71,819

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, 2020

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Information Technology:				
Salaries and Fringe Benefits	1,138,212	1,138,212	1,152,693	(14,481)
Supplies	34,293	34,293	42,806	(8,513)
Maintenance and Materials	887,000	887,000	608,943	278,057
Contractual Services	130,426	130,426	70,418	60,008
Capital Replacement	30,806	30,806	30,806	-
Total Information Technology	2,220,737	2,220,737	1,905,666	315,071
Combined Services:				
Salaries and Fringe Benefits	7,642	7,642	68,166	(60,524)
Supplies	47,000	47,000	30,060	16,940
CS Maintenance and Materials	3,040	3,040	-	3,040
Contractual Services	1,330,911	1,330,911	1,225,408	105,503
Total Combined Services	1,388,593	1,388,593	1,323,634	64,959
City Council Special Projects:				
Salaries and Fringe Benefits	29,483	29,483	27,487	1,996
Supplies	17,500	17,500	9,069	8,431
Contractual Services	301,991	301,991	300,396	1,595
Capital Replacement	2,837	2,837	2,837	-
Total City Council Special Projects	351,811	351,811	339,789	12,022
Total General Government	9,484,717	9,484,717	8,784,547	700,170
Public Safety:				
Police:				
Salaries and Fringe Benefits	8,059,429	8,059,429	7,579,486	479,943
Supplies	330,781	330,781	171,170	159,611
Maintenance and Materials	250,775	250,775	313,669	(62,894)
Contractual Services	705,684	705,684	605,872	99,812
Capital Replacement	641,719	641,719	641,719	-
Capital Outlay	-	-	6,129	(6,129)
Total Police	9,988,388	9,988,388	9,318,045	670,343
Emergency Communications:				
Maintenance and Materials	52,752	52,752	52,732	20
Contractual Services	1,379,436	1,379,436	1,307,731	71,705
Total Emergency Communications	1,432,188	1,432,188	1,360,463	71,725
Fire:				
Salaries and Fringe Benefits	7,071,957	7,171,957	7,332,360	(160,403)
Supplies	262,629	264,439	245,831	18,608
Maintenance and Materials	267,392	267,392	223,065	44,327
Contractual Services	368,472	366,662	299,635	67,027
Capital Replacement	391,565	391,565	391,565	-
Total Fire	8,362,015	8,462,015	8,492,456	(30,441)
Total Public Safety	19,782,591	19,882,591	19,170,964	711,627

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, 2020

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Development Services:				
Development Services:				
Salaries and Fringe Benefits	1,285,120	1,285,120	1,255,911	29,209
Supplies	36,599	36,599	43,784	(7,185)
Maintenance and Materials	13,807	13,807	30,593	(16,786)
Contractual Services	223,587	223,587	119,921	103,666
Capital Replacement	32,787	32,787	32,787	-
Capital Outlay	35,000	35,000	18,600	16,400
Total Development Services	<u>1,626,900</u>	<u>1,626,900</u>	<u>1,501,596</u>	<u>125,304</u>
Streets:				
Streets:				
Salaries and Fringe Benefits	550,129	550,129	475,011	75,118
Supplies	43,615	43,615	35,619	7,996
Maintenance and Materials	784,942	784,942	558,856	226,086
Contractual Services	778,124	778,124	666,203	111,921
Capital Replacement	63,824	63,824	63,824	-
Total Streets	<u>2,220,634</u>	<u>2,220,634</u>	<u>1,799,513</u>	<u>421,121</u>
Parks and Recreation:				
Parks:				
Salaries and Fringe Benefits	1,966,457	1,966,457	1,629,860	336,597
Supplies	346,303	346,303	284,140	62,163
Maintenance and Materials	736,913	736,913	713,891	23,022
Contractual Services	873,486	873,486	1,028,749	(155,263)
Capital Replacement	83,386	83,386	83,084	302
Capital Outlay	38,000	38,000	33,060	4,940
Total Parks	<u>4,044,545</u>	<u>4,044,545</u>	<u>3,772,784</u>	<u>271,761</u>
Recreation:				
Salaries and Fringe Benefits	1,028,870	1,028,870	936,311	92,559
Supplies	180,971	169,371	120,167	49,204
Maintenance and Materials	208,628	220,228	196,455	23,773
Contractual Services	421,679	421,679	294,002	127,677
Capital Replacement	59,161	59,161	59,161	-
Capital Outlay	-	-	28,823	(28,823)
Total Recreation	<u>1,899,309</u>	<u>1,899,309</u>	<u>1,634,919</u>	<u>264,390</u>
Total Parks and Recreation	<u>5,943,854</u>	<u>5,943,854</u>	<u>5,407,703</u>	<u>536,151</u>
Total Expenditures	<u>39,058,696</u>	<u>39,158,696</u>	<u>36,664,323</u>	<u>2,494,373</u>
Excess (deficiency) of revenues over expenditures	<u>34,968</u>	<u>34,968</u>	<u>3,133,592</u>	<u>3,098,624</u>
OTHER FINANCING SOURCES/(USES):				
Transfers Out	(4,060,400)	(4,060,400)	(3,608,900)	451,500
Proceeds on Asset Sales	-	-	21,503	21,503
Total Other Financing Sources/(Uses)	<u>(4,060,400)</u>	<u>(4,060,400)</u>	<u>(3,587,397)</u>	<u>473,003</u>
Net Change in Fund Balance	(4,025,432)	(4,025,432)	(453,805)	3,571,627
Fund Balances at Beginning of Year	20,588,244	20,588,244	20,588,244	-
Fund Balances at End of Year	<u>\$ 16,562,812</u>	<u>\$ 16,562,812</u>	<u>\$ 20,134,439</u>	<u>\$ 3,571,627</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, 2020

	2020			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 5,540,000	\$ 5,540,000	\$ 3,240,946	\$ (2,299,054)
Proceeds from Special Events and Service Fees	1,297,500	1,297,500	107,030	(1,190,470)
Earnings on Investments	25,000	25,000	57,131	32,131
Rental Charges	627,000	627,000	260,749	(366,251)
Other	80,000	80,000	41,287	(38,713)
Total Revenues	<u>7,569,500</u>	<u>7,569,500</u>	<u>3,707,143</u>	<u>(3,862,357)</u>
EXPENDITURES:				
Conference Centre	1,152,735	1,152,735	796,479	356,256
Marketing	1,134,939	1,134,939	618,006	516,933
Special Events	3,810,921	3,810,921	1,369,326	2,441,595
Performing Arts	926,938	960,628	783,340	177,288
General Hotel Operations	144,173	144,173	55,828	88,345
Total Expenditures	<u>7,169,706</u>	<u>7,203,396</u>	<u>3,622,979</u>	<u>3,580,417</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>399,794</u>	<u>366,104</u>	<u>84,164</u>	<u>(281,940)</u>
OTHER FINANCING SOURCES/(USES):				
Transfer to Economic Development Fund	(768,000)	(768,000)	(384,000)	384,000
Net Change in Fund Balance	(368,206)	(401,896)	(299,836)	102,060
Fund Balances at Beginning of Year	<u>3,449,095</u>	<u>3,449,095</u>	<u>3,449,095</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,080,889</u>	<u>\$ 3,047,199</u>	<u>\$ 3,149,259</u>	<u>\$ 102,060</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Position
September 30, 2020

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
ASSETS:					
Current Assets:					
Pooled Cash and Investments	\$ 8,891,825	\$ 12,259,250	\$ 8,464,841	\$ 29,615,916	\$ 7,614,244
Interest Receivable	14,310	17,105	12,228	43,643	10,687
Accounts Receivable, Net	152,595	2,183,620	326,221	2,662,436	-
Total Current Assets	<u>9,058,730</u>	<u>14,459,975</u>	<u>8,803,290</u>	<u>32,321,995</u>	<u>7,624,931</u>
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,625,357	-	17,258,730	-
Construction in Progress	7,333,409	3,603,763	2,250,373	13,187,545	543,523
Buildings	2,600,302	6,923,788	-	9,524,090	-
Improvements other than Buildings	58,411,029	53,207,805	2,452,029	114,070,863	-
Machinery and Equipment	2,345,171	2,455,852	69,559	4,870,582	13,889,799
Accumulated Depreciation	(33,846,604)	(31,845,484)	(205,985)	(65,898,073)	(8,199,707)
Total Capital Assets, Net of Accumulated Depreciation	<u>52,476,680</u>	<u>35,971,081</u>	<u>4,565,976</u>	<u>93,013,737</u>	<u>6,233,615</u>
Investment in Joint Venture	-	6,393,505	-	6,393,505	-
Total Assets	<u>61,535,410</u>	<u>56,824,561</u>	<u>13,369,266</u>	<u>131,729,237</u>	<u>13,858,546</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charges on Refundings	-	339,315	-	339,315	-
Deferred Outflows on Pensions	-	181,366	-	181,366	-
Deferred Outflows on OPEB	7,727	32,964	3,449	44,140	-
Total Deferred Outflows of Resources	<u>7,727</u>	<u>553,645</u>	<u>3,449</u>	<u>564,821</u>	<u>-</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,259,467	\$ 839,624	\$ 128,941	\$ 2,228,032	\$ 267,311
Accrued Interest Payable	43,109	83,149	30,421	156,679	-
Current Compensated Absences Payable	5,835	19,994	-	25,829	-
Current Maturities of Long-Term Liabilities	432,292	870,000	305,000	1,607,292	-
Due to Other Funds	615,000	-	-	615,000	-
Customer Deposits	313,443	1,116,369	-	1,429,812	-
Total Current Liabilities	<u>2,669,146</u>	<u>2,929,136</u>	<u>464,362</u>	<u>6,062,644</u>	<u>267,311</u>
Non-Current Liabilities:					
Long-Term Liabilities, Net of Current Portion	8,941,287	17,597,174	5,251,873	31,790,334	-
Total Liabilities	<u>11,610,433</u>	<u>20,526,310</u>	<u>5,716,235</u>	<u>37,852,978</u>	<u>267,311</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows on Pensions	-	224,001	-	224,001	-
Deferred Inflows on OPEB	2,560	10,973	1,100	14,633	-
Total Deferred Inflows of Resources	<u>2,560</u>	<u>234,974</u>	<u>1,100</u>	<u>238,634</u>	<u>-</u>
NET POSITION:					
Net Investment in Capital Assets	45,212,538	24,341,637	(60,900)	69,493,275	6,233,615
Unrestricted	4,717,606	12,275,285	7,716,280	24,709,171	7,357,620
Total Net Position	<u>\$ 49,930,144</u>	<u>\$ 36,616,922</u>	<u>\$ 7,655,380</u>	<u>\$ 94,202,446</u>	<u>\$ 13,591,235</u>

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.

	\$ 557,117
Net Position of business type activities	<u>\$ 94,759,563</u>

See accompanying notes to basic financial statements.

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended September 30, 2020

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
OPERATING REVENUES:					
Water	\$ -	\$ 7,460,287	\$ -	\$ 7,460,287	\$ -
Sewer	-	5,388,939	-	5,388,939	-
Drainage	-	-	2,320,434	2,320,434	-
Penalties	-	36,448	-	36,448	-
Water and Sewer Taps and Other Fees	-	13,292	1,916	15,208	-
Fuel Flowage Fees	867,778	-	-	867,778	-
Customs Agent Fees	103,234	-	-	103,234	-
Rental Charges	4,421,924	-	-	4,421,924	-
Other Income	230,835	7,179	-	238,014	93,496
Department Contributions	-	-	-	-	2,044,863
Total Operating Revenues	5,623,771	12,906,145	2,322,350	20,852,266	2,138,359
OPERATING EXPENSES:					
Salaries and Fringe Benefits	356,383	1,957,108	275,450	2,588,941	-
Supplies	40,794	214,534	13,240	268,568	52,704
Maintenance and Materials	3,129,676	524,182	32,637	3,686,495	14,719
Contractual Services	893,316	904,231	720,472	2,518,019	23,073
Water Purchases	-	3,529,753	-	3,529,753	-
Wastewater Purchases	-	3,426,935	-	3,426,935	-
Total Operating Expenses (Excluding Depreciation)	4,420,169	10,556,743	1,041,799	16,018,711	90,496
Depreciation	2,354,290	1,459,811	92,500	3,906,601	1,090,551
Total Operating Expenses	6,774,459	12,016,554	1,134,299	19,925,312	1,181,047
OPERATING INCOME/(LOSS)	(1,150,688)	889,591	1,188,051	926,954	957,312
NON-OPERATING REVENUES/(EXPENSES):					
Investment Income	211,184	221,268	137,061	569,513	74
Gain/(Loss) on Disposal of Assets	15,732	8,273	-	24,005	93,835
Gain/(Loss) on Joint Venture	-	(80,895)	-	(80,895)	-
Interest Expense and Fiscal Charges	(335,010)	(671,723)	(227,581)	(1,234,314)	-
Total Non-Operating Revenues/(Expenses)	(108,094)	(523,077)	(90,520)	(721,691)	93,909
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	(1,258,782)	366,514	1,097,531	205,263	1,051,221
Capital Grants and Contributions	1,224,219	2,992,508	931,730	5,148,457	-
Transfers In	73,338	86,956	-	160,294	-
Transfers Out	-	-	-	-	(160,294)
CHANGE IN NET POSITION	38,775	3,445,978	2,029,261	5,514,014	890,927
Net Position at Beginning of Year	49,891,369	33,170,944	5,626,119	88,688,432	12,700,308
Net Position at End of Year	\$ 49,930,144	\$ 36,616,922	\$ 7,655,380	\$ 94,202,446	\$ 13,591,235

Reconciliation to business-type activities:
Change in net position of enterprise funds \$ 5,514,014

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.

382,442

Change in net position of business type activities \$ 5,896,456

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 5,704,977	\$ 12,892,291	\$ 2,298,213	\$ 20,895,481	\$ 2,138,359
Payments to Suppliers	(4,124,294)	(8,660,564)	(977,691)	(13,762,549)	(87,044)
Payments to Employees for Services	(350,692)	(1,931,811)	(274,190)	(2,556,693)	-
<i>Net Cash Provided by Operating Activities</i>	<u>1,229,991</u>	<u>2,299,916</u>	<u>1,046,332</u>	<u>4,576,239</u>	<u>2,051,315</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(7,751,233)	(1,255,618)	(689,288)	(9,696,139)	(1,764,497)
Principal Paid on Long-Term Debt	(562,500)	(840,000)	(295,000)	(1,697,500)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(366,349)	(773,416)	(253,174)	(1,392,939)	-
Principal Paid on Interfund Loan for Capital Purchase	(85,000)	-	-	(85,000)	-
Proceeds from Interfund Loan for Capital Purchase	700,000	-	-	700,000	-
Proceeds from Capital Grant	1,224,219	-	-	1,224,219	-
Proceeds from Sale of Capital Assets	15,732	8,740	-	24,472	93,835
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(6,825,131)</u>	<u>(2,860,294)</u>	<u>(1,237,462)</u>	<u>(10,922,887)</u>	<u>(1,670,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Cash and Investments	238,176	242,831	173,132	654,139	9,792
<i>Net Cash Provided by Investing Activities</i>	<u>238,176</u>	<u>242,831</u>	<u>173,132</u>	<u>654,139</u>	<u>9,792</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	(5,356,964)	(317,547)	(17,998)	(5,692,509)	390,445
Cash and Cash Equivalents, October 1	14,248,789	12,576,797	8,482,839	35,308,425	7,223,799
Cash and Cash Equivalents, September 30	<u>\$ 8,891,825</u>	<u>\$ 12,259,250</u>	<u>\$ 8,464,841</u>	<u>\$ 29,615,916</u>	<u>\$ 7,614,244</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ (1,150,688)	\$ 889,591	\$ 1,188,051	\$ 926,954	\$ 957,312
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	2,354,290	1,459,811	92,500	3,906,601	1,090,551
Change in Assets, Liabilities, and Deferred Items:					
(Increase)/Decrease in Accounts Receivables	97,880	(36,560)	(24,137)	37,183	-
(Increase)/Decrease in Prepaid Items	-	-	-	-	-
Increase/(Decrease) in Accounts Payable	(57,754)	(62,075)	(211,342)	(331,171)	3,452
Increase/(Decrease) in Customer Deposits	(16,674)	22,706	-	6,032	-
(Increase)/Decrease in Deferred Outflows on Pensions	-	446,132	-	446,132	-
(Increase)/Decrease in Deferred Outflows on OPEB	(3,794)	(16,261)	(1,626)	(21,681)	-
Increase/(Decrease) in Deferred Inflows on Pensions	-	217,508	-	217,508	-
Increase/(Decrease) in Deferred Inflows on OPEB	(291)	(1,245)	(123)	(1,659)	-
Increase/(Decrease) in Net Pension Liability	-	(649,784)	-	(649,784)	-
Increase/(Decrease) in Total OPEB Liability	7,022	30,093	3,009	40,124	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 1,229,991</u>	<u>\$ 2,299,916</u>	<u>\$ 1,046,332</u>	<u>\$ 4,576,239</u>	<u>\$ 2,051,315</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Grants and Contributions	\$ -	\$ 2,992,508	\$ 931,730	\$ 3,924,238	\$ -
Capital Assets in Accounts Payable	960,402	728,386	88,129	1,776,917	262,041
Transfers of Capital Assets	73,338	86,956	-	160,294	(160,294)
Gain/(Loss) of Joint Venture	-	(80,895)	-	(80,895)	-
<i>Net Noncash Items from Capital and Related Financing Activities</i>	<u>\$ 1,033,740</u>	<u>\$ 3,726,955</u>	<u>\$ 1,019,859</u>	<u>\$ 5,780,554</u>	<u>\$ 101,747</u>

See accompanying notes to the basic financial statements.



NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020 to be the fair value of investments. Investments in nonnegotiable certificates of deposit are carried at cost. The government investment pools, TexPool, TexSTAR, and LOGIC 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 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 Dallas Central Appraisal District for appraisal fees, and postage.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020. The Town's liability for compensated absences increased \$281,952 for a total liability of \$1,294,054.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is capital developer donations of \$107,991 for Utilities, \$26,015 for Stormwater, and \$100 for the General Government. Capital grants also includes a \$1,224,219 grant to the airport reimbursing a purchase of land. Operating grants and donations included \$431,455 for CARES grant funding, \$195,133 of grant funding for public safety, a \$2,598 donation to Parks and Recreation for plaques, a \$4,896 retail food regulatory grant, and \$207,000 in grants for Airport operations. A total of \$894,465 CARES grant was received for general government, and \$463,010 was received in advance and unspent at year-end. This amount is reported as unearned revenue in the grant fund.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7) Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four 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. The difference between projected and actual investment earnings on pension plan 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 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, 2020

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, 2020

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 FY2020 budget was amended two times, and the amendments were approved by City Council on May 12, 2020 and September 22, 2020. The May 12th amendment was to allocate additional funds to the Police Property Room Ventilation Repair project and to the Addison Circle Park Fountains project, as well as allocate funding for projects approved as part of the 2019 bond program from the 2020 GO Bond Fund. Additionally, this amendment was to allocate funds from the 2014 Utility Certificates of Obligation Bond Fund to use for the Basin I Sanitary Sewer Reroute project. The September 22nd budget amendment appropriated funds for actual employee benefit elections and salaries in the Fire Department, and to reflect the receipt of bond proceeds and the refunding cost associated with the 2020 General Obligation Taxable Refunding Bonds. The amendment also added funding for major projects including the Airport Customs and Border Protection Facility, Belt Line Utility Undergrounding Project, Belt Line Road 1.5 Project, and Basin I Sewer Improvements.

Excess of Expenditures over Appropriations – For the year ended September 30, 2020, Fire department expenditures in the General Fund exceeded appropriations by \$30,441, mainly due to the employer contributions for health insurance were underbudgeted and did not reflect actual employee elections. Additionally, 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. In the General Obligation Debt Service Fund, expenditures exceeded appropriations by \$51,642 due to unbudgeted issuance costs for debt refunding.

Encumbrance accounting is employed in governmental funds, but all operating encumbrances are liquidated at year-end. Only encumbrances for capital project contracts roll forward to the next fiscal year to increase following year capital budgets.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 "Pooled 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, 2020. Included in Pooled 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 \$19,285,504. The respective bank balance totaled \$19,923,959. In addition, collateral with a market value of \$4,564,376 and unused letters of credit in the amount of \$15,543,200 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, 2020 were invested in LOGIC, 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. Hilltop Securities, Inc. (HTS) and JPMorgan Investment Management, Inc. (JPMIM) serve as co-administrators for LOGIC and TexSTAR under an agreement with its Board of Trustees and Board of Directors, respectively. HTS provides distribution, administrative, participant support and marketing services. JPMIM provides investment management, custody and fund accounting services. JPMorgan Chase Bank, N.A. serves as custodian for LOGIC and TexSTAR.

LOGIC, TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. LOGIC, 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 and LOGIC are carried at net asset value.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investments

As of September 30, 2020, the Town held the following investments:

	<u>Carrying Value</u>	<u>Average Maturity (Days)</u>
Certificates of Deposit	\$ 15,427,940	279
Commercial Paper	5,997,039	108
Agency Securities	53,049,461	980
<i>Total Investment in Securities</i>	<u>74,474,440</u>	<u>773</u>
LOGIC	28,658,101	1
TexPool	4,883,234	1
TexStar	3,202,064	1
<i>Total Investment in Pools</i>	<u>36,743,399</u>	<u>1</u>
<i>Total Investments</i>	<u>\$ 111,217,839</u>	<u>397</u>

In accordance with GASB Statement No. 72, "Fair Value Measurement and Application," the Town records investments at fair value. However, for participating interest-earning investment contracts with maturities of one year or less at time of purchase, the Town reports these investments at amortized cost. 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 24 months (730 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, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

3. Prime commercial paper with an original maturity of one hundred (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 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. LOGIC, 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, 2020, are Instrumentality Securities (70%) of which the Town's portfolio is currently at 47.5%, Certificates of Deposit (50%) of which the Town's portfolio is currently at 14%, Commercial Paper (30%) of which the Town's portfolio is currently at 5.5%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 33%.

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

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020:

Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Investments by fair value level			
Commercial Paper	\$ 5,997,039	\$ -	\$ 5,997,039
U.S. Agency Securities	53,049,461	-	53,049,461
<i>Total Investment by fair value level</i>	59,046,500	\$ -	\$ 59,046,500
Investments measured at net asset value - TexSTAR	3,202,064		
Investments measured at amortized cost - TexPool	4,883,234		
Investments measured at net asset value - LOGIC	28,658,101		
Non-negotiable certificates of deposit	15,427,940		
<i>Total Investments</i>	\$ 111,217,839		

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, 2020, 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, TexPool and LOGIC. The fair value of the position of TexSTAR and LOGIC are 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. The Town can liquidate funds daily without penalty, and there is no unfunded commitment.

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, 2019, upon which the fiscal year 2020 levy is based, was \$4,819,907,442.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020 was \$.5835 per \$100, of which \$.434117 was allocated for general government and \$.149383 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, 2020, were 95.31% 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, 2020, was \$509,074.

C. Receivables

As of September 30, 2020, 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	Capital Projects	Non-Major Funds	Internal Service Funds	Total
Taxes:							
Ad Valorem	\$ 556,580	\$ -	\$ 248,218	\$ 8,393	\$ 34,085	\$ -	\$ 847,276
Non-Property	2,377,085	143,398	-	-	-	-	2,520,483
Franchise Fees	278,667	-	-	-	-	-	278,667
Service Fees	990,754	-	-	-	-	-	990,754
Ambulance	671,734	-	-	-	-	-	671,734
Interest	32,605	4,705	34	61,997	4,967	10,687	114,995
Other	44,458	62	-	270,496	4,760	-	319,776
Due from Other Funds	-	-	-	615,000	-	-	615,000
Gross Receivables	\$ 4,951,883	\$ 148,165	\$ 248,252	\$ 955,886	\$ 43,812	\$ 10,687	\$ 6,358,685
Less: Allowance for Uncollectibles	1,617,651	-	159,825	4,808	20,275	-	1,802,559
Net Receivables	\$ 3,334,232	\$ 148,165	\$ 88,427	\$ 951,078	\$ 23,537	\$ 10,687	\$ 4,556,126

The above allowance for uncollectible accounts represents reserves for ambulance (\$450,062), court warrants (\$787,086), alarm (\$56,337), and property taxes (\$509,074).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

In the proprietary funds at September 30, 2020 the Airport fund has \$102,595 rent receivable and \$50,000 grant receivable with no associated allowance accounts. The Utility fund has \$2,233,034 in water and sewer sales receivable, net of an allowance of \$49,414. The Stormwater fund has stormwater fees receivable of \$343,111 net of an allowance of \$16,890.

D. Capital Assets

Capital Asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not Depreciable:					
Land	\$ 66,249,935	\$ 944,759	\$ -	\$ -	\$ 67,194,694
Intangible Assets	672,076	-	-	185,987	858,063
Construction in Progress	13,899,390	5,783,551	-	(8,643,671)	11,039,270
<i>Total Capital Assets, not Depreciable</i>	<u>80,821,401</u>	<u>6,728,310</u>	<u>-</u>	<u>(8,457,684)</u>	<u>79,092,027</u>
Capital Assets, Depreciable:					
Buildings	23,297,688	-	-	-	23,297,688
Improvements other than Buildings	194,563,671	164,469	(1,774,119)	3,642,029	196,596,050
Machinery and Equipment	23,424,970	1,655,630	(4,282,596)	1,025,424	21,823,428
<i>Total Capital Assets, Depreciable</i>	<u>241,286,329</u>	<u>1,820,099</u>	<u>(6,056,715)</u>	<u>4,667,453</u>	<u>241,717,166</u>
Less Accumulated Depreciation for:					
Buildings	(14,346,909)	(603,908)	-	-	(14,950,817)
Improvements other than Buildings	(117,862,034)	(6,702,320)	1,595,035	-	(122,969,319)
Machinery and Equipment	(13,394,472)	(1,820,493)	4,281,282	-	(10,933,683)
<i>Total Accumulated Depreciation</i>	<u>(145,603,415)</u>	<u>(9,126,721)</u>	<u>5,876,317</u>	<u>-</u>	<u>(148,853,819)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>95,682,914</u>	<u>(7,306,622)</u>	<u>(180,398)</u>	<u>4,667,453</u>	<u>92,863,347</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 176,504,315</u>	<u>\$ (578,312)</u>	<u>\$ (180,398)</u>	<u>\$ (3,790,231)</u>	<u>\$ 171,955,374</u>
Business-type Activities:					
Capital Assets, not Depreciable:					
Land	\$ 17,046,407	\$ 212,323	\$ -	\$ -	\$ 17,258,730
Construction in Progress	7,706,752	10,186,310	-	(4,705,517)	13,187,545
<i>Total Capital Assets, not Depreciable</i>	<u>24,753,159</u>	<u>10,398,633</u>	<u>-</u>	<u>(4,705,517)</u>	<u>30,446,275</u>
Capital Assets, Depreciable:					
Buildings	9,524,090	-	-	-	9,524,090
Improvements other than Buildings	105,417,641	158,291	(817)	8,495,748	114,070,863
Machinery and Equipment	4,595,196	920,592	(645,206)	-	4,870,582
<i>Total Capital Assets, Depreciable</i>	<u>119,536,927</u>	<u>1,078,883</u>	<u>(646,023)</u>	<u>8,495,748</u>	<u>128,465,535</u>
Less Accumulated Depreciation for:					
Buildings	(2,939,377)	(190,487)	-	-	(3,129,864)
Improvements other than Buildings	(56,917,611)	(3,403,502)	350	-	(60,320,763)
Machinery and Equipment	(2,780,040)	(312,612)	645,206	-	(2,447,446)
<i>Total Accumulated Depreciation</i>	<u>(62,637,028)</u>	<u>(3,906,601)</u>	<u>645,556</u>	<u>-</u>	<u>(65,898,073)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>56,899,899</u>	<u>(2,827,718)</u>	<u>(467)</u>	<u>8,495,748</u>	<u>62,567,462</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 81,653,058</u>	<u>\$ 7,570,915</u>	<u>\$ (467)</u>	<u>\$ 3,790,231</u>	<u>\$ 93,013,737</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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	\$ 326,849	\$ -
Public Safety	509,243	-
Development Services	3,824	-
Streets	5,828,845	-
Parks and Recreation	846,394	-
Visitor Services	521,015	-
IT Replacement	368,847	-
Capital Replacement	721,704	-
Airport Fund	-	2,354,290
Utility Fund	-	1,459,811
Stormwater Fund	-	92,500
	<u>\$ 9,126,721</u>	<u>\$ 3,906,601</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2020:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Vitruvian Public Infrastructure	\$ 10,021,107	\$ 9,959,232	\$ 61,875
Midway Road Rehabilitation	28,845,828	3,852,630	24,993,198
Belt Line Beautification	3,153,000	1,791,929	1,361,071
Airport Parkway Reconstruction	9,400,000	344,144	9,055,856
Keller Springs Reconstruction	12,900,000	466,722	12,433,278
	<u>\$ 64,319,935</u>	<u>\$ 16,414,657</u>	<u>\$ 47,905,278</u>
<u>Business Type Activities</u>			
Customs Facility Construction	\$ 11,162,733	\$ 7,101,661	\$ 4,061,072
Airport Facility Improvements	1,544,000	585,766	958,234
Water Line Replacement	3,941,798	1,029,518	2,912,280
Kellway Lift Station Rehabilitation & Repair	1,587,984	419,537	1,168,447
Celestial Ground Storage Tank	3,680,000	82,376	3,597,624
Chlorine Booster Station	2,299,000	196,143	2,102,857
Basin I Sanitary Sewer Reroute	3,151,000	2,025,538	1,125,462
Sherlock Basin Improvements	1,868,191	1,642,244	225,947
Storm Water Assessment Basin Improv	4,168,809	608,129	3,560,680
	<u>\$ 33,403,515</u>	<u>\$ 13,690,913</u>	<u>\$ 19,712,602</u>

In addition, the Town had the following outstanding encumbrances related to capital projects at September 30, 2020. The Airport fund had \$1,672,241 related to the construction of the customs facility, the Utility fund had \$97,812 for pump station and sewer line improvements, and the Capital Project fund had \$1,300,820 for various streets, facilities, and parks projects.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

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 \$6,393,505, 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, 2020:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series of 2012		
A series of 2,967 bonds at \$5,000 each dated August 15, 2012. The bonds were issued for the purpose of (i) acquiring and installing radio and telecommunication equipment for Town public safety operations, (ii) designing, acquiring, improving, constructing, and renovating water, wastewater and street infrastructure improvements, including drainage infrastructure, within the Vitruvian Park area of the Town; and (iii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the certificates. The bonds mature serially through 2032 with interest rates ranging from 1.5% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from a combination of Ad Valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Utility Fund. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 10,965,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding and Improvement Bonds Series of 2012		
A series of 4,518 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to fund various public improvement projects up to \$19,830,000 to include construction, engineering, and other professional services; refund the Town's outstanding General Obligation Bonds, Series 2004, and General Obligation Refunding and Improvement Bonds, Series 2005; and pay the costs of issuance associated with the sale of the bonds. The bonds mature serially through 2032 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from Ad Valorem taxes.	\$ 1,795,000	\$ -
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured		
General Obligation Bonds, Tax-Exempt Series of 2013		
A series of 933 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to (i) engineer, construct, improve, repair, develop, extend and expand streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting and the acquisition of land therefore; (ii) acquire and improve land and interest in land to provide improvements, additions and access to the Addison Municipal Airport, and (iii) pay the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000.	\$ 3,485,000	\$ -
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
General Obligation Bonds Series 2013A (AMT)		
A series of 375 bonds at \$5,000 each dated July 15, 2013. The bonds were issued to provide funds to: (i) acquire and improve of land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the AMT bonds. The bonds mature serially through 2018 with interest rates ranging from 2% to 2.25%. The bonds are not callable.	\$ 1,385,000	\$ -
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds Taxable Series of 2013B		
A series of 250 bonds at \$5,000 each dated July 15, 2013. The bonds, used together with other available Town funds, were issued to provide funds to: (i) acquire and improve land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 3.75% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 170,000	\$ -
Combination Tax and Revenue Certificates of Obligation Series of 2013		
A series of 2,037 bonds at \$5,000 each dated July 15, 2013. The Certificates were issued for (i) (a) designing, acquiring, improving, constructing and renovating facilities and infrastructure at the Addison Municipal Airport and the acquisition and improvement of land and interests in land to provide improvements, additions and access to the airport, (b) designing, acquiring, improving, constructing, and renovating City drainage and stormwater infrastructure and facilities ((a) and (b) together, the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2023 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 7,510,000
General Obligation Bonds, Tax-Exempt Series 2014		
A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2032 with interest rates ranging from 3% to 3.625%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 9,785,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Certificates of Obligation Series 2014		
A series of 1,513 bonds at \$5,000 each dated February 15, 2014. The Certificates were issued for (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects, (the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2034 with interest rates ranging from 1% to 4%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000.	\$ -	\$ 6,005,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
General Obligation Refunding Bonds Series 2016		
A series of 4,712 bonds at \$5,000 each dated May 13, 2016. The bonds were issued to refund a portion of the Town's outstanding debt for debt service savings and to pay the costs associated with the issuance of the bonds. The bonds mature serially through 2033 with interest rates ranging from 3% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2026 in whole or in part in principal amounts of \$5,000.	\$ 16,040,000	\$ 4,965,000
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		
Combination Tax and Revenue Certificates of Obligation Series 2018		
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.	\$ -	\$ 12,900,000
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"		

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
Combination Tax and Revenue Certificates of Obligation Series 2019		
<p>A series of 3,380 bonds at \$5,000 each dated September 10, 2019. The bonds were issued for the purpose of (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, (ii) improvements to a groundwater well to supply water to the Town's Vitruvian Park, 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 4%. 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.</p>		
	\$ 16,220,000	\$ -
<p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>		
General Obligation Bonds Series 2020		
<p>A series of 2,727 bonds at \$5,000 each dated August 11, 2020. The bonds were issued for the purpose of (i) constructing and improving Keller Springs Road and Airport Parkway, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection, and related storm drainage improvements and acquiring rights-of-way in connection therewith, (ii) acquiring, developing, renovating and improving parks, park facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, facade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, (iv) improving, acquiring and equipping advanced traffic control systems and facilities, and (v) paying of the costs of issuance of the Bonds. The bonds mature serially through 2040 with interest rates ranging from 2% to 5%. The bonds are callable at par value plus accrued interest on or after August 15, 2029 in whole or in part in principal amounts of \$5,000.</p>		
	\$ 13,635,000	\$ -
<p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>		

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
General Obligation Refunding Bonds Taxable Series 2020		
A series of 2,641 bonds at \$5,000 each dated August 11, 2020. The bonds were issued for the purpose of (i) refund the Refunded Bonds, and (ii) pay of the costs of issuance of the Bonds. The bonds mature serially through 2032 with interest rates ranging from 0.2% to 2%. The bonds are callable at par value plus accrued interest on or after August 15, 2029 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 13,205,000	\$ -
TOTAL LONG-TERM DEBT OUTSTANDING	\$ 86,685,000	\$ 31,380,000

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Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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, 2020 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 47,605	\$ 26,840	\$ (14,945)	\$ 59,500	\$ 3,635
Premium on General Obligation Bonds	4,323	1,608	(1,694)	4,237	-
Discount on General Obligation Bonds	(40)	(3)	36	(7)	-
Certificates of Obligation	11,685	16,900	(1,400)	27,185	1,350
Premium on Certificates of Obligation	-	1,221	(108)	1,113	-
Discount on Certificates of Obligation	(80)	-	5	(75)	-
Net Pension Liability	10,906	12,311	(20,397)	2,820	-
Compensated Absences	918	451	(170)	1,199	139
Total OPEB Liability	3,716	604	(143)	4,177	132
Long-Term Liabilities – Governmental Activities	<u>\$ 79,033</u>	<u>\$ 59,932</u>	<u>\$ (38,816)</u>	<u>\$ 100,149</u>	<u>\$ 5,256</u>
Business-type Activities:					
General Obligation Refunding Bonds	\$ 5,655	\$ -	\$ (690)	\$ 4,965	\$ 320
(Payable from airport and utility system revenues)					
Premium on General Obligation Refunding Bonds	755	-	(104)	651	-
Combination Tax and Revenue Certificates of Obligation	9,065	-	(120)	8,945	375
(Payable from airport revenues)					
Premium on Combination Tax and Revenue C.O.	323	-	(32)	291	-
Combination Tax and Revenue Certificates of Obligation	12,635	-	(530)	12,105	550
(Payable from utility system revenues)					
Premium on Combination Tax and Revenue C.O.	248	-	(21)	227	-
Combination Tax and Revenue Certificates of Obligation	5,660	-	(295)	5,365	305
(Payable from storm water system revenues)					
Premium on Combination Tax and Revenue C.O.	188	-	(25)	163	-
Note Payable	119	-	(62)	57	57
Net Pension Liability	847	989	(1,639)	197	-
Compensated Absences	94	42	(41)	95	26
Total OPEB Liability	323	52	(12)	363	-
Long-Term Liabilities – Business-type Activities	<u>\$ 35,912</u>	<u>\$ 1,083</u>	<u>\$ (3,571)</u>	<u>\$ 33,424</u>	<u>\$ 1,633</u>

During the current fiscal year, the Town refunded \$12,240,000 of governmental GO's with a \$1,012,871 unamortized premium, \$31,691 unamortized discount, and \$153,728 unamortized deferred loss on refunding, in a taxable refunding issuance entitled GO Refunding Bonds, Taxable Series 2020. No additional proceeds were received, and the Town paid \$111,987 in issuance costs and underwriter discounts from the General Obligation Debt Service Fund. The new issuance resulted in \$13,205,000 governmental GO refunding bonds with a discount of \$2,801. As a result of the taxable refunding, the Town reduced its total debt service requirements by \$2,022,740, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,866,360.

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 \$6,335 available in the General Obligation Debt Service Fund to service the general obligation bonds.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 \$57,000 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, 2020.

For the governmental activities, compensated absences are generally liquidated in the General Fund, Economic Development Fund and Hotel Fund. Also for governmental activities, the net pension liability and total OPEB liability is generally liquidated from the General Fund.

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
General Obligation Bonds:				
2021	\$ 3,635,000	\$ 1,806,515	\$ 320,000	\$ 224,250
2022	3,660,000	1,713,798	340,000	211,050
2023	3,780,000	1,597,315	355,000	197,150
2024	3,880,000	1,493,541	365,000	182,750
2025	4,010,000	1,379,935	380,000	167,850
2026-2030	21,530,000	4,794,302	1,980,000	547,250
2031-2035	14,995,000	1,284,616	1,225,000	93,875
2036-2040	4,010,000	203,800	-	-
	<u>\$ 59,500,000</u>	<u>\$ 14,273,822</u>	<u>\$ 4,965,000</u>	<u>\$ 1,624,175</u>
Certificates of Obligation:				
2021	\$ 1,350,000	\$ 852,138	\$ 1,230,000	\$ 1,002,182
2022	1,390,000	811,538	1,280,000	957,683
2023	1,445,000	758,613	1,335,000	909,057
2024	1,505,000	699,612	1,385,000	858,658
2025	1,560,000	642,512	1,440,000	806,232
2026-2030	7,180,000	2,476,812	8,235,000	3,061,468
2031-2035	7,310,000	1,419,616	7,985,000	1,263,383
2036-2039	5,445,000	300,553	3,525,000	254,187
	<u>\$ 27,185,000</u>	<u>\$ 7,961,394</u>	<u>\$ 26,415,000</u>	<u>\$ 9,112,850</u>

At September 30, 2020, the Town had \$81,845,000 authorized but unissued general obligation bonds.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2020 is as follows:

	Interfund Receivables	Interfund Payables	
Capital Project Fund	\$ 615,000	\$ -	
Airport Fund	-	615,000	Loan for AFRR, reimbursement expected in subsequent year
Total	<u>\$ 615,000</u>	<u>\$ 615,000</u>	

Transfers between funds during the year ended September 30, 2020 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
General Fund	\$ -	\$ 45,000	For capital projects
General Fund	-	3,563,900	For capital projects
Capital Project Fund	45,000	-	For capital projects
Capital Project Fund	3,563,900	-	For capital projects
Hotel Fund	-	384,000	For economic development
Economic Development Fund	384,000	-	For economic development
Internal Service Fund	-	55,418	For purchase of assets in Internal Svc Fund
Internal Service Fund	-	17,920	For purchase of assets in Internal Svc Fund
Internal Service Fund	-	42,873	For purchase of assets in Internal Svc Fund
Internal Service Fund	-	44,083	For purchase of assets in Internal Svc Fund
Airport Fund	55,418	-	For purchase of assets in Internal Svc Fund
Airport Fund	17,920	-	For purchase of assets in Internal Svc Fund
Utility Fund	42,873	-	For purchase of assets in Internal Svc Fund
Utility Fund	44,083	-	For purchase of assets in Internal Svc Fund
Total Transfers	<u>\$ 4,153,194</u>	<u>\$ 4,153,194</u>	

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 2020, 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.

For the period of October 2019 to September 2020, 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 888 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (CONTINUED)

TMRS issues a publicly available Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System’s web site at: <http://www.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 Town discontinued the annual increases in January 2009 and began doing ad hoc increases through 2014, still at 70%. The Town has not adopted an ad hoc COLA since 2014.

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	216
Inactive employees entitled to but not yet receiving benefits	233
Active employees	<u>270</u>
Total	<u>719</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 2019 of 10.86%. Accordingly, contributions to TMRS for the year ended September 30, 2020 were \$2,259,912 and were equal to the required contribution.

Net Pension Liability

The Town's Net Pension Liability was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% 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 107.5% for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the same table as healthy retirees is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2019, valuation were based on the actuarial investigation of experience of TMRS. This investigation was for the period December 31, 2014 through December 31, 2018.

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, 2020

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)
Total Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	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, 2019. 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, 2020

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/1/2019	\$ 130,237,725	\$ 118,484,627	\$ 11,753,098
Changes for the year:			
Service cost	3,261,975	-	3,261,975
Interest	8,672,125	-	8,672,125
Difference between expected and actual experience	857,318	-	857,318
Changes of assumptions	402,607	-	402,607
Contributions - employer	-	2,259,912	(2,259,912)
Contributions - employee	-	1,480,167	(1,480,167)
Net investment income	-	18,296,106	(18,296,106)
Benefit payments, including refunds of employee contributions	(6,785,567)	(6,785,567)	-
Administrative expense	-	(103,502)	103,502
Other	-	(3,109)	3,109
Net changes	6,408,458	15,144,007	(8,735,549)
Balance at 9/30/2020	\$ 136,646,183	\$ 133,628,634	\$ 3,017,549

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town's net pension liability	\$ 20,869,639	\$ 3,017,549	\$ (11,752,583)

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.

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

For the year ended September 30, 2020, the Town recognized pension expense of \$3,370,643. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

IV. OTHER INFORMATION (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 945,834	\$ (2,375)
Contributions subsequent to the measurement date	1,716,190	-
Change of assumptions	304,170	-
Difference between projected and actual investment earnings	-	(4,077,799)
Total	\$ 2,966,194	\$ (4,080,174)

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 \$1,716,190 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. 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
2021	\$ (664,796)
2022	(847,600)
2023	714,179
2024	(2,031,953)
Total	\$ (2,830,170)

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, 2020, is presented below.

Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	\$ 3,160,225	\$ 329,877	\$ (105,012)	\$ 262,050
Business-Type Activities	274,526	28,662	(9,130)	22,787
Supplemental Death Benefits				
Governmental Activities	1,017,049	178,093	(63,291)	78,581
Business-Type Activities	88,350	15,478	(5,503)	6,833
Total	\$ 4,540,150	\$ 552,110	\$ (182,936)	\$ 370,251

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses and dependents through the Town's group health insurance plan, which covers both active and retired members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

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

A measurement date of December 31, 2019 was used for the September 30, 2020 liability and expense. The information that follows was determined as of a valuation date of December 31, 2019.

Employees covered by benefit terms

At the December 31, 2019 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 2020 contribute \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2020, total retiree contributions were \$140,437.

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 \$3,434,751 was measured as of December 31, 2019.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

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	2.50% per year
Overall payroll growth	3.50% to 11.50%, including inflation
Discount rate	2.75% (3.71% in prior year)
Healthcare cost trend rates	7.2% for 2020, declining to 4.25% after 15 years
Participation rates	50% of employees who retire before age 65 and 100% 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 2.75 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 gender-distinct 2019 Municipal Retirees of Texas mortality tables and projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.

Changes in the Total OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability
Balance as of 10/1/19	\$ 3,160,157
Changes for the year:	
Service cost	151,275
Interest on OPEB Liability	117,504
Effect of difference in expected & actual experience	(1,268)
Effect of assumptions (change in discount rate)	144,221
Benefit payments	(137,138)
Change in total OPEB Liability	<u>274,594</u>
Balance as of 9/30/20	<u>\$ 3,434,751</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 2.75% 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability	\$ 3,791,305	\$ 3,434,751	\$ 3,120,717

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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 rate:

	Current Health Care		
	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB liability	\$ 3,145,471	\$ 3,434,751	\$ 3,784,038

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

For the year ended September 30, 2020, the Town recognized OPEB expense of \$284,837. At September 30, 2020, 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	\$ -	\$ (39,586)
Change of assumptions	233,071	(74,556)
Benefit payments made subsequent to measurement date	125,468	-
Total	<u>\$ 358,539</u>	<u>\$ (114,142)</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 \$125,468 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2021. 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
2021	\$ 16,058
2022	16,058
2023	16,058
2024	16,058
2025	16,058
Thereafter	38,639
Total	<u>\$ 118,929</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2020

IV. OTHER INFORMATION (CONTINUED)

Supplemental Death Benefits Fund Description

Texas Municipal Retirement System (“TMRS”) administers an agent multiple-employer 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, 2019 was used for the September 30, 2020 liability and expense. The information that follows was determined as of a valuation date of December 31, 2019.

Employees covered by benefit terms

At the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>270</u>
Total	<u>492</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 2020 were \$6,342.

Total OPEB Liability for Supplemental Death Benefits

The Town’s total OPEB liability for supplemental death benefits of \$1,105,399 was measured as of December 31, 2019.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.50% per year
Overall payroll growth	3.50% to 11.50%, including inflation
Discount rate	2.75% (3.71% in prior year)

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

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 2.75 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 2019 Municipal Retirees of Texas Mortality Tables and projected on a fully generational basis with scale UMP.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability for supplemental death benefits

	<u>Total OPEB Liability</u>	
Balances as of 10/1/19	\$	878,424
Changes for the year:		
Service cost		25,369
Interest on OPEB Liability		32,942
Effect of difference in expected & actual experience		(10,521)
Effect of assumptions (change in discount rate)		185,527
Benefit payments		(6,342)
Change in OPEB Liability		<u>226,975</u>
Balances as of 9/30/20	\$	<u>1,105,399</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 2.75% 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability	\$ 1,354,536	\$ 1,105,399	\$ 914,893

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

For the year ended September 30, 2020, the Town recognized OPEB expense of \$85,414. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (23,165)
Change of assumptions	193,571	(45,629)
Total	<u>\$ 193,571</u>	<u>\$ (68,794)</u>

NOTES TO FINANCIAL STATEMENTS
 September 30, 2020

IV. OTHER INFORMATION (CONTINUED)

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30	Net deferred outflows (inflows) of resources
2021	\$ 27,103
2022	27,103
2023	26,707
2024	14,453
2025	29,119
Thereafter	292
Total	<u>\$ 124,777</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.

The Town of Addison has a \$5,000,000 loan from the North Central Texas Council of Governments (NCTCOG) for Addison's future contribution to Dallas Area Rapid Transit (DART) for the Cotton Belt. The loan is to be repaid over 10 years at 1.8% interest, starting after the completion of the Cotton Belt. The Town of Addison is not responsible for any repayment of the loan unless and until the Cotton Belt is finished. If the Cotton Belt fails to materialize, the Town has no obligation to repay the loan.

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, 2020, and the amount forgone was \$17,375. Over the life of the contract, the entity has forgone 119,498.

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 \$384,869 during the fiscal year ended September 30, 2020, and has paid \$1,357,612 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, 2020. 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, 2020

IV. OTHER INFORMATION (CONTINUED)

E. New Accounting Pronouncements

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 2021. 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 2022. 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 be effective for the Town in fiscal year 2021. The Town will evaluate the potential impact on the Town's net position.

Statement No. 91, *Conduit Debt Obligations* – This statement provides a single method of reporting conduit debt and clarifies that these obligations are not government liabilities. This statement will be effective for the Town in fiscal year 2023. The Town will evaluate the potential impact on the Town's net position.

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Required Supplementary Information

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Town of Addison, Texas
Required Supplementary Information

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

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

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

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension liability/(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 the Town's Changes in Net Pension Liability/(Asset) and Related Ratios, Continued (Unaudited)
Last Six Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:			
Service cost	\$ 2,862,674	\$ 3,028,227	\$ 3,261,975
Interest (on the Total Pension Liability)	8,023,052	8,365,372	8,672,125
Changes in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	827,177	154,569	857,318
Change in assumptions	-	-	402,607
Benefit payments, including refunds of employee contributions	(5,993,041)	(7,455,524)	(6,785,567)
Net change in total pension liability	5,719,862	4,092,644	6,408,458
Total pension liability - beginning	120,425,219	126,145,081	130,237,725
Total pension liability - ending (a)	126,145,081	130,237,725	136,646,183
Plan fiduciary net position:			
Contributions - employer	1,942,088	2,066,662	2,259,912
Contributions - employee	1,323,808	1,382,710	1,480,167
Net investment income	15,717,180	(3,781,614)	18,296,106
Benefit payments, including refunds of employee contributions	(5,993,041)	(7,455,524)	(6,785,567)
Administrative expense	(81,484)	(73,147)	(103,502)
Other	(4,130)	(3,822)	(3,109)
Net change in plan fiduciary net position	12,904,421	(7,864,734)	15,144,007
Plan fiduciary net position - beginning	113,444,939	126,349,361	118,484,627
Plan fiduciary net position - ending (b)	126,349,360	118,484,627	133,628,634
Net pension liability/(asset) - ending (a) - (b)	\$ (204,279)	\$ 11,753,098	\$ 3,017,549
Plan fiduciary net position as a percentage of total pension liability	100.16%	90.98%	97.79%
Covered payroll	\$ 18,895,541	\$ 19,727,861	\$ 21,140,471
Net pension liability/(asset) as a percentage of covered payroll	-1.08%	59.58%	14.27%

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, 2020

	(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%
2020	2,259,912	2,259,912	-	21,140,471	10.69%	10.69%

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 2020:

Actuarial Cost Method Entry Age Normal
Amortization Method Level Percentage of Payroll, Closed
Remaining Amortization Period 26 years
Asset Valuation Method 10 year smoothed market; 12% soft corridor
Inflation 2.5%
Salary Increases 3.5% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

Post-retirement: 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP.
Pre-retirement: Pub(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

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

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Retiree Healthcare Plan

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

Total OPEB liability:	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB liability - beginning	\$ 2,881,200	\$ 3,152,539	\$ 3,160,157
Service cost	135,826	176,485	151,275
Interest on the total OPEB liability	110,017	105,055	117,504
Difference between expected and actual experience of the total OPEB liability	(4,477)	(45,102)	(1,268)
Changes of assumptions	153,032	(94,984)	144,221
Benefit payments	(123,059)	(133,836)	(137,138)
Net change in total OPEB liability	271,339	7,618	274,594
Total OPEB liability - ending	<u>\$ 3,152,539</u>	<u>\$ 3,160,157</u>	<u>\$ 3,434,751</u>
Covered-employee payroll	\$ 18,897,760	\$ 20,042,555	\$ 21,353,599
Total OPEB liability as a percentage of covered-employee payroll	16.68%	15.77%	16.09%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, and updates to the demographic and salary increase assumptions.

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 Three Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:			
Total OPEB liability - beginning	\$ 794,578	\$ 918,237	\$ 878,424
Service cost	20,785	25,646	25,369
Interest on the total OPEB liability	30,321	30,720	32,942
Differences between expected and actual experience	-	(21,647)	(10,521)
Changes of assumptions	78,222	(68,614)	185,527
Benefit payments	(5,669)	(5,918)	(6,342)
Net change in total OPEB liability	<u>123,659</u>	<u>(39,813)</u>	<u>226,975</u>
Total OPEB liability - ending	<u>\$ 918,237</u>	<u>\$ 878,424</u>	<u>\$ 1,105,399</u>
Covered-employee payroll	\$ 18,895,541	\$ 19,727,861	\$ 21,140,471
Total OPEB liability as a percentage of covered-employee payroll	4.86%	4.45%	5.23%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

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, 2020

	2020			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
REVENUES:				
Current Property Taxes	\$ 6,966,638	\$ 6,966,638	\$ 6,995,406	\$ 28,768
Delinquent Property Taxes	-	-	(132,443)	(132,443)
Penalties and Interest	46,600	46,600	18,570	(28,030)
Earnings on Investments	16,000	16,000	19,601	3,601
Total Revenues	<u>7,029,238</u>	<u>7,029,238</u>	<u>6,901,134</u>	<u>(128,104)</u>
EXPENDITURES:				
Contractual Services	3,800	3,800	7,152	(3,352)
Principal Retirement	4,172,020	4,172,020	4,105,000	67,020
Interest and Fiscal Charges	2,800,118	2,800,118	2,915,428	(115,310)
Total Expenditures	<u>6,975,938</u>	<u>6,975,938</u>	<u>7,027,580</u>	<u>(51,642)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>53,300</u>	<u>53,300</u>	<u>(126,446)</u>	<u>(179,746)</u>
OTHER FINANCING SOURCES/(USES):				
Proceeds from Debt Issuance or Refunding	-	13,205,000	13,205,000	-
Payment to Refunded Bonds Escrow Agent	-	(13,205,000)	(13,090,212)	114,788
Net Change in Fund Balance	53,300	53,300	(11,658)	(64,958)
Fund Balances at Beginning of Year	17,993	17,993	17,993	-
Fund Balances at End of Year	<u>\$ 71,293</u>	<u>\$ 71,293</u>	<u>\$ 6,335</u>	<u>\$ (64,958)</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, 2020

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
ASSETS:							
Pooled Cash and Investments	\$ 214,755	\$ 63,157	\$ 44,829	\$ 2,036,670	\$ 578,710	\$ 358,573	\$ 3,296,694
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	13,810	-	-	13,810
Interest	308	92	66	3,056	922	523	4,967
Intergovernmental	-	4,760	-	-	-	-	4,760
Total Assets	<u>\$ 215,063</u>	<u>\$ 68,009</u>	<u>\$ 44,895</u>	<u>\$ 2,053,536</u>	<u>\$ 579,632</u>	<u>\$ 359,096</u>	<u>\$ 3,320,231</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 15,865	\$ 1,564	\$ -	\$ 70,894	\$ 112,266	\$ -	\$ 200,589
Unearned Revenue	-	-	-	-	463,010	-	463,010
Total Liabilities	<u>15,865</u>	<u>1,564</u>	<u>-</u>	<u>70,894</u>	<u>575,276</u>	<u>-</u>	<u>663,599</u>
Deferred Inflows of Resources:							
Unavailable Resources	-	-	-	13,810	-	-	13,810
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,810</u>	<u>-</u>	<u>-</u>	<u>13,810</u>
Fund Balances:							
Restricted:							
Child Safety	110,712	-	-	-	-	-	110,712
Justice Administration	27,994	-	-	-	-	-	27,994
Court Technology	27,651	-	-	-	-	-	27,651
Court Security	32,841	-	-	-	-	-	32,841
Public Safety	-	66,445	44,895	-	4,356	-	115,696
Governmental Public Education	-	-	-	-	-	359,096	359,096
Committed:							
Economic Development	-	-	-	1,968,832	-	-	1,968,832
Total Fund Balance	<u>199,198</u>	<u>66,445</u>	<u>44,895</u>	<u>1,968,832</u>	<u>4,356</u>	<u>359,096</u>	<u>2,642,822</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 215,063</u>	<u>\$ 68,009</u>	<u>\$ 44,895</u>	<u>\$ 2,053,536</u>	<u>\$ 579,632</u>	<u>\$ 359,096</u>	<u>\$ 3,320,231</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, 2020

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
REVENUES:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 1,092,347	\$ -	\$ -	\$ 1,092,347
Franchise Fees	-	-	-	-	-	50,805	50,805
Intergovernmental	-	8,603	16,381	-	446,161	-	471,145
Service Fees	-	-	-	47,043	-	-	47,043
Fines and Forfeitures	35,149	-	-	-	-	-	35,149
Earnings on Investments	3,576	955	623	34,160	688	5,144	45,146
Other	-	-	3,600	-	4,423	-	8,023
Total Revenues	<u>38,725</u>	<u>9,558</u>	<u>20,604</u>	<u>1,173,550</u>	<u>451,272</u>	<u>55,949</u>	<u>1,749,658</u>
EXPENDITURES:							
General Government	-	-	602	-	154,000	-	154,602
Public Safety	-	-	10,024	-	34,922	-	44,946
Municipal Court	19,400	-	-	-	-	-	19,400
Economic Development	-	-	-	1,385,737	261,509	-	1,647,246
Total Expenditures	<u>19,400</u>	<u>-</u>	<u>10,626</u>	<u>1,385,737</u>	<u>450,431</u>	<u>-</u>	<u>1,866,194</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>19,325</u>	<u>9,558</u>	<u>9,978</u>	<u>(212,187)</u>	<u>841</u>	<u>55,949</u>	<u>(116,536)</u>
OTHER FINANCING SOURCES/(USES):							
Transfers In	-	-	-	384,000	-	-	384,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,000</u>	<u>-</u>	<u>-</u>	<u>384,000</u>
Net Change in Fund Balance	19,325	9,558	9,978	171,813	841	55,949	267,464
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 199,198</u>	<u>\$ 66,445</u>	<u>\$ 44,895</u>	<u>\$ 1,968,832</u>	<u>\$ 4,356</u>	<u>\$ 359,096</u>	<u>\$ 2,642,822</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, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 35,149	\$ 5,149
Earnings on Investments	2,600	2,600	3,576	976
Total Revenues	<u>32,600</u>	<u>32,600</u>	<u>38,725</u>	<u>6,125</u>
EXPENDITURES:				
Salaries and Fringe Benefits	23,163	23,163	11,588	11,575
Supplies	49,000	49,000	7,812	41,188
Maintenance and Materials	1,000	1,000	-	1,000
Total Expenditures	<u>73,163</u>	<u>73,163</u>	<u>19,400</u>	<u>53,763</u>
Net Change in Fund Balance	(40,563)	(40,563)	19,325	59,888
Fund Balance at Beginning of Year	<u>179,873</u>	<u>179,873</u>	<u>179,873</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 139,310</u>	<u>\$ 139,310</u>	<u>\$ 199,198</u>	<u>\$ 59,888</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, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 8,603	\$ 8,603
Earnings on Investments	400	400	955	555
Total Revenues	400	400	9,558	9,158
Net Change in Fund Balance	400	400	9,558	9,158
Fund Balance at Beginning of Year	56,887	56,887	56,887	-
Fund Balance at End of Year	\$ 57,287	\$ 57,287	\$ 66,445	\$ 9,158

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Town of Addison, Texas
Non-Major Governmental Funds

Advanced Funding Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 8,100	\$ 12,996	\$ 16,381	\$ 3,385
Earnings on Investments	400	400	623	223
Other	-	-	3,600	3,600
Total Revenues	<u>8,500</u>	<u>13,396</u>	<u>20,604</u>	<u>7,208</u>
EXPENDITURES:				
Supplies	-	1,896	8,549	(6,653)
Contractual Services	13,700	16,700	2,077	14,623
Total Expenditures	<u>13,700</u>	<u>18,596</u>	<u>10,626</u>	<u>7,970</u>
Net Change in Fund Balance	(5,200)	(5,200)	9,978	15,178
Fund Balance at Beginning of Year	<u>34,917</u>	<u>34,917</u>	<u>34,917</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 29,717</u>	<u>\$ 29,717</u>	<u>\$ 44,895</u>	<u>\$ 15,178</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, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 1,105,981	\$ 1,105,981	\$ 1,092,347	\$ (13,634)
Service Fees	50,500	50,500	47,043	(3,457)
Earnings on Investments	30,000	30,000	34,160	4,160
Total Revenues	<u>1,186,481</u>	<u>1,186,481</u>	<u>1,173,550</u>	<u>(12,931)</u>
EXPENDITURES:				
Salaries and Fringe Benefits	479,272	479,272	479,214	58
Supplies	23,645	23,645	8,510	15,135
Maintenance and Materials	23,237	23,237	19,393	3,844
Contractual Services	1,327,180	1,327,180	861,623	465,557
Capital Replacement	16,997	16,997	16,997	-
Total Expenditures	<u>1,870,331</u>	<u>1,870,331</u>	<u>1,385,737</u>	<u>484,594</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(683,850)</u>	<u>(683,850)</u>	<u>(212,187)</u>	<u>471,663</u>
Other financing sources (uses)				
Transfers In	768,000	768,000	384,000	(384,000)
Total other financing sources (uses)	<u>768,000</u>	<u>768,000</u>	<u>384,000</u>	<u>(384,000)</u>
Net Change in Fund Balance	84,150	84,150	171,813	87,663
Fund Balance at Beginning of Year	<u>1,797,019</u>	<u>1,797,019</u>	<u>1,797,019</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,881,169</u>	<u>\$ 1,881,169</u>	<u>\$ 1,968,832</u>	<u>\$ 87,663</u>

Town of Addison, Texas
Non-Major Governmental Funds

Reimbursement Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 894,465	\$ 446,161	\$ (448,304)
Earnings on Investments	-	-	688	688
Other	-	-	4,423	4,423
Total Revenues	-	894,465	451,272	(443,193)
EXPENDITURES:				
Salaries and Fringe Benefits	-	-	4,689	(4,689)
Supplies	-	-	95,154	(95,154)
Contractual Services	-	894,465	350,588	543,877
Total Expenditures	-	894,465	450,431	444,034
Net Change in Fund Balance	-	-	841	841
Fund Balance at Beginning of Year	3,515	3,515	3,515	-
Fund Balance at End of Year	\$ 3,515	\$ 3,515	\$ 4,356	\$ 841

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, 2020

	2020			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise Fees	\$ 50,000	\$ 50,000	\$ 50,805	\$ 805
Earnings on Investments	1,500	1,500	5,144	3,644
Total Revenues	<u>51,500</u>	<u>51,500</u>	<u>55,949</u>	<u>4,449</u>
Net Change in Fund Balance	51,500	51,500	55,949	4,449
Fund Balance at Beginning of Year	<u>303,147</u>	<u>303,147</u>	<u>303,147</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 354,647</u>	<u>\$ 354,647</u>	<u>\$ 359,096</u>	<u>\$ 4,449</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, 2020

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Pooled Cash and Investments	\$ 3,981,570	\$ 3,632,674	\$ 7,614,244
Interest Receivable	5,522	5,165	10,687
Total Current Assets	<u>3,987,092</u>	<u>3,637,839</u>	<u>7,624,931</u>
Non-Current Assets:			
Capital Assets:			
Construction in Progress	122,400	421,123	543,523
Machinery and Equipment	8,210,278	5,679,521	13,889,799
Accumulated Depreciation	<u>(4,010,333)</u>	<u>(4,189,374)</u>	<u>(8,199,707)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>4,322,345</u>	<u>1,911,270</u>	<u>6,233,615</u>
Total Assets	<u>8,309,437</u>	<u>5,549,109</u>	<u>13,858,546</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>227,623</u>	<u>39,688</u>	<u>267,311</u>
NET POSITION:			
Net Investment in Capital Assets	4,322,345	1,911,270	6,233,615
Unrestricted	<u>3,759,469</u>	<u>3,598,151</u>	<u>7,357,620</u>
Total Net Position	<u>\$ 8,081,814</u>	<u>\$ 5,509,421</u>	<u>\$ 13,591,235</u>

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended September 30, 2020

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
OPERATING REVENUES:			
Other Income	\$ 93,196	\$ 300	\$ 93,496
Department Contributions	1,288,000	756,863	2,044,863
Total Operating Revenues	<u>1,381,196</u>	<u>757,163</u>	<u>2,138,359</u>
OPERATING EXPENSES:			
Supplies	-	52,704	52,704
Maintenance and Materials	-	14,719	14,719
Contractual Services	4,764	18,309	23,073
Total Operating Expenses (Excluding Depreciation)	<u>4,764</u>	<u>85,732</u>	<u>90,496</u>
Depreciation	721,704	368,847	1,090,551
Total Operating Expenses	<u>726,468</u>	<u>454,579</u>	<u>1,181,047</u>
OPERATING INCOME	<u>654,728</u>	<u>302,584</u>	<u>957,312</u>
NON-OPERATING REVENUES/(EXPENSES):			
Investment Income	16	58	74
Gain/(Loss) on Disposal of Assets	93,835	-	93,835
Total Non-Operating Revenues/(Expenses)	<u>93,851</u>	<u>58</u>	<u>93,909</u>
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	748,579	302,642	1,051,221
Transfers Out	<u>(98,291)</u>	<u>(62,003)</u>	<u>(160,294)</u>
CHANGE IN NET POSITION	650,288	240,639	890,927
Net Position at Beginning of Year	<u>7,431,526</u>	<u>5,268,782</u>	<u>12,700,308</u>
Net Position at End of Year	<u>\$ 8,081,814</u>	<u>\$ 5,509,421</u>	<u>\$ 13,591,235</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2020

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Department Contributions	\$ 1,381,196	\$ 757,163	\$ 2,138,359
Payments to Suppliers	(4,536)	(82,508)	(87,044)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>1,376,660</u>	<u>674,655</u>	<u>2,051,315</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(1,038,651)	(725,846)	(1,764,497)
Proceeds from Sale of Capital Assets	93,835	-	93,835
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(944,816)</u>	<u>(725,846)</u>	<u>(1,670,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Cash and Investments	4,630	5,162	9,792
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>4,630</u>	<u>5,162</u>	<u>9,792</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	436,474	(46,029)	390,445
Cash and Cash Equivalents, October 1	3,545,096	3,678,703	7,223,799
Cash and Cash Equivalents, September 30	<u>\$ 3,981,570</u>	<u>\$ 3,632,674</u>	<u>\$ 7,614,244</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 654,728	\$ 302,584	\$ 957,312
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	721,704	368,847	1,090,551
Change in Assets and Liabilities:			
Increase/(Decrease) in Accounts Payable	228	3,224	3,452
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 1,376,660</u>	<u>\$ 674,655</u>	<u>\$ 2,051,315</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital Assets in Accounts Payable	\$ 226,345	\$ 35,696	\$ 262,041
Transfers of Capital Assets	(98,291)	(62,003)	(160,294)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>128,054</u>	<u>\$ (26,307)</u>	<u>\$ 101,747</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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 121,008,111
Restricted for:										
Debt Service	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619	83,524	63,194
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	3,239,356
Child Safety	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284	90,718	110,712
Justice Administration	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222	52,722	56,887
Court Technology	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370	27,831	27,651
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	32,841
Public Safety	-	-	-	-	-	-	33,238	84,870	101,240	123,730
Other purposes	-	32,449	22,235	-	25,484	33,694	191,575	242,042	303,147	359,096
Unrestricted	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	31,791,785
Total Net Position - Governmental Activities	\$ 151,998,474	\$ 154,409,044	\$ 152,362,956	\$ 148,280,261	\$ 132,148,273	\$ 133,982,840	\$ 159,827,601	\$ 162,141,330	\$ 162,847,569	\$ 156,813,363
Business-type Activities										
Net Investment in Capital Assets	\$ 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	\$ 69,493,275
Unrestricted	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	25,266,288
	\$ 60,948,505	\$ 63,834,870	\$ 74,798,247	\$ 86,409,432	\$ 86,429,962	\$ 87,457,616	\$ 87,582,613	\$ 87,454,156	\$ 88,863,107	\$ 94,759,563
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 190,501,386
Restricted for:										
Debt Service	1,007,330	1,698,555	904,422	606,471	555,279	660,955	500,094	310,619	83,524	63,194
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	3,239,356
Child Safety	-	30,635	30,635	101,664	190,635	98,540	86,906	84,284	90,718	110,712
Justice Administration	-	93,472	93,472	31,898	63,638	30,952	21,851	23,222	52,722	56,887
Court Technology	-	77,179	74,895	79,591	91,942	86,147	74,667	33,370	27,831	27,651
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	32,841
Public Safety	-	-	-	-	-	-	33,238	84,870	101,240	123,730
Other Purposes	-	32,449	22,235	-	25,484	33,694	191,575	242,042	303,147	359,096
Unrestricted	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	57,058,073
Total Net Position - Primary Government	\$ 212,946,979	\$ 218,243,914	\$ 227,161,203	\$ 234,689,693	\$ 218,578,235	\$ 221,440,456	\$ 247,410,214	\$ 249,595,486	\$ 251,710,676	\$ 251,572,926

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)**

	2011	2012	2013	2014
Expenses				
Governmental Activities:				
General Government	\$ 6,709,095	\$ 6,485,716	\$ 7,021,312	\$ 7,938,875
Public Safety	14,914,759	15,130,157	15,229,474	15,765,099
Development Services	866,023	879,253	925,830	932,247
Streets	4,913,524	5,028,071	8,387,857	6,450,628
Parks and Recreation	4,742,946	4,963,327	5,062,784	5,597,254
Visitor Services	6,431,136	6,852,198	7,239,033	7,358,141
Interest on Long-Term Debt	2,261,571	2,548,945	3,054,940	3,037,574
Total Governmental Activities	40,839,054	41,887,667	46,921,230	47,079,818
Business-type Activities:				
Airport	4,387,384	4,526,398	5,188,321	6,027,300
Utilities	8,633,217	9,178,844	9,459,791	10,317,160
Storm Water	-	-	234,257	768,016
Total Business-type Activities	13,020,601	13,705,242	14,882,369	17,112,476
Total Expenses - Primary Government	\$ 53,859,655	\$ 55,592,909	\$ 61,803,599	\$ 64,192,294
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 143,529	\$ 208,734	\$ 225,731	\$ 235,233
Public Safety	1,899,711	2,225,165	1,611,320	1,506,770
Development Services	1,213,741	956,089	888,908	904,895
Streets	2,299,731	378,982	384,303	390,453
Parks and Recreation	107,387	114,164	114,866	102,288
Visitor Services	2,007,821	2,429,686	2,379,812	2,195,803
Operating Grants and Contributions	223,792	164,749	73,578	19,093
Capital Grants and Contributions	3,429,804	568,285	-	-
Total Governmental Activities	11,325,516	7,045,854	5,678,518	5,354,535
Business-type Activities:				
Charges for Services:				
Airport	4,526,593	4,255,547	4,505,430	4,857,759
Utilities	10,740,568	11,128,700	10,802,692	9,953,099
Storm Water	-	-	1,307,573	1,640,615
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	9,668,165	1,258,798	9,331,840	7,660,647
Total Business-type Activities	24,935,326	16,643,045	25,947,535	24,112,120
Total Program Revenues - Primary Government	\$ 36,260,842	\$ 23,688,899	\$ 31,626,053	\$ 29,466,655
Net (Expense)/Revenue				
Governmental Activities	\$ (29,513,538)	\$ (34,841,813)	\$ (41,242,712)	\$ (41,725,283)
Business-Type Activities	11,914,725	2,937,803	11,065,166	6,999,644
Total Net Expense - Primary Government	\$ (17,598,813)	\$ (31,904,010)	\$ (30,177,546)	\$ (34,725,639)
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 15,772,858	\$ 17,400,696	\$ 17,975,149	\$ 19,484,538
Sales Taxes	10,604,803	11,988,116	13,029,712	14,222,194
Franchise Taxes	2,792,601	2,699,520	3,021,899	2,806,656
Hotel/Motel Taxes	4,000,786	4,295,149	4,575,083	5,011,671
Interest on Investments	148,966	99,065	133,140	130,419
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	772,276	769,837	461,641	613,432
Transfers	-	-	-	(4,626,322)
Total General Revenues and Transfers	34,092,290	37,252,383	39,196,624	37,642,588
Business-type Activities				
Interest on Investments	(16,178)	(51,843)	(71,264)	(22,013)
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	10,145	405	(30,525)	7,232
Transfers	-	-	-	4,626,322
Total Business-type Activities	(6,033)	(51,438)	(101,789)	4,611,541
Change in Net Position				
Governmental Activities	4,578,752	2,410,570	(2,046,088)	(4,082,695)
Business-type Activities	11,908,692	2,886,365	10,963,377	11,611,185
Total Change in Net Position - Primary Government	\$ 16,487,444	\$ 5,296,935	\$ 8,917,289	\$ 7,528,490

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 2

2015	2016	2017	2018	2019	2020
\$ 8,730,944	\$ 10,015,214	\$ 7,184,325	\$ 10,218,620	\$ 10,149,540	\$ 10,206,304
16,820,899	17,528,619	7,021,636	17,814,777	19,855,190	20,337,267
1,032,105	1,278,232	100,924	1,379,071	3,137,715	3,320,919
8,105,373	6,567,732	6,660,591	7,249,140	7,677,651	8,326,816
5,517,049	5,796,136	4,259,992	6,068,682	6,840,345	6,784,214
6,106,103	7,537,477	6,839,484	7,118,492	6,884,597	4,310,828
3,018,672	2,417,435	1,713,819	2,038,203	1,938,010	2,153,845
<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>	<u>55,440,193</u>
5,893,611	6,454,693	6,509,127	6,996,377	6,574,351	6,893,786
10,748,886	10,821,202	10,081,401	12,708,842	12,329,112	12,361,224
848,354	2,092,187	1,408,133	820,337	1,427,551	1,361,880
<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>20,616,890</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>	<u>\$ 76,057,083</u>
\$ 688,005	\$ 753,062	\$ 961,336	\$ 407,531	\$ 763,244	\$ 770,105
945,217	1,070,517	947,071	848,523	916,430	889,868
1,015,053	774,364	1,242,223	1,414,425	1,379,721	1,227,095
400,561	375,564	391,126	414,493	403,676	505,545
82,681	74,719	86,595	82,122	64,453	34,914
1,890,522	3,532,634	3,249,506	2,206,293	1,834,700	286,892
25,806	27,472	51,063	106,322	100,904	634,082
158,253	148,518	-	121,578	130,000	100
<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>	<u>4,348,601</u>
5,138,479	5,387,660	5,479,786	6,197,849	6,725,125	5,392,936
9,877,262	10,576,707	10,983,136	12,178,231	11,847,562	12,818,071
1,726,526	1,883,841	2,034,484	2,140,112	2,237,953	2,322,350
-	129,093	50,000	121,226	69,241	207,000
1,025,835	2,130,601	148,158	395,372	457,426	1,358,225
<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>22,098,582</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>	<u>\$ 26,447,183</u>
\$ (44,125,047)	\$ (44,383,995)	\$ (26,851,851)	\$ (46,285,698)	\$ (50,889,920)	\$ (51,091,592)
277,251	739,820	696,903	507,234	1,006,293	1,481,692
<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>	<u>\$ (49,609,900)</u>
\$ 20,385,225	\$ 22,593,188	\$ 23,572,225	\$ 23,600,531	\$ 25,180,507	\$ 27,005,415
14,104,584	13,847,507	15,126,354	17,734,689	16,258,669	15,036,200
2,828,420	3,074,519	2,664,422	2,624,458	2,513,414	2,227,367
5,510,406	6,132,432	5,996,924	5,507,072	5,436,211	3,232,320
181,811	316,288	472,896	831,714	1,365,659	1,116,915
-	-	-	27,311	12,935	21,503
590,619	581,628	3,736,791	292,272	328,764	207,898
-	-	800,000	500,000	500,000	(3,790,232)
<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>	<u>45,057,386</u>
100,928	151,937	185,046	335,367	833,703	569,513
-	-	-	(242,744)	-	24,005
512,888	135,897	43,048	22,102	68,955	31,014
-	-	(800,000)	(500,000)	(500,000)	3,790,232
<u>613,816</u>	<u>287,834</u>	<u>(571,906)</u>	<u>(385,275)</u>	<u>402,658</u>	<u>4,414,764</u>
(523,982)	2,161,567	25,517,761	4,832,349	706,239	(6,034,206)
891,067	1,027,654	124,997	121,959	1,408,951	5,896,456
<u>\$ 367,085</u>	<u>\$ 3,189,221</u>	<u>\$ 25,642,758</u>	<u>\$ 4,954,308</u>	<u>\$ 2,115,190</u>	<u>\$ (137,750)</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:										
Inventories	87,835	114,733	44,486	66,933	63,176	41,001	39,550	54,843	34,155	20,946
Prepaid Items	67,135	57,054	291,424	272,713	267,357	84,681	449,442	442,875	470,103	60,668
Assigned for Other Purposes	61,193	23,061	-	-	-	-	-	-	-	-
Unassigned	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	20,052,825
Total General Fund	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	20,134,439
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Hotel Fund	-	-	-	-	-	-	-	-	-	-
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	6,335
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	3,149,259
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	39,199,567
Child Safety	-	-	93,472	101,664	88,479	98,540	86,906	84,284	90,718	110,712
Justice Administration	-	-	30,635	31,898	28,893	30,952	21,851	23,222	23,829	27,994
Court Technology	83,827	201,286	74,895	79,591	77,831	86,147	74,667	33,370	27,831	27,651
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	32,841
Public Safety	-	-	-	-	-	30,521	31,059	82,691	95,319	115,696
Other Purposes	45,500	36,793	22,235	-	25,484	327,000	191,575	242,042	303,147	359,096
Committed for:										
Capital Projects	-	-	-	-	-	-	7,688,169	8,120,427	8,951,963	10,368,778
Economic Development	358,676	516,823	664,401	477,233	752,819	968,178	1,257,093	1,437,025	1,797,019	1,968,832
Assigned for:										
Other Purposes	27,603	-	-	-	-	-	-	-	-	-
Unassigned	115,223	(3,883)	(6,364)	3,115	-	-	-	-	-	-
Total All Other Governmental Funds	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	55,366,761
Total Governmental Funds	\$ 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	\$ 75,501,200

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)

	2011	2012	2013	2014
REVENUES:				
Ad Valorem Taxes	\$ 15,803,400	\$ 17,471,642	\$ 18,047,998	\$ 19,274,720
Non-Property Taxes	14,564,185	16,183,779	17,604,795	19,444,668
Franchise Fees	2,760,188	2,727,370	2,695,073	2,818,869
Licenses and Permits	1,210,058	953,709	886,423	901,645
Intergovernmental	3,543,357	2,676,792	73,578	19,093
Service Fees	2,840,317	3,104,592	2,939,606	2,758,458
Fines and Forfeitures	1,104,477	1,208,773	1,082,115	988,574
Earnings on Investments	122,128	75,972	122,169	143,299
Rental Charges	733,957	931,619	1,119,737	1,119,551
Recycling Proceeds	22,608	26,414	25,539	13,295
Other	531,149	483,009	105,803	206,157
Total Revenues	43,235,824	45,843,671	44,702,836	47,688,329
EXPENDITURES:				
Current:				
General Government	6,353,784	6,135,191	6,371,055	6,646,587
Public Safety	14,857,023	15,075,757	14,945,841	15,876,424
Development Services	885,218	886,705	927,684	962,584
Streets	1,612,011	1,612,699	1,750,500	1,727,403
Parks and Recreation	4,061,666	4,269,381	4,316,689	4,874,394
Visitor Services	7,655,939	6,171,479	7,116,334	6,730,501
Municipal Court	-	54,370	53,112	30,878
Economic Development	342,200	469,679	624,014	1,029,585
Debt Service:				
Principal Retirement	3,873,610	4,738,040	4,701,161	5,086,153
Interest and Fiscal Charges	2,284,774	1,918,640	2,747,654	3,110,704
Debt Issuance Costs	-	141,666	-	-
Capital Projects:				
Salaries and Fringe Benefits	-	-	-	-
Supplies	-	17,635	80,660	-
Maintenance and Materials	9,870	-	3,946	12,459
Other	-	-	138,236	-
Engineering and Contractual Services	1,846,919	796,958	2,165,061	422,982
Construction and Equipment	14,375,210	3,038,501	3,742,776	8,241,546
Total Expenditures	58,158,224	45,326,701	49,684,723	54,752,200
Excess/(Deficiency) of Revenues over Expenditures	(14,922,400)	516,970	(4,981,887)	(7,063,871)
OTHER FINANCING SOURCES/(USES):				
Proceeds from Refunding Bonds Issued	-	46,315,000	-	-
Payment to Refunded Bond Escrow Agent	-	(14,834,842)	-	-
Issuance of Debt	-	-	7,790,000	12,000,000
Discount on issuance of bonds	-	(632,482)	-	-
Bond Issuance Costs	-	-	-	-
Premium on Issuance of Bonds	-	4,133,956	292,493	97,299
Transfers In	1,384,156	1,258,263	578,501	570,000
Transfers Out	(1,384,156)	(3,074,679)	(578,501)	(570,000)
Proceeds on Asset Sales	-	-	-	-
Total Other Financing Sources/(Uses)	-	33,165,216	8,082,493	12,097,299
Net Change in Fund Balance	\$ (14,922,400)	\$ 33,682,186	\$ 3,100,606	\$ 5,033,428
Debt Service as a Percentage of Non-Capital Expenditures	15.40%	16.32%	17.27%	16.11%

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 4

	2015	2016	2017	2018	2019	2020
\$	20,560,124	\$ 22,559,004	\$ 23,521,642	\$ 23,783,670	\$ 25,196,771	\$ 26,876,741
	19,728,511	20,181,697	21,217,028	23,148,710	21,595,724	18,432,169
	2,828,420	3,074,519	2,664,422	2,624,458	2,513,414	2,227,367
	1,011,223	768,964	1,225,373	1,404,035	1,366,941	1,183,285
	180,612	160,619	15,565	16,228	193,904	471,145
	2,543,707	4,463,789	4,520,358	3,620,748	2,997,653	2,157,047
	764,144	603,282	468,734	358,737	415,721	263,146
	277,680	372,088	472,896	831,714	1,365,659	1,116,915
	1,201,389	949,956	704,701	635,165	566,257	270,001
	10,403	2,426	3,258	11,407	616	162
	199,880	377,608	391,883	324,961	254,100	306,147
	49,306,093	53,513,952	55,205,860	56,759,833	56,466,760	53,304,125
	7,657,465	7,598,584	8,057,632	8,381,216	8,923,060	8,946,301
	16,699,726	16,301,539	16,945,126	17,919,259	18,708,501	19,215,910
	1,090,973	1,207,871	1,158,967	1,374,246	1,350,598	1,501,596
	1,803,139	1,791,257	1,942,584	1,895,171	1,777,128	1,799,513
	4,755,341	4,912,455	5,020,975	5,054,566	5,520,903	5,407,703
	5,454,910	7,077,371	7,595,136	6,780,909	7,313,226	3,622,979
	60,426	17,610	66,616	75,904	53,096	19,400
	1,281,649	1,349,920	1,747,750	1,475,201	1,553,813	1,647,246
	5,473,152	5,800,151	5,618,331	4,909,148	4,280,000	4,105,000
	3,417,820	3,089,643	2,810,607	2,631,422	2,475,279	2,915,428
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	5,076,254	62,647	416,179	758,687	1,469,752	1,780,857
	3,840,912	9,086,389	7,583,129	9,414,596	6,115,742	6,792,067
	56,611,767	58,295,437	58,963,032	60,670,325	59,541,098	57,754,000
	(7,305,674)	(4,781,485)	(3,757,172)	(3,910,492)	(3,074,338)	(4,449,875)
	-	-	-	-	-	-
	-	-	-	-	-	(13,090,212)
	-	-	-	-	-	43,740,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	2,829,802
	5,226,082	2,349,124	7,624,205	3,618,152	5,686,504	3,992,900
	(5,226,082)	(2,349,124)	(6,824,205)	(3,118,152)	(5,186,504)	(3,992,900)
	-	-	3,212,610	27,311	12,935	21,503
	-	-	4,012,610	527,311	512,935	33,501,093
\$	(7,305,674)	\$ (4,781,485)	\$ 255,438	\$ (3,383,181)	\$ (2,561,403)	\$ 29,051,218
	18.38%	18.07%	16.41%	14.71%	12.98%	13.81%

**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
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
2020	45,308,910	2,227,367	1,183,285	471,145	2,157,047	263,146	1,116,915	270,001	306,309	53,304,125

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 ³	Public Safety	Development Services	Streets	Parks and Recreation ¹	Visitor Services ²	Economic Development	Debt Service	Total
2011	6,353,784	14,857,023	885,218	1,612,011	4,061,666	7,655,939	342,200	6,158,384	41,926,225
2012	6,135,191	15,130,127	886,705	1,612,699	4,269,381	6,171,479	469,679	6,798,346	41,473,607
2013	6,371,055	14,998,953	927,684	1,750,500	4,316,689	7,116,334	624,014	7,448,815	43,554,044
2014	6,646,587	15,907,302	962,584	1,727,403	4,874,394	6,730,501	1,029,585	8,196,857	46,075,213
2015	7,657,465	16,760,152	1,090,973	1,803,139	4,755,341	5,454,910	1,281,649	8,890,972	47,694,601
2016	7,598,584	16,319,149	1,207,871	1,791,257	4,912,455	7,077,371	1,349,920	8,889,794	49,146,401
2017	8,057,632	17,011,742	1,158,967	1,942,584	5,020,975	7,595,136	1,747,750	8,428,938	50,963,724
2018	8,457,120	17,919,259	1,374,246	1,895,171	5,054,566	6,780,909	1,475,201	7,540,570	50,497,042
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
2020	8,965,701	19,215,910	1,501,596	1,799,513	5,407,703	3,622,979	1,647,246	7,020,428	49,181,076

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 ¹	1% Town Sales Tax	Mixed Beverage Taxes	Franchise Fees	Hotel Occupancy Tax	Total
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
2020	26,876,741	14,302,624	888,599	2,227,367	3,240,946	47,536,277

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 ¹	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate ²
2011	2010	2,872,659,100	601,788,640	(415,674,023)	3,058,773,717	0.4960
2012	2011	2,864,186,430	586,674,080	(422,817,942)	3,028,042,568	0.5300
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	0.5800
2015	2014	3,538,702,310	685,963,840	(419,085,309)	3,805,580,841	0.5718
2016	2015	3,742,314,940	722,808,570	(428,399,743)	4,036,723,767	0.5618
2017	2016	3,996,508,870	757,661,770	(453,899,085)	4,300,271,555	0.5792
2018	2017	4,179,274,260	730,791,690	(459,532,446)	4,450,533,504	0.5605
2019	2018	4,477,513,780	729,708,210	(481,462,821)	4,725,759,169	0.5500
2020	2019	4,557,534,840	759,254,790	(496,882,188)	4,819,907,442	0.5835

SOURCE: Dallas Central Appraisal District

Notes:

- (1) Assessed value is 100% of estimated market value.
- (2) Per \$100 of valuation.

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

Fiscal Year	City Direct Rates ¹			Overlapping Rates ²					
	Operating General Rates	General Obligation Debt Service	Total Direct Ad Valorem Rate	Dallas County	Community College District	Dallas ISD	Carrollton/Farmers Branch ISD	Dallas County Hospital District	Total Ad Valorem Rate
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	2.5137
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	0.5791	0.2531	0.1237	1.2821	1.2817	0.2860	2.5240
2017	0.3812	0.1793	0.5606	0.2524	0.1229	1.2821	1.3917	0.2794	2.4974
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
2020	0.4341	0.1494	0.5835	0.2431	0.1240	1.3104	1.2684	0.2695	2.5305

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
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%
2020	2019	28,199,326	27,322,025	96.9%	(515,237)	26,806,788	95.1%

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			
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
2020	63,729,611	28,222,499	5,615,515	27,095,962	124,663,587	15.55	7,895

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 ¹	Certificates of Obligation ¹	Less: Amounts Available in Debt Service Fund ²	Total Outstanding Debt	Percentage of Actual Taxable Value (%)	Per Capita
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
2020	69,345,126	55,318,461	6,333	124,657,254	2.59	7,894.70

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, 2020

Taxing Jurisdiction	Bonded Debt	Percent Applicable ¹	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 230,980,000	1.34%	\$ 3,095,132
Dallas County	151,495,000	1.60%	2,423,920
Dallas County Community College District	182,800,000	1.60%	2,924,800
Dallas County Hospital District	600,919,900	1.60%	9,614,718
Dallas County Schools	37,306,896	1.60%	596,910
Dallas ISD	2,527,526,161	3.20%	80,880,837
Total Overlapping Debt			99,536,317
Town of Addison (Direct Debt)	\$ 91,952,110 ⁽²⁾	100%	91,952,110
Total Direct and Overlapping Debt			\$ 191,488,427
Ratio of Overlapping Bonded Debt to 2018 Taxable Assessed Valuation			3.97%
Per Capita Overlapping Bonded Debt			\$ 12,127

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 ²			Revenue Bond Coverage ³
	Gross Revenue	Expense ¹	Net Revenue	Principal	Interest	Total	
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
2020	12,906,145	10,637,638	2,268,507	-	-	-	N/A

Notes:

- (1) Includes "operating expenses excluding depreciation" and "non-operating expenses excluding interest expense".
- (2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.
- (3) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest. Revenue bonds were retired in fiscal year 2002. Current year debt associated with the Town's Utility (Water and Sewer) Fund is limited to general obligation bonds and certificates of obligation. This debt is secured by the Town's property taxes but is supported by Utility Fund revenues.

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

Fiscal Year	Net Revenue Available for Debt Service		Debt Service Requirements			Bond Coverage ²	
	Gross Revenue	Expenditure ¹	Net Revenue	Principal	Interest		Total
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
2020	3,707,143	796,479	2,910,664	-	-	-	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 ¹	Assessed Valuations ²	Personal Income (Thousands)	Per Capita Personal Income ³	Labor Force ⁴	Unemployment Rate ⁵
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	4,725,759,169	854,444	54,113	3,971,633	3.2%
2020	15,790	4,819,907,442	801,927	50,787	4,044,158	6.1%

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	2020			2011		
		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	\$ 220,385,240	1	4.57%			
Post Addison Circle	Mixed Development	206,500,000	2	4.28%	111,250,000	1	3.64%
SAVOYE2 LLC	Apartments	128,200,000	3	2.66%			
5100 Belt Line Investors LLC	Insurance	95,000,000	4	1.97%			
COP Spectrum Center LLC	Office Buildings	84,598,250	5	1.76%			
Fiori LLC	Land, Hotel	82,450,000	6	1.71%			
Woodbranch 14555 LLC	Office Buildings	79,398,010	7	1.65%			
Mary Kay Inc	Office Buildings	79,015,000	8	1.64%			
GS Addison Circle LLC	Office Buildings	77,100,000	9	1.60%			
Gaedeke Holdings IX LLC	Office Buildings	72,470,000	10	1.50%			
SP Millenium Center, LP	Land, Office Buildings				105,185,040	2	3.44%
Richmont Properties Ltd	Land, Office Buildings				61,454,040	3	2.01%
DCO Savoye LLC	Apartments				46,500,000	4	1.52%
MHSS-Addison LP	Land, Office Buildings				45,867,160	5	1.50%
MBNA Texas Properties	Land, Office Buildings				44,742,720	6	1.46%
Behringer Harvard Addison Circle	Land, Office Buildings				43,119,330	7	1.41%
Spectrum Center Partners	Office Buildings				42,098,250	8	1.38%
G&I V VOP LP	Land, Office Buildings				41,550,000	9	1.36%
Fairfield Addison Circle	Apartments				37,300,000	10	1.22%
		<u>\$ 1,125,116,500</u>		<u>23.34%</u>	<u>\$ 579,066,540</u>		<u>18.94%</u>

SOURCE: Dallas County Tax Office (2020); Town of Addison CAFR (2011)

MAJOR EMPLOYERS
Current Year and Nine Years Ago

Company	Type of Business	2020		2011	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Mary Kay Cosmetics	Cosmetics	1,200	1.80%	1,070	2.59%
Bank of America	Finance	1,200	1.80%	3,400	1.83%
Homeward Residential Inc	Finance	750	1.13%	N/A	N/A
Regus Texas	Real Estate	590	0.89%	N/A	N/A
Barrett Daffin Frappier Turner	Attorney Firm	550	0.83%	566	1.24%
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%	250	0.55%
National Bankruptcy Services	Bankruptcy Service	450	0.68%	N/A	N/A
Zurich American Insurance Co.	Insurance	400	0.60%	N/A	N/A
Rexel	Industrial Electric Supplies	N/A		500	1.10%
United Surgical Partners	Medical	N/A		360	0.79%
Hilton International	Hospitality	N/A		319	0.70%
Glazers Wholesale	Beer, Wine and Spirits	N/A		280	0.61%
Greenhill School	Elementary & High School	N/A		256	0.56%
Behringer Harvard	Real Estate/Finance	N/A		230	0.50%

SOURCE: North Central Texas Council of Governments (2020); Town of Addison CAFR (2011)

Statistical Section

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Manager's Office	8.0	7.5	6.0	7.0	8.0	7.5	6.5	6.5	7.5	6.9
Financial and Strategic Services	8.0	8.0	8.0	7.5	9.7	13.0	13.0	13.0	13.0	11.8
Municipal Court	5.4	5.4	5.4	5.7	5.7	5.8	5.8	5.8	5.0	5.0
General Services	9.0	8.0	5.0	5.0	5.0	5.0	4.8	4.8	5.5	5.5
Human Resources	4.2	5.2	4.2	4.2	3.5	4.0	4.0	4.0	4.0	3.4
Information Technology	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total General Government	40.6	40.1	35.6	36.4	38.9	42.3	41.1	41.1	42.0	39.6
Public Safety										
Police	72.3	73.8	73.8	75.3	79.8	79.8	71.0	71.0	72.0	74.0
Emergency Communications	13.5	13.5	13.5	13.5	13.5	14.5	-	-	-	-
Fire	53.0	52.0	52.0	55.3	55.3	55.3	56.0	57.0	57.0	58.0
Total Public Safety	138.8	139.3	139.3	144.1	148.6	149.6	127.0	128.0	129.0	132.0
Development Services										
Economic Development	-	1.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works										
Streets	7.0	5.0	5.0	5.0	5.4	5.4	6.4	6.4	7.4	7.4
Stormwater				1.4	1.7	1.7	2.0	2.0	4.0	4.0
Utilities	17.0	16.0	18.0	18.3	16.6	17.6	19.2	19.2	22.2	27.4
Total Public Works	24.0	21.0	23.0	24.7	23.7	24.7	27.6	27.6	33.6	38.8
Parks and Recreation										
Parks	20.0	20.0	21.0	21.0	21.0	22.0	22.0	22.0	21.0	25.0
Recreation	15.6	14.6	14.6	14.6	15.1	15.1	15.7	15.7	15.7	15.7
Total Parks and Recreation	35.6	34.6	35.6	35.6	36.1	37.1	37.7	37.7	36.7	40.7
Visitor Services										
Visitor Services	3.0	3.0	3.0	3.0	-	-	-	-	-	-
Conference Centre	7.5	8.0	7.0	8.7	8.5	9.5	9.5	9.5	9.5	1.5
Special Events	3.0	3.0	3.5	4.0	4.3	4.3	4.2	4.2	4.5	4.5
Marketing	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
General Hotel Operations	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
Total Visitor Services	13.5	15.0	14.5	16.7	14.8	15.8	16.7	16.7	17.0	9.0
Airport Fund										
Airport Fund	2.0	3.0	3.0	3.0	3.0	3.0	3.4	3.4	4.4	19.6
Capital Improvements Program										
Capital Improvements Program	-	-	-	-	-	-	-	-	-	3.0
TOTAL	261.5	261.2	260.2	270.7	276.3	283.7	268.5	269.5	278.7	299.8

SOURCE: Town of Addison Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Crimes Against Property (1)	1,056	933	942	768	728	835	804	866	846	1,278
Crimes Against Persons (1)	388	435	393	358	55	97	106	61	91	414
Arrests	2,876	2,924	2,548	2,006	1,712	1,679	1,702	1,706	1,567	1,060
Calls for Service	17,989	17,390	16,463	16,624	17,181	20,700	17,163	17,092	17,298	16,190
Fire										
Number of Fires	51	45	61	63	51	39	42	60	45	35
Dollar Loss	\$ 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	\$ 277,360
Calls for Service - Fire	866	837	896	989	996	865	652	823	802	1,132
Calls for Service - EMS	1,463	1,676	1,696	1,598	1,730	1,765	1,683	1,608	1,726	2,181
Streets										
Tons of Recycling Collected	330	334	360	387	323	390	419	463	418	429
Parks										
Acres Maintained	163	163	163	163	163	163	163	163	163	163
Recreation (2)										
Recreation Event Participants	14,874	22,496	22,632	21,392	21,392	22,462	26,401	24,640	26,561	9,962
Number of Users	123,794	131,730	128,722	122,656	122,656	122,111	126,287	123,961	126,228	76,016
Active Athletic Club Members	3,428	3,637	3,669	3,942	3,942	3,665	3,815	3,949	4,135	3,517
Utilities										
Water Usage - Peak ¹	9,402	8,871	8,979	10,042	11,093	8,846	7,652	8,803	8,073	8,983
Water Usage - Average ¹	5,014	5,021	4,829	4,577	4,682	4,628	4,672	4,895	4,478	4,477
Service Line Breaks	7	10	11	16	8	4	10	12	6	3
Water Main Breaks	1	2	5	7	4	2	7	4	4	1

(1) Reporting structure changed in FY2020

(2) Decrease due to partial closure of the athletic facility as a result of COVID-19

SOURCE: Town of Addison Department Data

Notes:

(1) In thousands of gallons

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	43	43	43	43	43
Lane Miles	164	164	164	164	164	167	167	167	167	167
Traffic Signals	36	36	36	36	36	36	36	37	37	37
<u>Parks and Recreation</u>										
Acres Maintained	163	163	163	163	163	163	163	163	163	163
Parks	15	15	15	15	15	14	14	14	14	14
Playgrounds	5	5	5	5	5	3	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)	80	80	80	80	80	80	96	96	96	96
Fire Hydrants	1,052	1,052	1,038	1,038	1,038	1,052	1,052	1,052	1,076	1,090
<u>Wastewater</u>										
Miles of Sanitary Sewers	66	66	66	66	66	66	75	75	72	72
Miles of Storm Sewers	57	57	60	60	60	76	76	76	76	76

SOURCE: Town of Addison Department Data