

Town of Addison, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2022

City Council

	Expiration of Term
Joe Chow, Mayor	May 2023
Kathryn Wheeler, Mayor Pro Tempore	May 2023
Lori Ward, Deputy Mayor Pro Tempore	May 2023
Tom Braun, Council Member	May 2023
Darren Gardner, Council Member	May 2024
Guillermo Quintanilla, Council Member	May 2024
Eileen Resnik, Council Member	May 2024

City Manager

David Gaines

Prepared by the Department of Finance

Steven Glickman, CPA, CGFO, Chief Financial Officer
Amanda Turner, CPA, CGFO, Assistant Director of Finance
Ashley Wake, CFE, CGFO, Controller
Kristen Solares, CGFO, Budget Manager
Tandi Dickey, Accounting Supervisor
Ben Nguyen, Senior Treasury Analyst
Ismael Villalta, CPA, Senior Accountant
Daniel Cardona, Accountant
Eric Wellman, Accounting Specialist



ADDISON



Town of Addison, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

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February 2, 2023

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

I am pleased to submit the Annual Comprehensive Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2022. 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 Annual Comprehensive Financial Report (ACFR) 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 FORVIS, 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, 2022 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, 2022 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**

5300 Belt Line Road
Dallas, TX 75254

P.O. Box 9010
Addison, TX 75001

phone: 972.450.7000
fax: 972.450.7043

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 "platinum corridor," which is the area north of I-635 continuing up to Highway 121 in Frisco, 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. The malls, the Galleria and Stonebriar, both have over 200 stores. Additionally, the area holds the Willow Bend mall, which has over 125 stores. At 4.4 square miles, Addison is one of the smallest, yet most densely developed of the various suburbs located in the DFW Region. With just over 17,000 residents, the Town has developed into a cosmopolitan center which serves well over 125,000 business persons, shoppers, and visitors daily. Niche.com recognizes Addison as the top suburb in Texas for young professionals, and Nerdwallet.com recognizes Addison as the top community to start a business in Texas.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended in January 2021. 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.

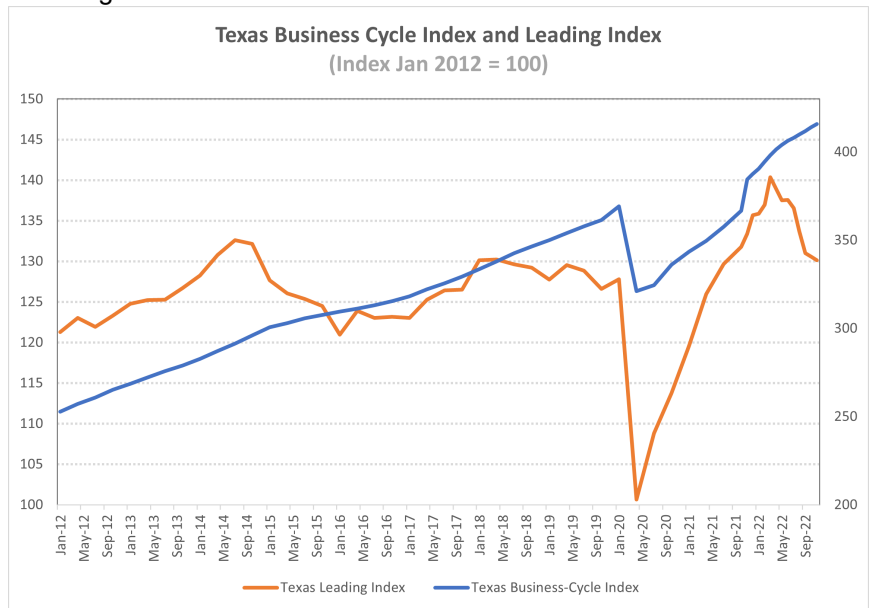
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and Council ordinances. The appropriated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

FACTORS AFFECTING FINANCIAL CONDITION

Status of Local Economy

With its concentration of commercial and retail development, the Town of Addison's economy is strongly influenced by the region's economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the Leading Index indicators decreased slightly while the Business Cycle Index indicators increased significantly during FY2022, primarily due to continued economic recovery following the COVID-19 pandemic. Both indices, after consistent increases throughout FY2021 showed varied results in FY2022. The Leading Index increased through March of 2022 before retreating to levels at the beginning of the fiscal year. The Business Cycle index continued strong gains throughout the fiscal year, a trend that bodes well for the continued economic strength of the Town.



The United States unemployment rate slightly decreased, but remained fairly consistent throughout fiscal year 2022. Texas ended the year above the nation as a whole. Texas began fiscal year 2022 at 5.0% unemployment, and ended the year at 4.0%, just above the U.S. rate of 3.5%.

Addison is densely developed with 11.4 million square feet of office space distributed among 120 office buildings. Much attention is given to the occupancy rates of buildings in Addison. At the end of September 2022, Addison's occupancy rate stood at 87 percent compared with the 78 percent recorded a year earlier. Addison's occupancy rate is 4 percent higher than the 83 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 3.0 percent increase in taxable property values for the fiscal year 2022 compared to a 2.2 percent increase for the fiscal year 2021.

For the 2022 fiscal year, General Fund revenues of \$42.7 million represented a 1% increase from \$42.2 million in fiscal year 2021, primarily due to increased sales taxes. The property tax levy produced 48% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 41%. The Town's sales tax receipts increased 8.7 percent from fiscal year 2021. General Fund expenditures and transfers for the 2022 fiscal year totaled \$42.4 million. The General Fund ending fund balance increased by \$272 thousand to \$20.5 million, with an ending fund balance of 51% of General Fund operating expenditures. Although the dollar value of fund balance increased, the fund balance percentage of operating expenditures decreased slightly due to the increase in expenditures from fiscal year 2021 to fiscal year 2022.

Long-Term Financial Planning

The City Council has adopted various financial policies for operations, capital, and debt management. Fiscal year 2022 was most significantly impacted by the Town's fund balance and long-term planning policies to ensure the continued stability of Town's funds throughout recovery from the Coronavirus pandemic.

Because the Town's major source of revenue is taxes, the Town occasionally offers tax abatement incentive agreements to attract new businesses and development. The Town believes these agreements attract quality businesses to our community that provide long-term benefits such as creating more jobs and increasing the tax revenue to spend on additional or enhanced services to our residents.

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 2022-23 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 Finance 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

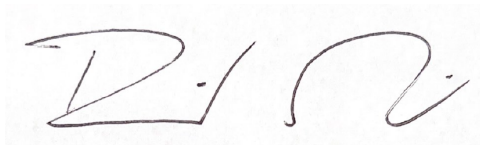
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. The *Certificate*, 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 ACFR 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 46 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 2022 annual budget document. In order to qualify for the *Budget 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 35 consecutive years.

Also, the Town earned the *Award for Achievement in Popular Annual Financial Reporting for the Popular Annual Financial Report* (PAFR) from GFOA for the first time for the fiscal year ended September 30, 2020. The PAFR is compiled by both the marketing and finance departments. The PAFR takes information from the ACFR and adds other valuable information about the Town in a format designed to be easily understandable to readers who have no background in public finance. Together, the *Budget Award*, *PAFR 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, FORVIS, 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,



David Gaines
City Manager



Steven Glickman, CPA, CGFO
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Addison
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

Addison Staff Organization Chart



**Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2022**

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

Elected Officials

Mayor	Joe Chow	(972) 450-7000
Mayor Pro Tempore	Kathryn Wheeler	(972) 450-7000
Deputy Mayor Pro Tempore	Lori Ward	(972) 450-7000
Council Member	Tom Braun	(972) 450-7000
Council Member	Darren Gardner	(972) 450-7000
Council Member	Guillermo Quintanilla	(972) 450-7000
Council Member	Eileen Resnik	(972) 450-7000

Town Management

City Manager	David Gaines	(972) 450-7037
Deputy City Manager	Ashley Shroyer	(972) 450-7010
Deputy City Manager	John Crawford	(972) 450-7036
Exec. Dir. of Business Performance & Innovation	Hamid Khaleghipour	(972) 450-7037
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
Director of Development Services	Ken Schmidt	(972) 450-7027
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
Interim Director of Special Events	Yesenia Saldivar	(972) 450-6251

Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas (Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the hotel fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note IV* to the financial statements, in fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information including the combining and individual fund financial statements and schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive annual report. The other information comprises the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Dallas, Texas
February 2, 2023

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, 2022. 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

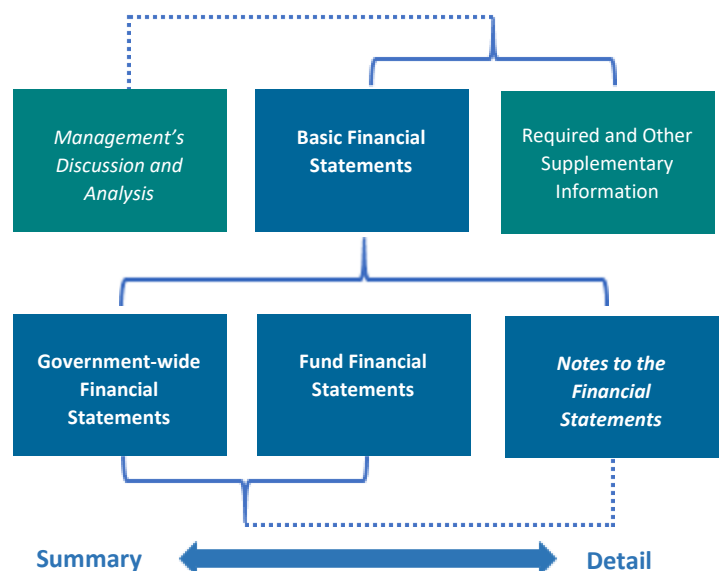
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the 2022 fiscal year by \$265,251. This amount represents an increase over the previous year of \$6,917. The increase is due to higher revenue in charges for services and other taxes, which are offset by decreases in other revenue. While expenses did increase in almost all categories, the increases in revenue exceeded increases in expenses from fiscal year 2021.
- As of September 30, 2022, the Town's governmental funds reported combined ending fund balances of \$87,887, an increase of \$1,234. The majority of the increase is due to Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) grant funding received and applied to lost revenue in the Hotel Fund.
- At the end of the 2022 fiscal year, the fund balance for the General Fund was \$20,515, or 51 percent of total fund expenditures. Fund balance increased \$271 during the year. This slight increase was mainly due to additional sales tax and service fee collections as the economy recovers from the Coronavirus pandemic, and offset by an increase in public safety personnel costs from merit and market adjustments, less CSLFRF funding applied in this fund, and unrealized losses on investments purchased during the pandemic.
- At year-end, the Town of Addison's outstanding long-term liabilities totaled \$156,433, an increase of \$13,883 from the previous year, which is attributed to the issuance of 2022 General Obligation Bonds and 2022 Combination Tax and Revenue Certificates of Obligation, less principal payments made during the fiscal year.

Overview of Financial Statements

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

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

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



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

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

Illustration A-2			
Major Features of Town of Addison's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government	Activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to a private-sector business: airport, water/sewer utility, and storm water
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances * Budget and actual	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All Revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements

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

- The *statement of net position* presents information on all of the Town's 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 9 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, 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, its technological information systems, and to repair and improve existing facilities. All 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, all 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 xx-xx 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 90-91.

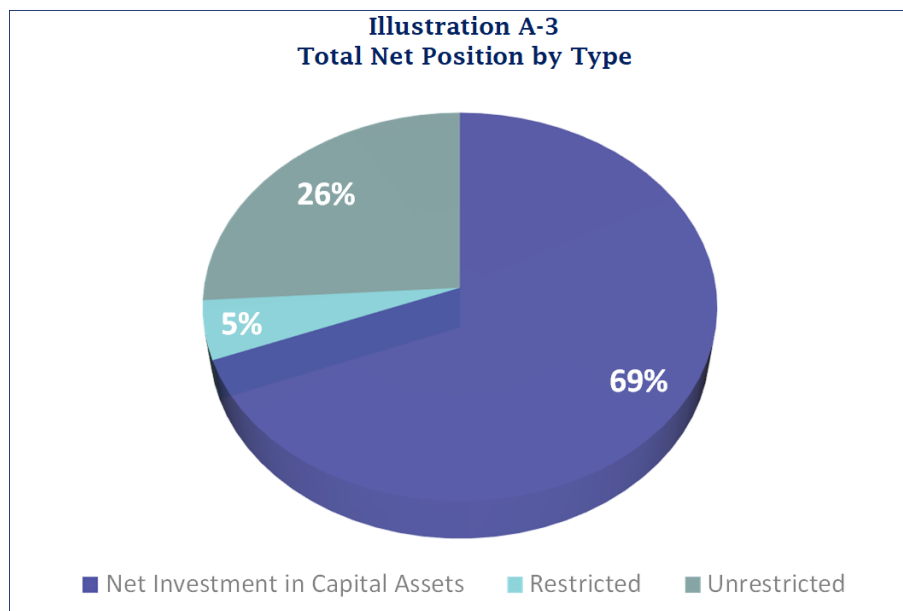
Government-wide Financial Analysis

As of the close of the 2022 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$265,251 (see Table A-1). Of this amount \$183,426, or 69 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 (\$770), promotion of tourism and hotel industry (\$4,972), pensions (\$6,372) and other restrictions (\$643). The remaining amount of net position is labeled as unrestricted and totals \$69,068. 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 114,208	\$ 104,504	\$ 41,878	\$ 38,127	\$ 156,086	\$ 142,631
Capital and Lease Assets	186,559	174,140	93,940	92,968	280,499	267,108
Total Assets	300,767	278,644	135,818	131,095	436,585	409,739
Deferred Outflows of Resources:						
Deferred Charges on Refundings	1,127	1,169	462	506	1,589	1,675
Deferred Outflows on Pensions	3,144	3,101	202	200	3,346	3,301
Deferred Outflows on OPEB	719	747	63	65	782	812
Total Deferred Outflows of Resources	4,990	5,017	727	771	5,717	5,788
Liabilities:						
Long-Term Liabilities Outstanding	123,396	110,524	33,037	32,026	156,433	142,550
Other Liabilities	8,238	7,168	2,853	3,487	11,091	10,655
Total Liabilities	131,634	117,692	35,890	35,513	167,524	153,205
Deferred Inflows of Resources:						
Deferred Inflows on Pensions	8,824	3,548	513	206	9,337	3,754
Deferred Inflows on OPEB	175	215	15	19	190	234
Total Deferred Inflows of Resources	8,999	3,763	528	225	9,527	3,988
Net Position:						
Net Investment in Capital Assets	115,284	118,883	68,142	68,127	183,426	187,010
Restricted :						
Debt Service	770	662	-	-	770	662
Tourism/Hotel	4,972	2,711	-	-	4,972	2,711
Child Safety	141	126	-	-	141	126
Justice Administration	72	33	-	-	72	33
Court Technology	41	32	-	-	41	32
Public Safety	124	113	-	-	124	113
Court Security	47	39	-	-	47	39
Other Purposes	218	403	-	-	218	403
Pensions	6,022	-	350	-	6,372	-
Unrestricted	37,433	39,204	31,635	28,001	69,068	67,205
Total Net Position	\$ 165,124	\$ 162,206	\$ 100,127	\$ 96,128	\$ 265,251	\$ 258,334

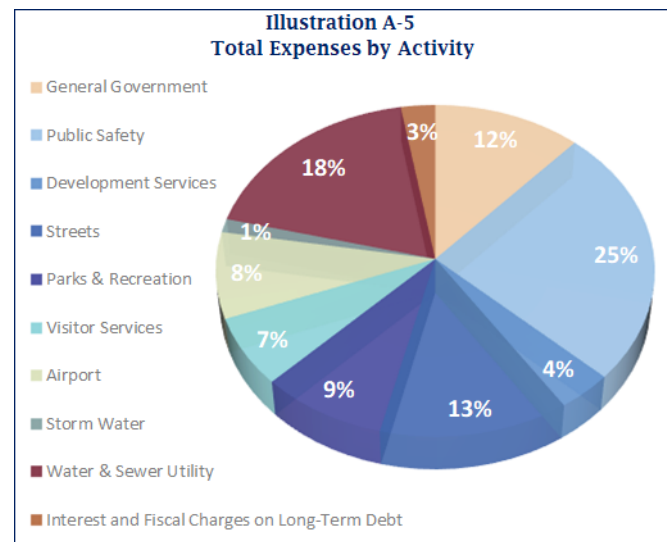
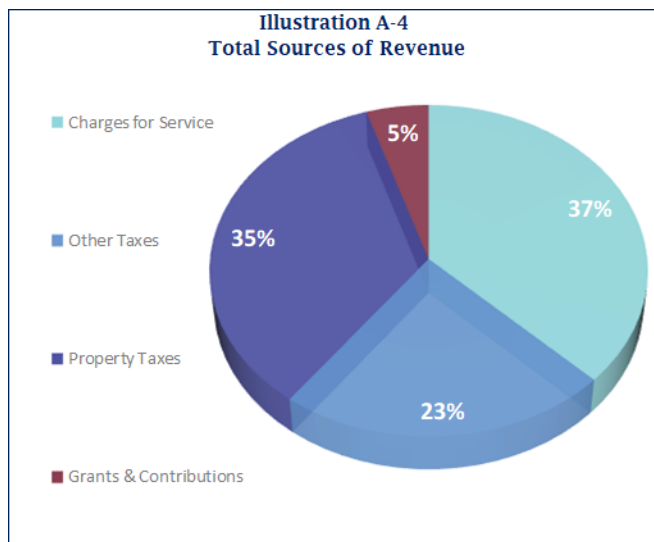


As reflected in Table A-2, the Town's net position increased \$6,917 during the 2022 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,287	\$ 4,436	\$ 25,246	\$ 21,382	\$ 32,533	\$ 25,818
Capital Grants & Contributions	25	229	2,055	121	2,080	350
Operating Grants & Contributions	2,244	2,935	198	107	2,442	2,942
General Revenues:						
Property Taxes	30,444	29,960	-	-	30,444	29,960
Other Taxes	24,071	20,806	-	-	24,071	20,806
Other	(3,074)	1,223	(927)	216	(4,002)	1,439
Total Revenues	60,997	59,589	26,572	21,826	87,569	81,415
Expenses:						
General Government	9,416	9,265	-	-	9,416	9,265
Public Safety	20,332	20,235	-	-	20,332	20,235
Development Services	3,061	3,438	-	-	3,061	3,438
Streets	10,669	7,619	-	-	10,669	7,619
Parks & Recreation	7,024	6,676	-	-	7,024	6,676
Visitor Services	5,397	5,012	-	-	5,397	5,012
Interest and Fiscal Charges on Long-Term Debt	2,179	2,007	-	-	2,179	2,007
Airport	-	-	6,758	6,236	6,758	6,236
Storm water	-	-	1,061	1,065	1,061	1,065
Water & Sewer Utility	-	-	14,754	13,101	14,754	13,101
Total Expenses	58,079	54,252	22,573	20,402	80,652	74,654
Increase (decrease) in net position	2,918	5,337	3,999	1,424	6,917	6,761
Transfers	-	56	-	(56)	-	-
Change in Net Position	2,918	5,393	3,999	1,368	6,917	6,761
Net Position - Beginning of year	162,206	156,813	96,128	94,760	258,334	251,573
Net Position - End of year	\$ 165,124	\$ 162,206	\$ 100,127	\$ 96,128	\$ 265,251	\$ 258,334

Note: 2021 balances are not restated for GASB 87



Governmental Activities

Governmental activities increased the Town of Addison's net position by \$2,918 in fiscal year 2022 as compared to a \$5,393 increase in fiscal year 2021. The major changes from 2021 to 2022 are as follows:

1. Hotel tax revenue increased by \$1,843 due to increased hotel occupancy related to economic recovery following the coronavirus pandemic.
2. Sales taxes revenue increased by \$1,296 as the economy recovers from the financial impact of the Coronavirus pandemic.
3. Property tax revenue increased by \$483 due to increased taxes to service newly issued debt.
4. Visitor Services revenue increased by \$1,056 primarily due to funds received from the CSLFRF applied to lost revenue in the Hotel Fund.
5. General Government grants and contributions decreased by \$895 due to funds received from the CSLFRF applied to the General Fund in the prior fiscal year.
6. Net Investment Income/(Loss) decreased \$3,692 due to decreases in the market value of the Town's investment portfolio as a result of actions taken by the Federal Open Market Committee in 2022.
7. Overall expenses increased \$3,701 primarily due to increased street maintenance expenses.
8. Charges for services increased \$2,851 primarily due to increased reimbursements of expenses for joint projects.

Business-Type Activities

The Town's business-type activities experienced a \$3,999 increase in net position with the Airport Fund recording a increase of \$1,869, due mainly to increases in rental charges, where some leases are CPI adjusted, fuel flowage fees from increased fuel usage, and capital grants and contributions related to reversion of leasehold improvements to the Town. The Utility Fund posted an increase in net position of \$568, due mainly to increased water sales resulting from a hot and dry summer. The Storm Water Fund posted an increase in net position of \$1,160, mainly due to maintaining drainage fee rates that cover the stormwater operational costs and build healthy reserves.

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, 2022, the Town's governmental funds reported combined ending fund balances of \$87,887, an increase of \$1,233 compared to balances a year earlier. Of the ending balance, \$19,837 or 22.6 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$45,062), promotion of tourism and hotel industry (\$4,641), debt service (\$652) or *committed* for Economic Development (\$1,980) and Capital Projects (\$14,430). Components of the net increase of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$42,423 compared to revenues of \$42,687. Expenditures increased \$1,940 from the 2021 fiscal year. This increase is primarily due to the increases in public safety (\$1,085), general government (\$255), and parks and recreation services (\$388), all due to inflation and rising costs of supplies and services and increases in public safety personnel costs. Revenues increased \$480 from the previous year. The increase was mainly due to an increase in sales tax offset by decreases in investment earnings and intergovernmental revenue from the CSLFRF.
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$5,561 compared to revenues and transfers in of \$7,492. Fund revenues increased \$2,870 from the previous year due in large part to increased hotel occupancy taxes as travel began to return to pre-pandemic levels as well as an increase in intergovernmental revenue as a result of funds received from the CSLFRF used to replace lost revenue. Expenditures increased \$543 from fiscal year 2021 as the fund returned to pre-pandemic operations.
- The General Obligation Debt Service Fund recorded a net increase in fund balance of \$79, primarily because property tax collections were higher than anticipated due to the higher collection rate. The net increase in fund balance for fiscal year 2022 is \$488 less than the net increase for fiscal year 2021 due to the pending property tax litigation that took place after COVID-19 in 2021.

- The Capital Project Fund recorded a net decrease in fund balance of \$876, primarily due to capital expenditures of \$23,700 offset by revenue (\$337), transfers in (\$1,800) and the proceeds received from the issuance of 2022 General Obligation Bonds and 2022 Tax and Revenue Certificates of Obligations, both of which will be expended in the future. The Town is steadily spending its bond proceeds in accordance with its five year capital improvement projects plan. Included in these funds is the Infrastructure Investment Fund with an ending fund balance of \$5,629 as of September 30, 2022. Other balances included are for capital projects funded with bond proceeds that have not been spent as of the end of the fiscal year as well as savings from general operations transferred to the Self-Funded Project fund for future capital projects and a small fund designated for street maintenance.

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 \$7,704; the Utility Fund reported an unrestricted net position of \$12,836, while the Stormwater Fund reported an unrestricted net position of \$9,422.

General Fund Budgetary Highlights

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

Sales tax revenue was amended to recognize an increase in sales tax collections by \$1,010,875. Additionally, the budget was amended for personnel costs associated with the City Manager's Office, Fire, and Parks. The budget was also amended to appropriate funds for temporary employment services in the General Services Department, to transfers funds to the Facility Maintenance Fund and Hotel Fund, to fund the Addison Holiday in the Park event, advertising, miscellaneous expenditures, and funding to Metrocrest Services from City Council Special Projects. Additional appropriations were also made for contractual services in Emergency Communications, water purchases in the Parks Department due to the hot and dry summer, and funds to replace a bus shelter damaged by a motorist in the Parks Department. All budget amendments approved did not result in a net change to appropriations.

The adjustments resulted in increasing budgeted revenue 2.5 percent and increasing expenditures by 2.4 percent. \$1,800,000 was transferred to the Self-Funded Project Fund for future capital needs. This was authorized by Section 3 of the September budget amendment ordinance that allowed the City Manager to transfer unexpended appropriations and excess revenue at the end of the fiscal year.

The final actuals resulted in revenues 2.2 percent higher than the revised budget, due primarily to property and sales tax outperforming budget projections. Expenditures were 2.8 percent lower than the revised budget. The decrease in expenditures resulted from savings on maintenance and contractual services in various departments.

Capital and Lease Asset and Debt Administration

Capital and lease assets – As detailed in Table A-3 below, the Town of Addison's investment in capital and lease assets for its governmental and business-type activities as of September 30, 2022, totals \$280,498 (net of accumulated depreciation/ amortization). This amount represents a \$13,390 increase from the previous year and is attributed to the increase in current construction of 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 Road Reconstruction, Kellway Lift Station Rehabilitation, and Rawhide Creek Basin Drainage Improvement. 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 and Lease Assets
(Net of Depreciation/Amortization) (000's)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 71,358	\$ 69,682	\$ 17,259	\$ 17,259	\$ 88,617	\$ 86,941
Intangible Assets	862	862	-	-	862	862
Buildings	7,518	8,093	14,622	6,246	22,140	14,339
Leased Buildings	352	-	-	-	352	-
Improvements other than Buildings	64,345	70,810	54,836	55,552	119,181	126,362
Machinery and Equipment	11,323	12,655	3,160	2,555	14,483	15,210
Leased Equipment	165	-	-	-	165	-
Construction in Progress	30,636	12,038	4,062	11,356	34,698	23,394
Total Capital and Lease Assets	\$ 186,559	\$ 174,140	\$ 93,939	\$ 92,968	\$ 280,498	\$ 267,108

Note: Table A-3 does not restate 2021 balances for GASB 87.

Long-term debt – At the end of the 2022 fiscal year, the Town of Addison had total bonded debt outstanding of \$149,326 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 90,964	\$ 75,791	\$ 11,279	\$ 11,835	\$ 102,243	\$ 87,626
Certificates of Obligation	25,949	26,774	21,134	19,446	47,083	46,220
Total Debt Outstanding	\$ 116,913	\$ 102,565	\$ 32,413	\$ 31,281	\$ 149,326	\$ 133,846

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 2023 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 \$5,630,931,020 for fiscal year 2023 which represented an 11.0 percent increase from the previous year. The property tax rate decreased to \$0.609822 per \$100 appraised value, from the previous fiscal year. Of the 2023 budget tax rate, \$0.445082 was levied for operation/maintenance and \$0.164740 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2022. Sales tax collections were projected to increase in fiscal year 2023 compared to the 2022 budget.

Hotel occupancy tax collections were budgeted to increase by approximately 15.5 percent between fiscal year 2022 and fiscal year 2023.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Pooled Cash and Investments	\$ 99,639,797	\$ 32,590,209	\$ 132,230,006
Receivables, Net of Allowances for Uncollectibles	6,233,648	3,065,257	9,298,905
Prepaid Items	636,808	-	636,808
Inventories, at Cost	41,092	-	41,092
Internal Balances	353,333	(353,333)	-
Investment in Joint Venture	1,280,937	6,226,451	7,507,388
Net Pension Asset	6,022,075	349,817	6,371,892
Capital Assets, Net of Accumulated Depreciation/ Amortization			
Land	71,357,956	17,258,730	88,616,686
Intangible Assets	862,221	-	862,221
Buildings	7,518,374	14,622,241	22,140,615
Leased Buildings	351,269	-	351,269
Improvements other than Buildings	64,344,906	54,835,848	119,180,754
Machinery and Equipment	11,323,430	3,160,312	14,483,742
Leased Equipment	164,976	-	164,976
Construction in Progress	30,636,375	4,062,406	34,698,781
Total Assets	300,767,197	135,817,938	436,585,135
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	1,126,657	462,153	1,588,810
Deferred Outflows on Pensions	3,143,753	202,217	3,345,970
Deferred Outflows on OPEB	719,322	62,518	781,840
Total Deferred Outflows of Resources	4,989,732	726,888	5,716,620
LIABILITIES			
Accounts Payable and Accrued Liabilities	8,231,761	1,338,988	9,570,749
Customer Deposits	6,570	1,514,031	1,520,601
Long-Term Liabilities			
Due within One Year	7,105,855	1,940,354	9,046,209
Due in More Than One Year	116,289,957	31,096,919	147,386,876
Total Liabilities	131,634,143	35,890,292	167,524,435
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Pensions	8,824,066	512,582	9,336,648
Deferred Inflows on OPEB	174,563	15,181	189,744
Total Deferred Inflows of Resources	8,998,629	527,763	9,526,392
NET POSITION			
Net Investment in Capital Assets	115,283,708	68,142,152	183,425,860
Restricted for:			
Debt Service	770,005	-	770,005
Promotion of Tourism and Hotel Industry	4,972,399	-	4,972,399
Child Safety	140,935	-	140,935
Justice Administration	72,179	-	72,179
Court Technology	41,069	-	41,069
Court Security	46,639	-	46,639
Public Safety	124,490	-	124,490
Other Purposes	218,003	-	218,003
Pensions	6,022,075	349,817	6,371,892
Unrestricted	37,432,655	31,634,802	69,067,457
Total Net Position	\$ 165,124,157	\$ 100,126,771	\$ 265,250,928

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, 2022

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	\$ 9,416,452	\$ 802,863	\$ 3,982	\$ -	\$ (8,609,607)	\$ -	\$ (8,609,607)
Public Safety	20,331,699	1,214,031	217,862	-	(18,899,806)	-	(18,899,806)
Development Services	3,061,515	1,155,862	3,060	-	(1,902,593)	-	(1,902,593)
Streets	10,669,363	2,916,935	-	-	(7,752,428)	-	(7,752,428)
Parks and Recreation	7,023,671	56,442	-	25,000	(6,942,229)	-	(6,942,229)
Visitor Services	5,396,612	1,140,565	2,018,853	-	(2,237,194)	-	(2,237,194)
Interest on Long-Term Debt	2,179,219	-	-	-	(2,179,219)	-	(2,179,219)
Total Governmental Activities	58,078,531	7,286,698	2,243,757	25,000	(48,523,076)	-	(48,523,076)
Business-Type Activities:							
Airport	6,758,415	7,160,453	198,000	1,928,920	-	2,528,958	2,528,958
Utilities	14,753,989	15,524,151	-	125,755	-	895,917	895,917
Stormwater	1,060,602	2,561,054	-	-	-	1,500,452	1,500,452
Total Business-Type Activities	22,573,006	25,245,658	198,000	2,054,675	-	4,925,327	4,925,327
Total Primary Government	\$ 80,651,537	\$ 32,532,356	\$ 2,441,757	\$ 2,079,675	(48,523,076)	4,925,327	(43,597,749)
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					30,443,817	-	30,443,817
Sales Taxes					17,409,213	-	17,409,213
Franchise Taxes					2,116,496	-	2,116,496
Hotel/Motel Taxes					4,545,644	-	4,545,644
Net Investment Income/(Loss)					(3,607,419)	(1,094,374)	(4,701,793)
Gain on Sale of Capital Assets					7,187	42,044	49,231
Miscellaneous					526,612	125,483	652,095
Total General Revenues and Transfers					51,441,550	(926,847)	50,514,703
Change in Net Position					2,918,474	3,998,480	6,916,954
NET POSITION, Beginning of Year					162,205,683	96,128,291	258,333,974
NET POSITION, End of Year					\$ 165,124,157	\$ 100,126,771	\$ 265,250,928

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2022

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Pooled Cash and Investments	\$ 21,060,390	\$ 4,433,379	\$ 649,198	\$ 62,234,997	\$ 2,841,807	\$ 91,219,771
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	196,574	-	83,130	2,944	11,457	294,105
Non-Property Taxes	2,854,884	778,410	-	-	-	3,633,294
Franchise Fees	309,305	-	-	-	-	309,305
Service Fees, Net	137,441	-	-	-	-	137,441
Ambulance, Net	313,641	-	-	-	-	313,641
Interest	109,649	16,845	2,920	234,494	12,945	376,853
Intergovernmental	-	-	-	204,990	-	204,990
Other	14,064	409,213	-	496,500	-	919,777
Due from Other Funds	-	-	-	353,333	-	353,333
Prepaid Items	636,808	-	-	-	-	636,808
Inventories, At Cost	41,092	-	-	-	-	41,092
Total Assets	<u>\$ 25,673,848</u>	<u>\$ 5,637,847</u>	<u>\$ 735,248</u>	<u>\$ 63,527,258</u>	<u>\$ 2,866,209</u>	<u>\$ 98,440,410</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 3,147,016	\$ 441,606	\$ -	\$ 3,536,020	\$ 268,024	\$ 7,392,666
Customer Deposits	970	5,600	-	-	-	6,570
Total Liabilities	<u>3,147,986</u>	<u>447,206</u>	<u>-</u>	<u>3,536,020</u>	<u>268,024</u>	<u>7,399,236</u>
Deferred Inflows of Resources:						
Unavailable Resources	<u>2,010,481</u>	<u>549,341</u>	<u>83,131</u>	<u>499,444</u>	<u>11,457</u>	<u>3,153,854</u>
Total Deferred Inflows of Resources	<u>2,010,481</u>	<u>549,341</u>	<u>83,131</u>	<u>499,444</u>	<u>11,457</u>	<u>3,153,854</u>
Fund Balances:						
Nonspendable						
Inventories	41,092	-	-	-	-	41,092
Prepaid Items	636,808	-	-	-	-	636,808
Restricted						
Debt Service	-	-	652,117	-	-	652,117
Promotion of Tourism and Hotel Industry	-	4,641,300	-	-	-	4,641,300
Capital Projects	-	-	-	45,061,870	-	45,061,870
Child Safety	-	-	-	-	140,935	140,935
Justice Administration	-	-	-	-	43,286	43,286
Court Technology	-	-	-	-	41,069	41,069
Court Security	-	-	-	-	46,639	46,639
Public Safety	-	-	-	-	116,509	116,509
Governmental Public Education	-	-	-	-	218,003	218,003
Committed						
Capital Projects	-	-	-	14,429,924	-	14,429,924
Economic Development	-	-	-	-	1,980,287	1,980,287
Unassigned	<u>19,837,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,837,481</u>
Total Fund Balance	<u>20,515,381</u>	<u>4,641,300</u>	<u>652,117</u>	<u>59,491,794</u>	<u>2,586,728</u>	<u>87,887,320</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 25,673,848</u>	<u>\$ 5,637,847</u>	<u>\$ 735,248</u>	<u>\$ 63,527,258</u>	<u>\$ 2,866,209</u>	<u>\$ 98,440,410</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$ 87,887,320
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.	14,186,317
Capital and lease assets used in governmental activities, including infrastructure and developer contributions, are not financial resources and therefore are not reported in fund financial statements. Capital and lease assets of \$180,429,768, net of accumulated depreciation/amortization of \$157,338,723, exclusive of the capital assets of internal service funds with a net carrying value of \$6,129,739, included above, increased net position in the government-wide financial statements.	180,429,768
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.	1,280,937
Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.	1,126,657
Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.	(116,912,421)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(1,138,476)
Total OPEB liability is not reflected in the fund financial statements.	(4,843,852)
Deferred outflows on OPEB, net of amortization, are not reflected in fund financial statements	719,322
Deferred inflows on OPEB, net of amortization, are not reflected in fund financial statements	(174,563)
Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements	3,143,753
Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements	(8,824,066)
Net pension asset is not reflected in fund financial statements	6,022,075
Leases payable are not reflected in fund financial statements	(501,061)
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.	(431,407)
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.	3,153,854
Net Position of Governmental Activities	\$ 165,124,157

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, 2022

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Ad Valorem Taxes	\$ 20,454,052	\$ -	\$ 8,636,068	\$ 308,459	\$ 1,179,713	\$ 30,578,292
Non-Property Taxes	17,347,888	4,353,355	-	-	-	21,701,243
Franchise Fees	2,078,651	-	-	-	37,845	2,116,496
Licenses and Permits	1,120,552	-	-	-	-	1,120,552
Intergovernmental	3,982	2,018,853	-	204,993	22,306	2,250,134
Service Fees	2,063,371	1,051,805	-	14,925	32,450	3,162,551
Fines and Forfeitures	301,404	-	-	-	57,738	359,142
Net Investment Income/(Loss)	(1,105,426)	(113,980)	(64,746)	(2,198,705)	(124,562)	(3,607,419)
Rental Charges	8,300	115,545	-	-	600	124,445
Recycling Proceeds	2,546	-	-	-	-	2,546
Other	411,732	24,255	3,600	2,007,425	30,912	2,477,924
Total Revenues	42,687,052	7,449,833	8,574,922	337,097	1,237,002	60,285,906
EXPENDITURES:						
Current:						
General Government	9,301,300	-	-	-	209,113	9,510,413
Public Safety	21,471,686	-	-	-	15,506	21,487,192
Development Services	1,643,483	-	-	-	1,487	1,644,970
Streets	2,047,734	-	-	-	-	2,047,734
Parks and Recreation	6,083,572	-	-	-	25,000	6,108,572
Visitor Services	-	5,177,008	-	-	-	5,177,008
Municipal Court	-	-	-	-	4,826	4,826
Economic Development	-	-	-	-	1,328,152	1,328,152
Debt Service:						
Principal Retirement	27,385	-	5,670,000	-	192,541	5,889,926
Interest and Fiscal Charges	5,498	-	2,931,724	-	15,698	2,952,920
Capital Projects:						
Engineering and Contractual Services	-	-	-	3,580,551	-	3,580,551
Construction and Equipment	-	-	-	20,119,010	-	20,119,010
Total Expenditures	40,580,658	5,177,008	8,601,724	23,699,561	1,792,323	79,851,274
Excess/(Deficiency) of Revenues over/(under) Expenditures	2,106,394	2,272,825	(26,802)	(23,362,464)	(555,321)	(19,565,368)
OTHER FINANCING SOURCES/(USES):						
Transfers In	-	41,875	-	1,800,000	384,000	2,225,875
Transfers Out	(1,841,875)	(384,000)	-	-	-	(2,225,875)
Proceeds on Asset Sales	7,187	-	-	-	-	7,187
Proceeds from Debt Issuance or Refunding	-	-	8,670,000	19,755,000	-	28,425,000
Payment to Refunded Bonds Escrow Agent	-	-	(9,477,585)	-	-	(9,477,585)
Premium on Issuance or Refunding	-	-	913,093	931,297	-	1,844,390
Total Other Financing Sources/(Uses)	(1,834,688)	(342,125)	105,508	22,486,297	384,000	20,798,992
Net Change in Fund Balance	271,706	1,930,700	78,706	(876,167)	(171,321)	1,233,624
Fund Balances at Beginning of Year	20,243,675	2,710,600	573,411	60,367,961	2,758,049	86,653,696
Fund Balances at End of Year	\$ 20,515,381	\$ 4,641,300	\$ 652,117	\$ 59,491,794	\$ 2,586,728	\$ 87,887,320

See accompanying notes to basic financial statements.

**TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Total Net Change in Fund Balances - Governmental Funds	\$ 1,233,624
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.	213,002
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.	20,736,167
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 an increase in expense.	(125,755)
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 \$1,081,296 depreciation in the internal service funds.	(8,695,304)
The Town's share of net gain from Investment in Joint Venture is not reflected in fund financials.	315,904
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 decrease in net position of the following:	
New debt from bond issuances, including premiums, discounts, and loss on refundings	(30,197,324)
Bond repayments, including refunded amounts of principal and premiums	15,075,520
Amortization of premiums, discounts, and losses on refunding	731,579
	(14,390,225)
The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's decrease in liability is to increase net position.	106,557
The current year increase in the total OPEB liability of \$248,816, amortization of deferred inflows and and outflows on OPEB of \$13,164 are not shown in the fund financial statements. The effect of recording these amounts is to decrease net position.	(235,652)
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.	(71,440)
Decrease in net pension liability of \$2,119,333, increase of net pension asset of \$6,022,075 and amortization of deferred inflows and outflows on pensions of \$5,233,650, increase net position by decreasing the pension expense in each function.	2,907,758
Current year lease payments are expenditures in the fund financial statements, but they are shown as decreases of long-term debt in the government-wide financial statements. The effect of removing the lease payments is to increase net position.	219,926
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.	703,912
Change in Net Position of Governmental Activities	\$ 2,918,474

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, 2022

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad Valorem Taxes:				
Current	\$ 20,139,186	\$ 20,139,186	\$ 20,603,683	\$ 464,497
Delinquent	(151,360)	(151,360)	(207,701)	(56,341)
Penalties and Interest	50,000	50,000	58,070	8,070
Total Ad Valorem	<u>20,037,826</u>	<u>20,037,826</u>	<u>20,454,052</u>	<u>416,226</u>
Non-Property Taxes:				
Sales Tax	13,700,000	14,710,875	15,997,283	1,286,408
Alcoholic Beverage Tax	1,200,000	1,200,000	1,350,605	150,605
Total Non-Property Taxes	<u>14,900,000</u>	<u>15,910,875</u>	<u>17,347,888</u>	<u>1,437,013</u>
Total Taxes	<u>34,937,826</u>	<u>35,948,701</u>	<u>37,801,940</u>	<u>1,853,239</u>
Franchise Fees:				
Electric Franchise	1,525,000	1,525,000	1,499,435	(25,565)
Gas Franchise	200,000	200,000	275,373	75,373
Telephone Franchise	250,000	250,000	185,927	(64,073)
Cable Franchise	130,000	130,000	124,416	(5,584)
Street Rental Franchise	-	-	(6,500)	(6,500)
Total Franchise Fees	<u>2,105,000</u>	<u>2,105,000</u>	<u>2,078,651</u>	<u>(26,349)</u>
Licenses and Permits:				
Business Licenses and Permits	129,700	129,700	148,026	18,326
Building and Construction Permits	960,400	960,400	972,526	12,126
Total Licenses and Permits	<u>1,090,100</u>	<u>1,090,100</u>	<u>1,120,552</u>	<u>30,452</u>
Service Fees:				
Public Safety	1,052,200	1,052,200	1,144,489	92,289
Urban Development	2,200	2,200	2,860	660
Streets and Sanitation	455,000	455,000	437,462	(17,538)
Recreation	70,300	70,300	39,690	(30,610)
Interfund	438,870	438,870	438,870	-
Total Service Fees	<u>2,018,570</u>	<u>2,018,570</u>	<u>2,063,371</u>	<u>44,801</u>
Fines and Forfeitures	245,000	245,000	301,404	56,404
Net Investment Income/(Loss)	100,000	100,000	(1,105,426)	(1,205,426)
Intergovernmental	-	-	3,982	3,982
Rental Charges	8,000	8,000	8,300	300
Recycling Proceeds	500	500	2,546	2,046
Other	<u>235,000</u>	<u>235,000</u>	<u>411,732</u>	<u>176,732</u>
Total Revenues	<u>\$ 40,739,996</u>	<u>\$ 41,750,871</u>	<u>\$ 42,687,052</u>	<u>\$ 936,181</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2022

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
City Secretary:				
Salaries and Fringe Benefits	131,075	131,075	129,909	1,166
Supplies	10,950	10,950	4,726	6,224
Contractual Services	79,250	79,250	53,249	26,001
Total City Secretary	221,275	221,275	187,884	33,391
City Manager's Office:				
Salaries and Fringe Benefits	1,041,622	1,071,622	1,061,497	10,125
Supplies	21,698	21,698	33,719	(12,021)
Maintenance and Materials	37,097	37,097	35,782	1,315
Contractual Services	87,696	87,696	99,055	(11,359)
Capital Replacement	16,388	16,388	16,388	-
Total City Manager's Office	1,204,501	1,234,501	1,246,441	(11,940)
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,194,879	1,194,879	1,163,272	31,607
Supplies	15,055	15,055	16,610	(1,555)
Maintenance and Materials	34,936	34,936	31,491	3,445
Contractual Services	491,531	491,531	502,647	(11,116)
Capital Replacement	28,309	28,309	28,309	-
Total Financial and Strategic Services	1,764,710	1,764,710	1,742,329	22,381
General Services:				
Salaries and Fringe Benefits	492,629	492,629	495,614	(2,985)
Supplies	32,320	32,320	24,384	7,936
Maintenance and Materials	107,748	93,733	108,824	(15,091)
Contractual Services	68,381	103,381	73,590	29,791
Capital Replacement	54,979	554,979	554,979	-
Capital Outlay	-	14,015	14,015	-
Total General Services	756,057	1,291,057	1,271,406	19,651
Municipal Court:				
Salaries and Fringe Benefits	516,729	516,729	508,353	8,376
Supplies	8,137	8,137	6,988	1,149
Maintenance and Materials	79,259	79,259	68,325	10,934
Contractual Services	81,439	81,439	82,089	(650)
Capital Replacement	27,173	27,173	27,173	-
Total Municipal Court	712,737	712,737	692,928	19,809
Human Resources:				
Salaries and Fringe Benefits	458,753	458,753	421,057	37,696
Supplies	70,858	70,858	84,545	(13,687)
Maintenance and Materials	986	986	1,054	(68)
Contractual Services	199,401	199,401	143,277	56,124
Capital Replacement	10,211	10,211	10,211	-
Total Human Resources	740,209	740,209	660,144	80,065

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, 2022

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Information Technology:				
Salaries and Fringe Benefits	1,239,603	1,239,603	1,127,380	112,223
Supplies	55,430	55,430	45,067	10,363
Maintenance and Materials	851,110	851,110	648,439	202,671
Contractual Services	93,015	93,015	97,362	(4,347)
Capital Replacement	17,892	17,892	17,892	-
Capital Outlay	-	-	16,314	(16,314)
Total Information Technology	<u>2,257,050</u>	<u>2,257,050</u>	<u>1,952,454</u>	<u>304,596</u>
Combined Services:				
Salaries and Fringe Benefits	60,000	60,000	62,808	(2,808)
Supplies	22,000	22,000	16,985	5,015
Contractual Services	1,280,400	1,280,400	1,135,243	145,157
Total Combined Services	<u>1,362,400</u>	<u>1,362,400</u>	<u>1,215,036</u>	<u>147,364</u>
City Council Special Projects:				
Salaries and Fringe Benefits	27,603	27,603	26,830	773
Supplies	18,000	18,000	28,290	(10,290)
Contractual Services	200,378	300,378	277,558	22,820
Total City Council Special Projects	<u>245,981</u>	<u>345,981</u>	<u>332,678</u>	<u>13,303</u>
Total General Government	<u>9,264,920</u>	<u>9,929,920</u>	<u>9,301,300</u>	<u>628,620</u>
Public Safety:				
Police:				
Salaries and Fringe Benefits	8,723,393	8,723,393	8,771,241	(47,848)
Supplies	267,174	267,174	313,417	(46,243)
Maintenance and Materials	275,607	275,607	322,630	(47,023)
Contractual Services	847,319	847,319	717,307	130,012
Capital Replacement	432,552	432,552	432,552	-
Capital Outlay	-	-	40,229	(40,229)
Total Police	<u>10,546,045</u>	<u>10,546,045</u>	<u>10,597,376</u>	<u>(51,331)</u>
Emergency Communications:				
Maintenance and Materials	65,167	79,167	133,167	(54,000)
Contractual Services	1,529,078	1,529,078	1,474,094	54,984
Total Emergency Communications	<u>1,594,245</u>	<u>1,608,245</u>	<u>1,607,261</u>	<u>984</u>
Fire:				
Salaries and Fringe Benefits	7,747,282	7,847,282	7,893,043	(45,761)
Supplies	282,185	282,185	294,419	(12,234)
Maintenance and Materials	285,548	285,548	327,840	(42,292)
Contractual Services	395,179	395,179	375,096	20,083
Capital Replacement	376,651	376,651	376,651	-
Total Fire	<u>9,086,845</u>	<u>9,186,845</u>	<u>9,267,049</u>	<u>(80,204)</u>
Total Public Safety	<u>21,227,135</u>	<u>21,341,135</u>	<u>21,471,686</u>	<u>(130,551)</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2022

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Development Services:				
Development Services:				
Salaries and Fringe Benefits	1,461,091	1,461,091	1,372,921	88,170
Supplies	48,954	48,954	54,978	(6,024)
Maintenance and Materials	19,111	19,111	19,706	(595)
Contractual Services	240,754	240,754	158,184	82,570
Capital Replacement	37,694	37,694	37,694	-
Total Development Services	<u>1,807,604</u>	<u>1,807,604</u>	<u>1,643,483</u>	<u>164,121</u>
Streets:				
Streets:				
Salaries and Fringe Benefits	428,404	428,404	410,629	17,775
Supplies	45,090	45,090	50,439	(5,349)
Maintenance and Materials	819,300	819,300	596,741	222,559
Contractual Services	701,427	701,427	688,024	13,403
Capital Replacement	142,201	142,201	142,201	-
Capital Outlay	-	-	159,700	(159,700)
Total Streets	<u>2,136,422</u>	<u>2,136,422</u>	<u>2,047,734</u>	<u>88,688</u>
Parks and Recreation:				
Parks:				
Salaries and Fringe Benefits	1,928,745	1,953,745	1,924,101	29,644
Supplies	363,102	363,102	397,389	(34,287)
Maintenance and Materials	798,525	838,525	740,813	97,712
Contractual Services	1,186,750	1,311,750	1,323,534	(11,784)
Capital Replacement	120,734	120,734	121,760	(1,026)
Capital Outlay	107,363	107,363	99,490	7,873
Total Parks	<u>4,505,219</u>	<u>4,695,219</u>	<u>4,607,087</u>	<u>88,132</u>
Recreation:				
Salaries and Fringe Benefits	1,017,816	1,017,816	883,153	134,663
Supplies	176,872	176,872	129,296	47,576
Maintenance and Materials	201,980	201,980	163,902	38,078
Contractual Services	357,301	357,301	263,407	93,894
Capital Replacement	36,727	36,727	36,727	-
Total Recreation	<u>1,790,696</u>	<u>1,790,696</u>	<u>1,476,485</u>	<u>314,211</u>
Total Parks and Recreation	<u>6,295,915</u>	<u>6,485,915</u>	<u>6,083,572</u>	<u>402,343</u>
Debt Service:				
Principal Retirement	-	-	27,385	(27,385)
Interest and Fiscal Charges	-	-	5,498	(5,498)
Total Debt Service	<u>-</u>	<u>-</u>	<u>32,883</u>	<u>(32,883)</u>
Total Expenditures	<u>40,731,996</u>	<u>41,700,996</u>	<u>40,580,658</u>	<u>1,120,338</u>
Excess of revenues over expenditures	<u>8,000</u>	<u>49,875</u>	<u>2,106,394</u>	<u>2,056,519</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended September 30, 2022

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES/(USES):				
Transfers Out	-	(41,875)	(1,841,875)	(1,800,000)
Proceeds on Asset Sales	20,000	20,000	7,187	(12,813)
Total Other Financing Sources/(Uses)	20,000	(21,875)	(1,834,688)	(1,812,813)
Net Change in Fund Balance	28,000	28,000	271,706	243,706
Fund Balances at Beginning of Year	20,243,675	20,243,675	20,243,675	-
Fund Balances at End of Year	<u>\$ 20,271,675</u>	<u>\$ 20,271,675</u>	<u>\$ 20,515,381</u>	<u>\$ 243,706</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 4,155,000	\$ 4,155,000	\$ 4,353,355	\$ 198,355
Intergovernmental	2,014,736	2,014,736	2,018,853	4,117
Proceeds from Special Events and Service Fees	1,155,500	1,155,500	1,051,805	(103,695)
Net Investment Income/(Loss)	10,000	10,000	(113,980)	(123,980)
Rental Charges	85,000	85,000	115,545	30,545
Other	100	14,544	24,255	9,711
Total Revenues	<u>7,420,336</u>	<u>7,434,780</u>	<u>7,449,833</u>	<u>15,053</u>
EXPENDITURES:				
Conference Centre	212,138	268,457	229,056	39,401
Marketing	1,139,905	1,139,905	887,942	251,963
Special Events	3,419,364	3,419,364	3,257,624	161,740
Performing Arts	604,297	604,297	650,761	(46,464)
General Hotel Operations	198,129	198,129	151,625	46,504
Total Expenditures	<u>5,573,833</u>	<u>5,630,152</u>	<u>5,177,008</u>	<u>453,144</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>1,846,503</u>	<u>1,804,628</u>	<u>2,272,825</u>	<u>468,197</u>
OTHER FINANCING SOURCES/(USES):				
Transfers In	-	41,875	41,875	-
Transfer to Economic Development Fund	<u>(384,000)</u>	<u>(384,000)</u>	<u>(384,000)</u>	<u>-</u>
Net Change in Fund Balance	1,462,503	1,462,503	1,930,700	468,197
Fund Balances at Beginning of Year	<u>2,710,600</u>	<u>2,710,600</u>	<u>2,710,600</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 4,173,103</u>	<u>\$ 4,173,103</u>	<u>\$ 4,641,300</u>	<u>\$ 468,197</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Position
September 30, 2022

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
ASSETS:					
Current Assets:					
Pooled Cash and Investments	\$ 8,799,835	\$ 12,326,401	\$ 9,788,807	\$ 30,915,043	\$ 10,095,192
Interest Receivable	33,096	48,042	44,629	125,767	44,242
Accounts Receivable, Net	188,948	2,400,370	350,172	2,939,490	-
Total Current Assets	9,021,879	14,774,813	10,183,608	33,980,300	10,139,434
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,625,357	-	17,258,730	-
Construction in Progress	503,308	2,736,149	822,949	4,062,406	1,097,014
Buildings	9,886,531	8,346,263	-	18,232,794	6,597
Improvements other than Buildings	61,142,955	56,532,696	4,826,556	122,502,207	-
Machinery and Equipment	2,870,871	2,574,210	131,736	5,576,817	13,468,399
Accumulated Depreciation	(38,201,909)	(34,959,985)	(531,523)	(73,693,417)	(8,442,271)
Total Capital Assets, Net of Accumulated Depreciation	51,835,129	36,854,690	5,249,718	93,939,537	6,129,739
Investment in Joint Venture	-	6,226,451	-	6,226,451	-
Net Pension Asset	-	349,817	-	349,817	-
Total Assets	60,857,008	58,205,771	15,433,326	134,496,105	16,269,173
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charges on Refundings	50,492	284,587	127,074	462,153	-
Deferred Outflows on Pensions	-	202,217	-	202,217	-
Deferred Outflows on OPEB	10,943	46,747	4,828	62,518	-
Total Deferred Outflows of Resources	61,435	533,551	131,902	726,888	-
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 424,354	\$ 594,214	\$ 186,842	\$ 1,205,410	\$ 410,142
Accrued Interest Payable	33,223	87,898	10,005	131,126	-
Current Compensated Absences Payable	6,396	23,958	-	30,354	-
Current Maturities of Long-Term Liabilities	440,000	1,050,000	420,000	1,910,000	-
Due to Other Funds	353,333	-	-	353,333	-
Customer Deposits	325,040	1,188,991	-	1,514,031	-
Total Current Liabilities	1,582,346	2,945,061	616,847	5,144,254	410,142
Non-Current Liabilities:					
Long-Term Liabilities, Net of Current Portion	8,204,417	18,284,758	4,607,744	31,096,919	-
Total Liabilities	9,786,763	21,229,819	5,224,591	36,241,173	410,142
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows on Pensions	-	512,582	-	512,582	-
Deferred Inflows on OPEB	2,656	11,383	1,142	15,181	-
Total Deferred Inflows of Resources	2,656	523,965	1,142	527,763	-
NET POSITION:					
Net Investment in Capital Assets	43,424,565	23,800,195	917,392	68,142,152	6,129,739
Restricted for Pensions	-	349,817	-	349,817	-
Unrestricted	7,704,459	12,835,526	9,422,103	29,962,088	9,729,292
Total Net Position	\$ 51,129,024	\$ 36,985,538	\$ 10,339,495	\$ 98,454,057	\$ 15,859,031

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.

	\$ 1,672,714
Net Position of business type activities	<u>\$ 100,126,771</u>

See accompanying notes to basic financial statements.

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year ended September 30, 2022

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
OPERATING REVENUES:					
Water	\$ -	\$ 9,115,862	\$ -	\$ 9,115,862	\$ -
Sewer	-	6,330,960	-	6,330,960	-
Drainage	-	-	2,558,788	2,558,788	-
Penalties	-	125,985	-	125,985	-
Water and Sewer Taps and Other Fees	-	35,580	2,266	37,846	-
Fuel Flowage Fees	1,357,351	-	-	1,357,351	-
Customs Agent Fees	148,680	-	-	148,680	-
Rental Charges	5,584,357	-	-	5,584,357	-
Other Income	369,484	24,064	-	393,548	4,742
Department Contributions	-	-	-	-	2,438,963
Total Operating Revenues	7,459,872	15,632,451	2,561,054	25,653,377	2,443,705
OPERATING EXPENSES:					
Salaries and Fringe Benefits	2,190,456	2,265,329	375,987	4,831,772	-
Supplies	42,958	240,243	16,899	300,100	-
Maintenance and Materials	463,107	936,178	101,043	1,500,328	422,589
Contractual Services	1,313,753	1,104,928	297,931	2,716,612	-
Water Purchases	33,224	4,372,465	-	4,405,689	-
Wastewater Purchases	-	3,635,150	-	3,635,150	-
Total Operating Expenses (Excluding Depreciation)	4,043,498	12,554,293	791,860	17,389,651	422,589
Depreciation	2,634,445	1,644,364	181,600	4,460,409	1,081,296
Total Operating Expenses	6,677,943	14,198,657	973,460	21,850,060	1,503,885
OPERATING INCOME/(LOSS)	781,929	1,433,794	1,587,594	3,803,317	939,820
NON-OPERATING REVENUES/(EXPENSES):					
Net Investment Income/(Loss)	(276,696)	(423,894)	(393,784)	(1,094,374)	(372,474)
Gain/(Loss) on Disposal of Assets	23,460	18,584	-	42,044	47,601
Gain/(Loss) on Joint Venture	-	(84,236)	-	(84,236)	-
Interest Expense and Fiscal Charges	(305,442)	(722,469)	(96,980)	(1,124,891)	-
Total Non-Operating Revenues/(Expenses)	(558,678)	(1,212,015)	(490,764)	(2,261,457)	(324,873)
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	223,251	221,779	1,096,830	1,541,860	614,947
Capital Grants and Contributions	1,928,920	125,755	-	2,054,675	-
Transfers In	-	220,467	62,708	283,175	-
Transfers Out	(283,175)	-	-	(283,175)	-
CHANGE IN NET POSITION	1,868,996	568,001	1,159,538	3,596,535	614,947
Net Position at Beginning of Year	49,260,028	36,417,537	9,179,957	94,857,522	15,244,084
Net Position at End of Year	\$ 51,129,024	\$ 36,985,538	\$ 10,339,495	\$ 98,454,057	\$ 15,859,031

Reconciliation to business-type activities:
Change in net position of enterprise funds \$ 3,596,535

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.
Change in net position of business type activities \$ 401,945
\$ 3,998,480

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 7,494,898	\$ 15,708,740	\$ 2,554,244	\$ 25,757,882	\$ 2,438,963
Other Receipts	-	-	-	-	4,742
Payments to Suppliers	(1,801,998)	(10,242,671)	(374,681)	(12,419,350)	(408,556)
Payments to Employees for Services	(2,147,180)	(2,447,054)	(371,632)	(4,965,866)	-
<i>Net Cash Provided by Operating Activities</i>	<u>3,545,720</u>	<u>3,019,015</u>	<u>1,807,931</u>	<u>8,372,666</u>	<u>2,035,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(1,320,208)	(2,294,457)	(579,771)	(4,194,436)	(579,279)
Proceeds from Issuance of Long-Term Debt	-	3,020,286	-	3,020,286	-
Principal Paid on Long-Term Debt	(425,000)	(910,000)	(410,000)	(1,745,000)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(325,620)	(797,544)	(91,548)	(1,214,712)	-
Principal Paid on Interfund Loan for Capital Purchase	(176,667)	-	-	(176,667)	-
Proceeds from Sale of Capital Assets	23,460	18,584	-	42,044	45,774
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(2,224,035)</u>	<u>(963,131)</u>	<u>(1,081,319)</u>	<u>(4,268,485)</u>	<u>(533,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Cash and Investments	(284,745)	(435,064)	(406,135)	(1,125,944)	(388,090)
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>(284,745)</u>	<u>(435,064)</u>	<u>(406,135)</u>	<u>(1,125,944)</u>	<u>(388,090)</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	1,036,940	1,620,820	320,477	2,978,237	1,113,554
Cash and Cash Equivalents, October 1	7,762,895	10,705,581	9,468,330	27,936,806	8,981,638
Cash and Cash Equivalents, September 30	<u>\$ 8,799,835</u>	<u>\$ 12,326,401</u>	<u>\$ 9,788,807</u>	<u>\$ 30,915,043</u>	<u>\$ 10,095,192</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 781,929	\$ 1,433,794	\$ 1,587,594	\$ 3,803,317	\$ 939,820
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	2,634,445	1,644,364	181,600	4,460,409	1,081,296
Change in Assets, Liabilities, and Deferred Items:					
(Increase)/Decrease in Accounts Receivables	17,797	38,384	(6,810)	49,371	-
(Increase)/Decrease in Prepaid Items	-	-	-	-	-
Increase/(Decrease) in Accounts Payable	90,734	50,909	44,010	185,653	14,033
Increase/(Decrease) in Customer Deposits	17,229	37,905	-	55,134	-
(Increase)/Decrease in Deferred Outflows on Pensions	-	(2,472)	-	(2,472)	-
(Increase)/Decrease in Deferred Outflows on OPEB	414	1,774	177	2,365	-
Increase/(Decrease) in Deferred Inflows on Pensions	-	306,490	-	306,490	-
Increase/(Decrease) in Deferred Inflows on OPEB	(614)	(2,632)	(263)	(3,509)	-
Increase/(Decrease) in Net Pension Liability	-	(155,911)	-	(155,911)	-
(Increase)/Decrease in Net Pension Asset	-	(349,817)	-	(349,817)	-
Increase/(Decrease) in Total OPEB Liability	3,786	16,227	1,623	21,636	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 3,545,720</u>	<u>\$ 3,019,015</u>	<u>\$ 1,807,931</u>	<u>\$ 8,372,666</u>	<u>\$ 2,035,149</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Grants and Contributions	\$ 1,928,920	\$ 125,755	\$ -	\$ 2,054,675	\$ -
Capital Assets in Accounts Payable	169,365	201,153	118,185	488,703	396,109
Transfers of Capital Assets	(283,175)	220,467	62,708	-	-
Gain/(Loss) on Joint Venture	-	(84,236)	-	(84,236)	-
<i>Net Noncash Items from Capital and Related Financing Activities</i>	<u>\$ 1,815,110</u>	<u>\$ 463,139</u>	<u>\$ 180,893</u>	<u>\$ 2,459,142</u>	<u>\$ 396,109</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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 January 2021. 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, 2022

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, including lease liabilities, 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). This fund has been designated as a major fund by Town management.

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 Project Fund – The Capital Project 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, 2022

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.

Grant Fund - The 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. The fund also accounts for expenditures for which the Town expects to be reimbursed. This fund was previously reported as two separate funds - the Advanced Funding Grant Fund and the Reimbursement Grant Fund, but they were combined into one reporting fund in fiscal year 2022.

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.

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, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facility Maintenance Fund - The Facility Maintenance Fund is used to accumulate sufficient resources to repair and improve Town facilities. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each component of the facilities based on its expected life. The funds are used to finance repairs and improvements of facilities when needed.

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 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, 2022 to be the fair value of investments. Investments in negotiable certificates of deposit are carried at fair value. The government investment pools, TexPool, TexSTAR, Texas CLASS, 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 levy date and are considered delinquent after January 31. 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, the quarterly payment to North Texas Emergency Communication Center for dispatch services, and postage.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4) Capital Assets

Capital assets include land, buildings, leased buildings, equipment, leased 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 and amortization 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
Leased buildings.....	10 years
Improvements other than buildings.....	20-50 years
Equipment.....	3-50 years
Leased equipment.....	3-10 years

Depreciation and amortization of current year additions/ 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, 2022. The Town's liability for compensated absences decreased \$98,817 for a total liability of \$1,341,254.

6) Leases

The Town of Addison is a lessee for noncancellable leases of equipment and a building office space. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The town recognizes lease assets with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the Town of Addison initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgements related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The interest rate charged by the lessor will be used as the discount rate. When the interest rate charged by the lessor is not provided, the Town will generally use its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town of Addison monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

7) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is capital grant of \$600,000 and \$1,328,920 in leasehold improvements for the Airport, and \$125,755 contribution of assets from governmental funds to the Utility Fund. Capital grants also includes a \$25,000 grant for Recreation to purchase equipment. Operating grants and contributions includes \$2,022,835 for primary government Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) grant funding, \$217,862 of grant funding for public safety, a \$3,060 retail food regulatory grant, a \$50,000 grant for Airport operations, and a \$148,000 CSLFRF grant to the airport.

8) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net assets 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 through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items that qualify for reporting in this category. The difference due to changes in OPEB assumptions is deferred and recognized over the estimated average remaining service lives of all employees that are provided with OPEB through the OPEB plans (active and inactive employees) determined as of the beginning of the measurement period. The difference in expected and actual OPEB experience 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 full accrual government-wide statements, the unavailable resources are recognized as revenue and not deferred.

9) Fund Equity

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

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

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

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

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

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.

10) 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11) Net Position

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budgetary control is maintained at the department level, which is a subset of the functional 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). 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 for the Capital Project fund.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. The FY2022 budget was amended two times, and the amendments were approved by City Council on April 26, 2022, and September 27, 2022. The April 26th amendment was to allocate funds to the General Fund for transfers to the Hotel Fund. Additionally, this amendment was to allocate funds from the Hotel Fund for repairs to the Stone Cottage due to winter storm damage. The amendment also added funding for various projects in the Self-Funded Special Projects Fund as well as allocated funds from the Debt Service Fund for the 2022 General Obligation Refunding Bonds offset by bond proceeds of an equal amount. The September 27th budget amendment appropriated funds from the General Fund for contributions to the Facility Maintenance Fund and temporary employment services in the General Services Department, funds for Metrocrest Services, Holiday in the Park, Advertising and Miscellaneous Expenditures in the Council Special Projects Department, funds for personnel costs in the City Manager's Office and Fire Department, funds for water purchases and capital outlay in the Parks Department, and funding an increase for contractual services in Emergency Communications. The amendment also reflects an allocation for expenditures and offsetting revenues for street repairs from the Streets Self-Funded Projects Fund, funds for transformer relocations and unanticipated facility repairs in the Self-Funded Projects Fund, and an allocation in the Utility Fund for increased wholesale water purchases and water main repairs offset by water sales revenue of an equal amount.

Excess of Expenditures over Appropriations – For the year ended September 30, 2022, City Manager's department expenditures in the General Fund exceeded appropriations by \$11,940, mainly due to the purchase of computer equipment for Town Hall and cable, internet, and telephone expenditures. Also in the General Fund, the Police department expenditures exceeded appropriations by \$51,331, mainly due to overtime costs exceeding the budget as well as capital outlay expenditures, and Fire department expenditures exceeded appropriations by \$80,204 due to slight negative budget variances in salaries and fringe benefits, wearing apparel and uniforms, and motor vehicle maintenance. 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 Hotel Fund, the Performing Arts department expenditures exceeded appropriations by \$46,464. This is due to an in-kind donation to a non-profit that offsets rent income from their short-term lease with the Town. The in-kind donation is not budgeted, but it is recorded and reported in the financial statements as rental income and a contractual service expenditure. Because the income offsets the expenditure, fund balance was not impacted.

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, 2022

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, 2022. Included in Pooled Cash and Investments is \$4,450 of petty cash and \$14,971 seized funds. At year-end, the carrying amount of the Town's deposits was a debit balance of \$5,535,870. The respective bank balance totaled \$6,702,104. In addition, collateral with a market value of \$8,017,023 were held by the pledging financial institution's account at the Bank of New York Mellon 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, 2022 were invested in LOGIC, TexPool, TexSTAR (Texas Short Term Asset Reserve program) and Texas CLASS (Texas Cooperative Liquid Assets Securities System).

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. State Street Bank serves as custodian to TexPool 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. Texas CLASS is administered by Public Trust Advisors, LLC and UMB Bank serves as custodian which provide investment, financial or other cash management services.

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

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investments

As of September 30, 2022, the Town held the following investments:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>
Agency Securities	\$ 46,875,833	278
Municipal Bonds	48,625,585	256
Commerical Paper	3,516,658	17
Negotiable Certificates of Deposit	<u>1,941,091</u>	4
<i>Total Investment in Securities</i>	<u>100,959,167</u>	
LOGIC	20,244,058	14
TexPool	1,007,118	25
TexSTAR	1,006,548	12
Texas CLASS	<u>3,457,824</u>	31
<i>Total Investment in Pools</i>	<u>25,715,548</u>	
<i>Total Investments</i>	<u>\$ 126,674,715</u>	554

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 negotiable certificates of deposits are carried at fair value.

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 five 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, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent with a maturity not to exceed five (5) years from the date of purchase.
4. Prime commercial paper with an original maturity of two hundred seventy (270) days or less which, at the time of purchase, is rated at least A-1 by Standard and Poor's, P-1 by Moody's, 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 criteria.
 - 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.)
5. 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, TexSTAR and Texas CLASS are all 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, 2022 based on par value, are Agency Securities (70%) of which the Town's portfolio is currently at 37.9%, Municipal Bonds (50%) of which the Town's portfolio is currently at 38.2%, Commercial Paper (30%) of which the Town's portfolio is currently at 1.5%, Certificates of Deposit (50%) of which the Town's portfolio is currently at 2.8%, and Local Government Investment Pools (70%) of which the Town's portfolio is currently at 19.6%.

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, 2022

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, 2022:

	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				
U.S. Agency Securities	\$ 46,875,833	\$ -	\$ 46,875,833	\$ -
Municipal Bonds	48,625,585		48,625,585	
Commerical Paper	1,941,091	-	1,941,091	-
Negotiable Certificates of Deposit	3,516,658	-	3,516,658	-
<i>Total Investment by fair value level</i>	<u>100,959,167</u>	<u>\$ -</u>	<u>\$ 100,959,167</u>	<u>\$ -</u>
Investments measured at net asset value - LOGIC	20,244,058			
Investments measured at amortized cost - TexPool	1,007,118			
Investments measured at net asset value - TexSTAR	1,006,548			
Investments measured at net asset value - Texas CLASS	3,457,824			
<i>Total Investments</i>	<u>\$ 126,674,715</u>			

Certain investments that are measured at amortized cost or 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 amortized cost or 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, and the assets are classified in Level 2, their fair values are estimated by using the matrix pricing technique. This technique includes 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. 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, 2022, 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 LOGIC, TexPool, TexSTAR and Texas CLASS. TexPool is measured at amortized cost, and LOGIC, TexSTAR, and Texas CLASS are measured at net asset value. 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, 2021, upon which the fiscal year 2022 levy is based, was \$4,970,875,427.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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, 2022 was \$.614660 per \$100, of which \$.441109 was allocated for general government and \$.173551 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, 2022, were 100.56% of the original tax levy due to increases in assessments and corresponding payments. 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.

If the effective tax rate, excluding tax rates for retirement of bonds and other debt, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, the Town is required to hold an election to determine whether to limit the tax rate to no more than 3.5%. 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.

C. Receivables

As of September 30, 2022, 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	\$ 633,573	\$ -	\$ 282,200	\$ 9,117	\$ 38,844	\$ -	\$ 963,734
Non-Property	2,854,884	778,410	-	-	-	-	3,633,294
Franchise Fees	309,305	-	-	-	-	-	309,305
Service Fees	748,209	-	-	-	-	-	748,209
Ambulance	950,425	-	-	-	-	-	950,425
Interest	109,649	16,845	2,920	234,494	12,945	44,242	421,095
Intergovernmental	-	-	-	204,990	-	-	204,990
Other	14,064	409,213	-	496,500	-	-	919,777
Due from Other Funds	-	-	-	353,333	-	-	353,333
Gross Receivables	\$ 5,620,109	\$ 1,204,468	\$ 285,120	\$ 1,298,434	\$ 51,789	\$ 44,242	\$ 8,504,162
Less: Allowance for Uncollectibles	1,684,551	-	199,070	6,173	27,387	-	1,917,181
Net Receivables	<u>\$ 3,935,558</u>	<u>\$ 1,204,468</u>	<u>\$ 86,050</u>	<u>\$ 1,292,261</u>	<u>\$ 24,402</u>	<u>\$ 44,242</u>	<u>\$ 6,586,981</u>

The above allowance for uncollectible accounts represents reserves for ambulance (\$636,784), court warrants (\$521,843), alarm (\$88,925), and property taxes (\$669,629).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

In the proprietary funds at September 30, 2022 the Airport fund has \$211,537 regulated and short-term leases receivable, net of an allowance of \$22,589. The Utility fund has \$2,452,510 in water and sewer sales receivable, net of an allowance of \$52,140. The Stormwater fund has stormwater fees receivable of \$368,723, net of an allowance of \$18,551.

D. Capital and Lease Assets

Capital and Lease Asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not Depreciable:					
Land	\$ 69,682,567	\$ 1,675,389	\$ -	\$ -	\$ 71,357,956
Intangible Assets	862,221	-	-	-	862,221
Construction in Progress	12,037,848	18,700,979	-	(102,452)	30,636,375
<i>Total Capital Assets, not Depreciable</i>	<u>82,582,636</u>	<u>20,376,368</u>	<u>-</u>	<u>(102,452)</u>	<u>102,856,552</u>
Capital and Lease Assets, Depreciable:					
Buildings	23,651,139	49,165	-	-	23,700,304
Leased Buildings	526,903	-	-	-	526,903
Improvements other than Buildings	200,543,680	376,044	-	(23,303)	200,896,421
Machinery and Equipment	23,884,641	801,648	(520,051)	-	24,166,238
Leased Equipment	194,084	-	-	-	194,084
<i>Total Capital and Lease Assets, Depreciable</i>	<u>248,800,447</u>	<u>1,226,857</u>	<u>(520,051)</u>	<u>(23,303)</u>	<u>249,483,950</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	(15,558,593)	(623,337)	-	-	(16,181,930)
Leased Buildings	-	(175,634)	-	-	(175,634)
Improvements other than Buildings	(129,733,420)	(6,818,095)	-	-	(136,551,515)
Machinery and Equipment	(11,230,057)	(2,130,426)	517,675	-	(12,842,808)
Leased Equipment	-	(29,108)	-	-	(29,108)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(156,522,070)</u>	<u>(9,776,600)</u>	<u>517,675</u>	<u>-</u>	<u>(165,780,995)</u>
<i>Total Capital and Lease Assets, Depreciable, net</i>	<u>92,278,377</u>	<u>(8,549,743)</u>	<u>(2,376)</u>	<u>(23,303)</u>	<u>83,702,955</u>
<i>Governmental Activities Capital and Lease Assets, net</i>	<u>\$ 174,861,013</u>	<u>\$ 11,826,625</u>	<u>\$ (2,376)</u>	<u>\$ (125,755)</u>	<u>\$ 186,559,507</u>
Business-type Activities:					
Capital Assets, not Depreciable:					
Land	\$ 17,258,730	\$ -	\$ -	\$ -	\$ 17,258,730
Construction in Progress	11,355,951	3,297,166	-	(10,590,711)	4,062,406
<i>Total Capital Assets, not Depreciable</i>	<u>28,614,681</u>	<u>3,297,166</u>	<u>-</u>	<u>(10,590,711)</u>	<u>21,321,136</u>
Capital Assets, Depreciable:					
Buildings	\$ 9,566,657	\$ 1,177,623	\$ -	\$ 7,488,514	18,232,794
Improvements other than Buildings	119,471,700	793,453	-	2,237,054	122,502,207
Machinery and Equipment	4,641,943	37,646	(93,670)	990,898	5,576,817
<i>Total Capital Assets, Depreciable</i>	<u>133,680,300</u>	<u>2,008,722</u>	<u>(93,670)</u>	<u>10,716,466</u>	<u>146,311,818</u>
Less Accumulated Depreciation for:					
Buildings	(3,320,777)	(289,776)	-	-	(3,610,553)
Improvements other than Buildings	(63,919,498)	(3,746,860)	-	-	(67,666,358)
Machinery and Equipment	(2,086,403)	(423,773)	93,670	-	(2,416,506)
<i>Total Accumulated Depreciation</i>	<u>(69,326,678)</u>	<u>(4,460,409)</u>	<u>93,670</u>	<u>-</u>	<u>(73,693,417)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>64,353,622</u>	<u>(2,451,687)</u>	<u>-</u>	<u>10,716,466</u>	<u>72,618,401</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 92,968,303</u>	<u>\$ 845,479</u>	<u>\$ -</u>	<u>\$ 125,755</u>	<u>\$ 93,939,537</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

	Governmental Activities	Business-type Activities
General Government	\$ 296,542	\$ -
Public Safety	593,467	-
Development Services	178,344	-
Streets	5,880,207	-
Parks and Recreation	1,213,336	-
Visitor Services	533,408	-
IT Replacement	194,912	-
Facility Maintenance Fund	886,252	-
Capital Replacement	132	-
Airport Fund	-	2,634,445
Utility Fund	-	1,644,364
Stormwater Fund	-	181,600
	<u>\$ 9,776,600</u>	<u>\$ 4,460,409</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2022:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Vitruvian Public Infrastructure (various)	24,000,201	13,669,365	\$ 10,330,836
2019 Bond Proposition D Phases 1 & 2	5,407,788	1,714,351	\$ 3,693,437
License Plate Recognition System	2,000,000	1,473,581	526,419
Midway Road Reconstruction	40,856,038	19,768,272	21,087,766
Keller Springs Road Reconstruction	12,900,000	1,052,064	11,847,936
Airport Parkway Reconstruction	9,400,000	658,334	8,741,666
Traffic Signals & ADA Improvements	1,500,000	46,635	1,453,365
2019 Proposition C & D - AAC Improvements	5,077,631	5,028,365	49,266
Les Lacs Pond Improvements Project	3,282,108	80,700	3,201,408
	<u>\$ 104,423,766</u>	<u>\$ 43,491,667</u>	<u>\$ 60,932,099</u>
<u>Business Type Activities</u>			
Bravo/Golf Taxiway Improvements	1,495,270	70,276	1,424,994
Kellway Lift Station Rehab & Repair	1,510,000	1,267,471	242,529
Chlorine Booster Station	1,333,569	1,217,761	115,808
Rawhide Creek Basin Drainage Improvement	3,350,000	325,707	3,024,293
Lake Forest Drive Water & Sewer Improvements	1,199,000	117,736	1,081,264
	<u>\$ 8,887,839</u>	<u>\$ 2,998,951</u>	<u>\$ 5,888,888</u>

As mentioned in Note IIA, the Town employs encumbrance accounting. The Town had the following outstanding encumbrances related to capital projects at September 30, 2022. The Airport fund had \$25,410 for the license plate recognition project, the Stormwater fund had \$347,994 for drainage improvements, the Utility fund had \$254,702 for pump station and sewer line improvements, the Internal Service funds had \$104,615 for the license plate recognition project, and the Capital Project fund had \$24,148,999 for various streets, facilities, and parks projects.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

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 \$6,226,451 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, 2021. 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, 2022:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds, Tax-Exempt Series 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 2023 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"	\$ 220,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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 2023 with interest rates ranging from 2% to 2.25%. The bonds are not callable. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 90,000	\$ -
General Obligation Bonds Taxable Series 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 2023 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"	\$ 60,000	\$ -
Combination Tax and Revenue Certificates of Obligation Series 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 2023 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"	\$ -	\$ 470,000

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds, Tax-Exempt Series 2014		
<p>A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2034 with interest rates ranging from 3% to 3.625%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"</p>	\$ 8,700,000	\$ -
Certificates of Obligation Series 2014		
<p>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.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"</p>	\$ -	\$ 5,340,000
General Obligation Refunding Bonds Series 2016		
<p>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.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"</p>	\$ 13,910,000	\$ 4,305,000

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
Combination Tax and Revenue Certificates of Obligation Series 2018		
<p>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.</p>		
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ -	\$ 11,935,000
 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>		
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 14,970,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 12,580,000	\$ -
General Obligation Refunding Bonds Taxable Series 2020		
<p>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.</p> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 12,650,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds		
Series 2021		
<p>A series of 2,970 bonds at \$5,000 each dated August 1, 2021. The bonds were issued for the purpose of (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, 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) acquiring, developing, renovating and improving parks, park facilities, recreation 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 2041 with interest rates ranging from 2% to 5%. The bonds are callable at par value plus accrued interest on or after August 15, 2030 in whole or in part in principal amounts of \$5,000.</p>		
	\$ 14,310,000	\$ -
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"		
General Obligation Refunding Bonds		
Taxable Series 2021		
<p>A series of 2,192 bonds at \$5,000 each dated August 1, 2021. The bonds were issued for the purpose of (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I - Schedule of Refunding Obligations for debt service savings, and (ii) for payment of the costs of issuance of the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 1.15% to 3%. The bonds are callable at par value plus accrued interest on or after August 15, 2030 in whole or in part in principal amounts of \$5,000.</p>		
	\$ 4,235,000	\$ 6,520,000
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"		

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding Bonds Series 2022		
A series of 1,734 bonds at \$5,000 each dated January 1, 2022. The bonds were issued for the purpose of (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I – Schedule of Refunded Obligations for debt service savings, and (ii) to pay the costs of issuance of the Bonds. The bonds mature serially through 2037 with interest rates ranging from 2% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2031 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 8,670,000	\$ -
General Obligation Bonds Series 2022		
A series of 2,028 bonds at \$5,000 each dated August 1, 2022. 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) acquiring, developing, renovating and improving parks, park facilities, recreation 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, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws and (iv) paying the costs of issuing the Bonds. The bonds mature serially through 2042 with interest rates ranging from 3% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2032 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 10,140,000	\$ -

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series 2022		
A series of 2,499 bonds at \$5,000 each dated August 1, 2022. The bonds were issued for the purpose of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (ii) designing, developing, constructing, and improving Town water and sewer system improvements and facilities; and (vi) professional services incurred in connection with items (i) and (ii), and to pay the costs incurred in connection with the issuance of the Certificates. The bonds mature serially through 2042 with interest rates ranging from 3.5% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2032 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 9,615,000	\$ 2,880,000
TOTAL LONG-TERM DEBT OUTSTANDING	<u>\$ 110,150,000</u>	<u>\$ 31,450,000</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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, 2022 was as follows (in thousands of dollars):

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 71,035	\$ 18,810	\$ (4,280)	\$ 85,565	\$ 5,475
Premium on General Obligation Bonds	4,768	1,381	(743)	5,406	-
Discount on General Obligation Bonds	(12)	-	5	(7)	-
Certificates of Obligation	25,835	9,615	(10,865)	24,585	990
Premium on Certificates of Obligation	1,009	464	(109)	1,364	-
Discount on Certificates of Obligation	(70)	-	70	-	-
Leases	721	-	(220)	501	226
Net Pension Liability	2,119	-	(2,119)	-	-
Compensated Absences	1,245	128	(235)	1,138	197
Total OPEB Liability	4,595	448	(199)	4,844	218
Long-Term Liabilities – Governmental Activities	<u>\$ 111,245</u>	<u>\$ 30,846</u>	<u>\$ (18,695)</u>	<u>\$ 123,396</u>	<u>\$ 7,106</u>
Business-type Activities:					
General Obligation Refunding Bonds	\$ 11,290	\$ -	\$ (465)	\$ 10,825	\$ 475
(Payable from airport, storm water, and utility revenues)					
Premium on General Obligation Refunding Bonds	553	-	(91)	462	-
Discount on General Obligation Refunding Bonds	(9)	-	1	(8)	-
Combination Tax and Revenue Certificates of Obligation	6,815	-	(390)	6,425	405
(Payable from airport revenues)					
Premium on Combination Tax and Revenue C.O.	207	-	(24)	183	-
Combination Tax and Revenue Certificates of Obligation	11,555	2,880	(570)	13,865	695
(Payable from utility system revenues)					
Premium on Combination Tax and Revenue C.O.	206	140	(20)	326	-
Combination Tax and Revenue Certificates of Obligation	655	-	(320)	335	335
(Payable from storm water system revenues)					
Premium on Combination Tax and Revenue C.O.	7	-	(7)	-	-
Net Pension Liability	157	-	(157)	-	-
Compensated Absences	191	36	(24)	203	30
Total OPEB Liability	399	39	(17)	421	-
Long-Term Liabilities – Business-type Activities	<u>\$ 32,026</u>	<u>\$ 3,095</u>	<u>\$ (2,084)</u>	<u>\$ 33,037</u>	<u>\$ 1,940</u>

During the current fiscal year, the Town refunded \$9,475,000 of governmental CO's with a \$69,480 unamortized discount in a taxable refunding issuance entitled GO Refunding Bonds, Taxable Series 2022. No additional proceeds were received, and the Town paid \$105,508 in issuance costs and underwriter discounts from the General Obligation Debt Service Fund. The new issuance resulted in \$8,670,000 governmental GO refunding bonds with a premium of \$913,093. As a result of the taxable refunding, the Town reduced its total debt service requirements by \$1,003,244, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$868,303.

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 \$652,117 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, 2022

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.

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, 2022.

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, if applicable, and total OPEB liability are 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:				
2023	\$ 5,475,000	\$ 2,556,883	\$ 475,000	\$ 283,855
2024	5,605,000	2,419,948	965,000	264,655
2025	5,785,000	2,254,322	990,000	243,705
2026	5,975,000	2,077,223	1,020,000	219,955
2027	6,160,000	1,884,493	1,050,000	193,205
2028-2032	30,205,000	6,293,117	5,210,000	541,783
2033-2037	16,905,000	2,201,680	1,115,000	16,915
2038-2042	9,455,000	544,931	-	-
	<u>\$ 85,565,000</u>	<u>\$ 20,232,597</u>	<u>\$ 10,825,000</u>	<u>\$ 1,764,073</u>
Certificates of Obligation:				
2023	\$ 990,000	\$ 828,271	\$ 1,435,000	\$ 736,294
2024	1,010,000	810,881	990,000	701,013
2025	1,050,000	769,681	1,025,000	669,813
2026	1,095,000	725,056	1,065,000	634,113
2027	1,140,000	680,681	1,105,000	593,453
2028-2032	6,365,000	2,734,782	6,330,000	2,218,828
2033-2037	7,580,000	1,522,294	5,910,000	960,084
2038-2042	5,355,000	363,447	2,765,000	154,453
	<u>\$ 24,585,000</u>	<u>\$ 8,435,093</u>	<u>\$ 20,625,000</u>	<u>\$ 6,668,051</u>

At September 30, 2022, the Town had \$54,872,000 authorized but unissued general obligation bonds.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2022 is as follows, and it has been classified as internal balances within the government-wide statement of net position:

	Interfund Receivables	Interfund Payables	
Capital Project Fund	\$ 353,333	\$ -	Loan for Airport Rescue Fire-fighting Apparatus (ARFF);
Airport Fund	-	353,333	reimbursement expected in subsequent years
Total	<u>\$ 353,333</u>	<u>\$ 353,333</u>	

Transfers between funds during the year ended September 30, 2022 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
General Fund	\$ -	\$ 1,800,000	For capital projects
Capital Project Fund	1,800,000	-	For capital projects
General Fund	-	41,875	To fund infrastructure related to Stone Cottage
Hotel Fund	41,875	-	To fund infrastructure related to Stone Cottage
Hotel Fund	-	384,000	For economic development
Economic Development Fund	384,000	-	For economic development
Airport Fund	-	62,708	To fund infrastructure related to US Customs Facility
Airport Fund	-	220,467	To fund infrastructure related to US Customs Facility
Stormwater Fund	62,708	-	To fund infrastructure related to US Customs Facility
Utility Fund	220,467	-	To fund infrastructure related to US Customs Facility
Total Transfers	<u>\$ 2,509,050</u>	<u>\$ 2,509,050</u>	

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Leases

(1) Lease Receivable

During the current fiscal year, the Town of Addison had no leases as a lessor that were not one of the following: short-term, immaterial, or regulated. Regulated leases and short-term leases are discussed later in this note.

(2) Lease Payable

The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. During the current fiscal year, the Town of Addison had three leases where the Town was the lessee, and they are described below.

Remote Capture Equipment Lease

As part of the Town of Addison's depository contract entered into in 2019, the Town leases six remote capture check scanners for a term of three years with three, one-year renewal options that will be exercised. An initial lease liability was recorded in the amount of \$22,727 as of October 1, 2021. The Town is required to make fixed monthly principal and interest payments of \$660. There are also variable monthly costs of \$.09 per check deposited, \$.80 per credit posted, and \$.12 per deposit for reporting. For the fiscal year ending September 30, 2022 the Town paid \$1,416 for variable costs. The lease has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 3.07%. The equipment has an estimated useful life of 3 years remaining as of October 1, 2021. The value of the lease asset as of the end of the current fiscal year was \$15,151, net of accumulated amortization of \$7,576.

Chlorine Generators Equipment Lease

The Town entered into a lease agreement for two chlorine generators in 2020 for a term of five years plus 4, one-year renewal options that will be exercised. An initial lease liability was recorded in the amount of \$172,257 as of October 1, 2021. The Town is required to make fixed monthly principal and interest payments of \$2,048. The lease has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 3.07%. The equipment has an estimated useful life of 8 years remaining as of October 1, 2021. The value of the lease asset as of the end of the current fiscal year was \$150,725, net of accumulated amortization of \$21,532.

Office Space Lease

The Town entered into a lease agreement for building office space in 2014 for an original term of five years, which was extended in 2019 for another five years. An initial lease liability was recorded in the amount of \$526,903 as of October 1, 2021. The Town is required to make fixed monthly principal and interest payments of \$17,267. The lease has no stated interest rate, so the Town is using a long-term incremental borrowing rate of 3.716%. The building has an estimated useful life of 3 years remaining as of October 1, 2021. The value of the lease asset as of the end of the current fiscal year was \$351,269, net of accumulated amortization of \$175,634.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

The future principal and interest lease payments for leases payable as of September 30, 2022 were as follows:

Fiscal Year Ending	Principal	Interest	Total
September 30,			
2023	\$ 225,918	\$ 13,782	\$ 239,700
2024	164,882	5,750	170,632
2025	21,492	3,084	24,576
2026	22,161	2,415	24,576
2027	22,851	1,725	24,576
2028-2032	<u>43,757</u>	<u>1,299</u>	<u>45,056</u>
Totals	<u>\$ 501,061</u>	<u>\$ 28,055</u>	<u>\$ 529,116</u>

(3) GASB No. 87 Excluded Leases - Regulated

In accordance with GASB No. 87, the Town does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the Town is the lessor. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carries and other aeronautical users. The Town has the following regulated leases:

T and Patio Hangar Leases

These leases are aircraft storage rental agreements for T hangars, patio hangars, and the T hangar end-cap storage units. These leases allow the tenants the use of that portion of the hangar and ramp. Hangar usage is restricted to aviation use only and regulated by the FAA. These leases typically have a standard one-year term that fall to month-to-month with a 30 day termination notice. However, the Town had nine leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2022 was \$56,220.

Jet Hangar Leases

These leases are conventional hangar leases for commercial aviation use for larger aircrafts. The leases allow the tenants use of the hangar, ramp, and a parking area. Hangar usage is restricted to aviation use only and regulated by the FAA. The terms of these leases vary depending on the tenants' need and the airport's plan for the hangar's redevelopment. The leases typically have a CPI adjustment each year. The Town had six leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2022 was \$721,487.

Fuel Tank License Agreements

These aviation bulk fuel dispensing license agreements allow the license holders to take delivery and to store fuel in their designated fuel tanks owned by the Town. The license holder is responsible for maintaining a specific portion of the facilities, such as down-stream hoses, and the airport must maintain all other improvements. The tank rental fees consist of a base fee and an additional fee. The base fee has specific rent step increases stipulated in the agreements. The additional fee is assessed annually by the Town and consists of common area maintenance such as utilities and a replacement recovery allowance for the fuel tanks and related equipment. The Town had 16 leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2022 was \$178,147.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

The fuel tank license agreements also call for a fuel flowage variable fee that is \$0.14 per gallon for public fixed base operations, which are fuel tank licensees that store their aircrafts and equipment at the Airport, and \$0.22 for non-public operators' equipment and aircrafts that are not based at the airport. These rates can be changed by City Council, and licensees are given at least 30 days written notice of rate changes. The fuel flowage fees received during the fiscal year ended September 30, 2022 was \$1,357,351.

Ground Leases

These leases are for use of the land owned by the Town. The tenant constructs or improves, owns, and maintains all the improvements on the land. The maximum statutory term of the ground leases are 40 years. These leases allow access to the land for aeronautical use. At the end of the ground lease, the improvements revert to Town ownership. These agreements typically have a biennial CPI adjustment. The Town had 30 leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2022 was \$3,319,442.

The future principal and interest lease receipts for regulated leases as of September 30, 2022 were as follows:

Fiscal Year Ending				
September 30,	Principal		Interest	Total
2023	\$ 1,609,924	\$	1,562,995	\$ 3,172,919
2024	1,570,117		1,504,836	3,074,953
2025	1,460,456		1,448,100	2,908,556
2026	1,278,804		1,397,244	2,676,048
2027	1,327,093		1,348,955	2,676,048
2028-2032	6,899,245		5,988,553	12,887,798
2033-2037	6,918,713		4,685,402	11,604,115
2038-2042	5,528,881		3,554,108	9,082,989
2043-2047	5,644,612		2,494,646	8,139,258
2048-2052	5,014,868		1,511,809	6,526,677
2053-2057	3,535,664		710,405	4,246,069
2058-2062	2,064,289		120,981	2,185,270
Totals	<u>\$ 42,852,666</u>	<u>\$</u>	<u>26,328,034</u>	<u>\$ 69,180,700</u>

(4) GASB No. 87 Excluded Leases - Short-Term

Pursuant to GASB No. 87, the Town does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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 2022, 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 2021 to September 2022, 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/(asset), 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, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 920 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, 2022

IV. OTHER INFORMATION (CONTINUED)

TMRS issues a publicly available Annual Comprehensive 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.tmr.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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	240
Inactive employees entitled to but not yet receiving benefits	241
Active employees	<u>294</u>
Total	<u>775</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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 2021 of 11.56%. Accordingly, contributions to TMRS for the year ended September 30, 2022 were \$2,796,361 and were equal to the required contribution.

Net Pension Liability/(Asset)

The Town's Net Pension Liability/(Asset) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/(Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year 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, 2021, 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, 2022

IV. OTHER INFORMATION (CONTINUED)

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

<u>Asset Class</u>	<u>Target Location</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
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, 2021. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the Town will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 10/1/2021	\$ 142,180,149	\$ 139,904,902	\$ 2,275,247
Changes for the year:			
Service cost	3,866,304	-	3,866,304
Interest	9,468,644	-	9,468,644
Difference between expected and actual experience	666,896	-	666,896
Contributions - employer	-	2,796,361	(2,796,361)
Contributions - employee	-	1,725,318	(1,725,318)
Net investment income	-	18,211,116	(18,211,116)
Benefit payments, including refunds of employee contributions	(7,674,193)	(7,674,193)	-
Administrative expense	-	(84,389)	84,389
Other	-	577	(577)
Net changes	6,327,651	14,974,790	(8,647,139)
Balance at 9/30/2022	\$ 148,507,800	\$ 154,879,692	\$ (6,371,892)

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town's net pension liability/(asset) \$	\$ 13,101,081	\$ (6,371,892)	\$ (22,476,776)

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 at www.tmr.com.

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

For the year ended September 30, 2022, the Town recognized pension income of \$204,235. At September 30, 2022, 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, 2022

IV. OTHER INFORMATION (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 1,130,913	\$ -
Contributions subsequent to the measurement date	2,107,761	-
Change of assumptions	107,296	-
Difference between projected and actual investment earnings	-	(9,336,648)
Total	<u>\$ 3,345,970</u>	<u>\$ (9,336,648)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date but before the end of the Town's reporting period of \$2,107,761 will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. 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
2023	\$ (892,316)
2024	(3,638,448)
2025	(1,814,169)
2026	(1,753,506)
Total	<u>\$ (8,098,439)</u>

Allocation of Pension Items

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

2) Deferred Compensation Plan

The Town offers all employees a deferred compensation plan through Mission Squared (Trustee) in accordance with Internal Revenue Code Section 457. The ICMA-RC 457 plan provides employees the option to supplement their TMRS retirement benefits by making pre-tax contributions to their plan. The Town matches 2.67% of employee contributions up to 4.0% of their base salaries. The 457 plan contribution maximums for 2022 are \$20,500 for individuals under 50, \$26,500 for age 50 catch-up, and \$39,500 for the regular catch-up provision. Employees may enroll in the plan and/or change their contribution amounts at any time. The total amount contributed by the Town for fiscal year 2022 was \$653,222.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

3) Other Postemployment Benefits

A summary of OPEB related items as of and for the year ended September 30, 2022, is presented below.

Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	\$ 3,508,366	\$ 473,944	\$ (135,174)	\$ 303,413
Business-Type Activities	304,811	41,187	(11,756)	26,384
Supplemental Death Benefits				
Governmental Activities	1,335,486	245,378	(39,389)	138,806
Business-Type Activities	116,028	21,331	(3,425)	12,070
Total	<u>\$ 5,264,691</u>	<u>\$ 781,840</u>	<u>\$ (189,744)</u>	<u>\$ 480,673</u>

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, 2021 was used for the September 30, 2022 liability and expense. The information that follows was determined as of a valuation date of December 31, 2021.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	53
Active Members	<u>278</u>
Total	<u>331</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

Contributions

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

Retirees receiving medical benefits during fiscal year 2022 contributed \$499 to \$1,600 per month depending on coverage levels selected. In fiscal year 2022, total retiree contributions were \$190,552.

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 \$3,813,177 was measured as of December 31, 2021.

Actuarial assumptions

The Town's total OPEB Liability in the December 31, 2021 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
Salary Increases	3.50% to 11.50%, including inflation
Discount rate	1.84% (2.00% in prior year)
Healthcare cost trend rates	7.0% for 2022, declining to 4.25% after 13 years
Participation rates	50% of employees who retire before age 65 and 90% of employees who retire at age 65 or older (same in prior year)

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 1.84 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.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

Changes in the Total OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability
Balance as of 10/1/21	\$ 3,655,367
Changes for the year:	
Service cost	221,235
Interest on OPEB Liability	73,244
Effect of difference in expected & actual experience	10,432
Effect of changes of assumptions	60,506
Benefit payments	<u>(207,607)</u>
Change in total OPEB Liability	<u>157,810</u>
Balance as of 9/30/22	<u>\$ 3,813,177</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 1.84% 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	\$ 4,220,699	\$ 3,813,177	\$ 3,454,560

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 trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB liability	\$ 3,479,713	\$ 3,813,177	\$ 4,218,243

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

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

For the year ended September 30, 2022, the Town recognized OPEB expense of \$329,797. At September 30, 2022, 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	\$ 9,258	\$ (92,800)
Change of assumptions	364,922	(54,130)
Benefit payments made subsequent to measurement date	140,951	-
Total	<u>\$ 515,131</u>	<u>\$ (146,930)</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 \$140,951 will be recognized as a decrease to the total OPEB liability during the year ended September 30, 2023. 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
2023	\$ 35,318
2024	35,318
2025	35,318
2026	35,318
2027	26,373
Thereafter	59,605
Total	<u>\$ 227,250</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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, 2021 was used for the September 30, 2022 liability and expense. The information that follows was determined as of a valuation date of December 31, 2021.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	175
Inactive employees entitled to but not yet receiving benefits	66
Active employees	<u>294</u>
Total	<u>535</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 2022 were \$22,065.

Total OPEB Liability for Supplemental Death Benefits

The Town’s total OPEB liability for supplemental death benefits of \$1,451,514 was measured as of December 31, 2021.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2021 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
Salary increases	3.50% to 11.50%, including inflation
Discount rate	1.84% (2.00% in prior year)

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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 2.00 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, 2021 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

	Total OPEB Liability
Balance as of 10/1/21	\$ 1,338,872
Changes for the year:	
Service cost	58,840
Interest on OPEB Liability	27,145
Effect of difference in expected & actual experience	3,010
Effect of changes in assumptions or other inputs	45,712
Benefit payments	(22,065)
Change in OPEB Liability	112,642
Balance as of 9/30/22	\$ 1,451,514

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 1.84% 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Total OPEB liability	\$ 1,788,727	\$ 1,451,514	\$ 1,194,714

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

For the year ended September 30, 2022, the Town recognized OPEB expense of \$150,876. At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,485	\$ (20,172)
Change of assumptions	264,224	(22,642)
Total	\$ 266,709	\$ (42,814)

NOTES TO FINANCIAL STATEMENTS
 September 30, 2022

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
2023	\$ 64,495
2024	52,241
2025	66,907
2026	33,977
2027	6,275
Total	<u>\$ 223,895</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, also known as the Silver Line. NCTCOG transferred the \$5,000,000 to DART in 2019. 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. Completion is currently anticipated in 2024.

D. Tax Incentive Rebates

The Town of Addison has three 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, 2022, and the amount forgone was \$17,375. Over the life of the contract, the entity has forgone \$104,247.

The agreement with one entity, executed September 27, 2022, provides a rebate for 50% of business personal property (ad valorem) tax for five years and a total amount of \$6,069 for waiver of permit fees. The entity did not meet the eligibility criteria to receive the incentive in the year ended September 30, 2022 because of the execution date of the agreement, the amount forgone was \$0. Over the life of the contract, the entity has forgone and paid \$0.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

The agreement with the another 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 \$358,364 during the fiscal year ended September 30, 2022, and has paid \$2,110,759 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, 2022. 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.

E. New Accounting Pronouncements

The Town has adopted and implemented the following statements during the fiscal year 2022.

Statement No. 87, *Leases* – This statement establishes a single approach to accounting for and reporting leases by state and local governments. The adoption had no material effect on the Town's net position, and no restatement of net position was made.

Statement No. 92, *Omnibus 2020* – This statement improves comparability and consistency of application of accounting and financial reporting and also authoritative literature. The adoption had no impact on the Town's net position.

Statement No. 93, *Replacement of Interbank Offered Rates* – This statement addresses implications caused by the replacement of an IBOR. The adoption had no impact on the Town's net position.

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

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.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – This statement addresses issues related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). 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.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provides guidance on subscription-based information technology arrangements (SBITAs) to further report on government's obligations and assets from SBITAs. 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.

Statement No. 99, *Omnibus 2022* – This statement improves comparability and consistency of application of accounting and financial reporting and also authoritative literature. 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.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 – This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the Town in fiscal year 2024. The Town will evaluate the potential impact on the Town's net position.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022

IV. OTHER INFORMATION (CONTINUED)

GASB Statement No. 101, *Compensated Absences* – This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the Town in fiscal year 2025. The Town will evaluate the potential impact on the Town's net position.

Required Supplementary Information

Town of Addison, Texas
Required Supplementary Information

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

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

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

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

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability:				
Service cost	\$ 3,028,227	\$ 3,261,975	\$ 3,442,943	\$ 3,866,304
Interest (on the Total Pension Liability)	8,365,372	8,672,125	9,077,037	9,468,644
Changes in benefit terms including substantively automatic status	-	-	-	-
Difference between expected and actual experience	154,569	857,318	800,065	666,896
Change in assumptions	-	402,607	-	-
Benefit payments, including refunds of employee contributions	(7,455,524)	(6,785,567)	(7,786,079)	(7,674,193)
Net change in total pension liability	4,092,644	6,408,458	5,533,966	6,327,651
Total pension liability - beginning	126,145,081	130,237,725	136,646,183	142,180,149
Total pension liability - ending (a)	130,237,725	136,646,183	142,180,149	148,507,800
Plan fiduciary net position:				
Contributions - employer	2,066,662	2,259,912	2,450,696	2,796,361
Contributions - employee	1,382,710	1,480,167	1,551,077	1,725,318
Net investment income	(3,781,614)	18,296,106	10,128,771	18,211,116
Benefit payments, including refunds of employee contributions	(7,455,524)	(6,785,567)	(7,786,079)	(7,674,193)
Administrative expense	(73,147)	(103,502)	(65,634)	(84,389)
Other	(3,822)	(3,109)	(2,561)	578
Net change in plan fiduciary net position	(7,864,734)	15,144,007	6,276,270	14,974,790
Plan fiduciary net position - beginning	126,349,361	118,484,627	133,628,634	139,904,902
Plan fiduciary net position - ending (b)	118,484,627	133,628,634	139,904,904	154,879,692
Net pension liability/(asset) - ending (a) - (b)	\$ 11,753,098	\$ 3,017,549	\$ 2,275,245	\$ (6,371,892)
Plan fiduciary net position as a percentage of total pension liability	90.98%	97.79%	98.40%	104.29%
Covered payroll	\$ 19,727,861	\$ 21,140,471	\$ 22,112,672	\$ 24,516,829
Net pension liability/(asset) as a percentage of covered payroll	59.58%	14.27%	10.29%	-25.99%

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, 2022

	(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%
2021	2,450,696	2,450,696	-	22,268,039	11.01%	11.01%
2022	2,796,361	2,796,361	-	24,627,157	11.35%	11.35%

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 2022:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 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 Five Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Total OPEB liability - beginning	\$ 2,881,200	\$ 3,152,539	\$ 3,160,157	\$ 3,434,751	\$ 3,655,367
Service cost	135,826	176,485	151,275	223,105	221,235
Interest on the total OPEB liability	110,017	105,055	117,504	94,810	73,244
Difference between expected and actual experience of the total OPEB liability	(4,477)	(45,102)	(1,268)	(82,782)	10,432
Changes of assumptions	153,032	(94,984)	144,221	182,815	60,506
Benefit payments	(123,059)	(133,836)	(137,138)	(197,332)	(207,607)
Net change in total OPEB liability	<u>271,339</u>	<u>7,618</u>	<u>274,594</u>	<u>220,616</u>	<u>157,810</u>
Total OPEB liability - ending	<u>\$ 3,152,539</u>	<u>\$ 3,160,157</u>	<u>\$ 3,434,751</u>	<u>\$ 3,655,367</u>	<u>\$ 3,813,177</u>
Covered-employee payroll	\$ 18,897,760	\$ 20,042,555	\$ 21,353,599	\$ 22,268,039	\$ 24,627,157
Total OPEB liability as a percentage of covered-employee payroll	16.68%	15.77%	16.09%	16.42%	15.48%

Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for this OPEB plan.

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 Five Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Total OPEB liability - beginning	\$ 794,578	\$ 918,237	\$ 878,424	\$ 1,105,399	\$ 1,338,872
Service cost	20,785	25,646	25,369	37,592	58,840
Interest on the total OPEB liability	30,321	30,720	32,942	30,824	27,145
Differences between expected and actual experience	-	(21,647)	(10,521)	(11,779)	3,010
Changes of assumptions	78,222	(68,614)	185,527	183,470	45,712
Benefit payments	(5,669)	(5,918)	(6,342)	(6,634)	(22,065)
Net change in total OPEB liability	<u>123,659</u>	<u>(39,813)</u>	<u>226,975</u>	<u>233,473</u>	<u>112,642</u>
Total OPEB liability - ending	<u>\$ 918,237</u>	<u>\$ 878,424</u>	<u>\$ 1,105,399</u>	<u>\$ 1,338,872</u>	<u>\$ 1,451,514</u>
Covered-employee payroll	\$ 18,895,541	\$ 19,727,861	\$ 21,140,471	\$ 22,112,672	\$ 24,516,829
Total OPEB liability as a percentage of covered-employee payroll	4.86%	4.45%	5.23%	6.05%	5.92%

Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for this OPEB plan.

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, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current Property Taxes	\$ 8,500,108	\$ 8,500,108	\$ 8,697,460	\$ 197,352
Delinquent Property Taxes	(20,000)	(20,000)	(85,470)	(65,470)
Penalties and Interest	20,000	20,000	24,078	4,078
Net Investment Income/(Loss)	2,500	2,500	(64,746)	(67,246)
Other	-	-	3,600	3,600
Total Revenues	<u>8,502,608</u>	<u>8,502,608</u>	<u>8,574,922</u>	<u>72,314</u>
EXPENDITURES:				
Contractual Services	5,000	5,000	-	5,000
Principal Retirement	5,562,326	5,562,326	5,670,000	(107,674)
Interest and Fiscal Charges	2,932,860	2,932,860	2,931,724	1,136
Total Expenditures	<u>8,500,186</u>	<u>8,500,186</u>	<u>8,601,724</u>	<u>(101,538)</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>2,422</u>	<u>2,422</u>	<u>(26,802)</u>	<u>(29,224)</u>
OTHER FINANCING SOURCES/(USES):				
Proceeds from Debt Issuance or Refunding	-	9,600,000	8,670,000	(930,000)
Payment to Refunded Bonds Escrow Agent	-	(9,600,000)	(9,477,585)	122,415
Premium on Issuance or Refunding	-	-	913,093	913,093
Net Change in Fund Balance	2,422	2,422	78,706	76,284
Fund Balances at Beginning of Year	<u>573,411</u>	<u>573,411</u>	<u>573,411</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 575,833</u>	<u>\$ 575,833</u>	<u>\$ 652,117</u>	<u>\$ 76,284</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 **Grant Fund** 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 fund also accounts for expenditures for which the Town expects to be reimbursed. This fund was previously reported as two separate funds - the Advance Funding Grant Fund and the Reimbursement Grant Fund, but they were combined into one reporting fund in fiscal year 2022.

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

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, 2022

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Municipal Court Fund	Public Safety Fund	Grant Fund	Economic Development Fund	PEG Fees Fund	
ASSETS:						
Pooled Cash and Investments	\$ 344,543	\$ 79,397	\$ 52,305	\$ 2,050,778	\$ 314,784	\$ 2,841,807
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	11,457	-	11,457
Interest	1,495	294	240	9,480	1,436	12,945
Total Assets	<u>\$ 346,038</u>	<u>\$ 79,691</u>	<u>\$ 52,545</u>	<u>\$ 2,071,715</u>	<u>\$ 316,220</u>	<u>\$ 2,866,209</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 74,109	\$ 15,727	\$ -	\$ 79,971	\$ 98,217	\$ 268,024
Total Liabilities	<u>74,109</u>	<u>15,727</u>	<u>-</u>	<u>79,971</u>	<u>98,217</u>	<u>268,024</u>
Deferred Inflows of Resources:						
Unavailable Resources	-	-	-	11,457	-	11,457
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,457</u>	<u>-</u>	<u>11,457</u>
Fund Balances:						
Restricted						
Child Safety	140,935	-	-	-	-	140,935
Justice Administration	43,286	-	-	-	-	43,286
Court Technology	41,069	-	-	-	-	41,069
Court Security	46,639	-	-	-	-	46,639
Public Safety	-	63,964	52,545	-	-	116,509
Governmental Public Education	-	-	-	-	218,003	218,003
Committed:						
Economic Development	-	-	-	1,980,287	-	1,980,287
Total Fund Balance	<u>271,929</u>	<u>63,964</u>	<u>52,545</u>	<u>1,980,287</u>	<u>218,003</u>	<u>2,586,728</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 346,038</u>	<u>\$ 79,691</u>	<u>\$ 52,545</u>	<u>\$ 2,071,715</u>	<u>\$ 316,220</u>	<u>\$ 2,866,209</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, 2022

Special Revenue Funds

	Municipal Court Fund	Public Safety Fund	Grant Fund	Economic Development Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
REVENUES:						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 1,179,713	\$ -	\$ 1,179,713
Franchise Fees	-	-	-	-	37,845	37,845
Intergovernmental	-	9,527	12,779	-	-	22,306
Service Fees	-	-	-	32,450	-	32,450
Fines and Forfeitures	57,738	-	-	-	-	57,738
Net Investment Income/(Loss)	(11,373)	(2,596)	(2,087)	(95,066)	(13,440)	(124,562)
Rental Charges	-	-	-	600	-	600
Other	-	-	28,150	2,762	-	30,912
Total Revenues	<u>46,365</u>	<u>6,931</u>	<u>38,842</u>	<u>1,120,459</u>	<u>24,405</u>	<u>1,237,002</u>
EXPENDITURES:						
General Government	-	-	-	-	209,113	209,113
Public Safety	-	7,329	8,177	-	-	15,506
Development Services	-	-	1,487	-	-	1,487
Parks and Recreation	-	-	25,000	-	-	25,000
Municipal Court	4,826	-	-	-	-	4,826
Economic Development	-	-	-	1,328,152	-	1,328,152
Principal Retirement	-	-	-	192,541	-	192,541
Interest and Fiscal Charges	-	-	-	15,698	-	15,698
Total Expenditures	<u>4,826</u>	<u>7,329</u>	<u>34,664</u>	<u>1,536,391</u>	<u>209,113</u>	<u>1,792,323</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>41,539</u>	<u>(398)</u>	<u>4,178</u>	<u>(415,932)</u>	<u>(184,708)</u>	<u>(555,321)</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>384,000</u>
Net Change in Fund Balance	41,539	(398)	4,178	(31,932)	(184,708)	(171,321)
Fund Balances at Beginning of Year	<u>230,390</u>	<u>64,362</u>	<u>48,367</u>	<u>2,012,219</u>	<u>402,711</u>	<u>2,758,049</u>
Fund Balances at End of Year	<u>\$ 271,929</u>	<u>\$ 63,964</u>	<u>\$ 52,545</u>	<u>\$ 1,980,287</u>	<u>\$ 218,003</u>	<u>\$ 2,586,728</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, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 800	\$ 800	\$ -	\$ (800)
Fines and Forfeitures	27,756	27,756	57,738	29,982
Net Investment Income/(Loss)	2,250	2,250	(11,373)	(13,623)
Total Revenues	<u>30,806</u>	<u>30,806</u>	<u>46,365</u>	<u>15,559</u>
EXPENDITURES:				
Salaries and Fringe Benefits	25,151	25,151	2,324	22,827
Supplies	4,000	4,000	-	4,000
Maintenance and Materials	1,000	1,000	-	1,000
Contractual Services	27,500	27,500	2,502	24,998
Total Expenditures	<u>57,651</u>	<u>57,651</u>	<u>4,826</u>	<u>52,825</u>
Net Change in Fund Balance	(26,845)	(26,845)	41,539	68,384
Fund Balance at Beginning of Year	<u>230,390</u>	<u>230,390</u>	<u>230,390</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 203,545</u>	<u>\$ 203,545</u>	<u>\$ 271,929</u>	<u>\$ 68,384</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, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 9,527	\$ 9,527
Net Investment Income/(Loss)	1,000	1,000	(2,596)	(3,596)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>6,931</u>	<u>5,931</u>
EXPENDITURES:				
Supplies	64,149	64,149	-	64,149
Capital Outlay	-	-	7,329	(7,329)
Total Expenditures	<u>64,149</u>	<u>64,149</u>	<u>7,329</u>	<u>56,820</u>
Net Change in Fund Balance	(63,149)	(63,149)	(398)	62,751
Fund Balance at Beginning of Year	<u>64,362</u>	<u>64,362</u>	<u>64,362</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,213</u>	<u>\$ 1,213</u>	<u>\$ 63,964</u>	<u>\$ 62,751</u>

Town of Addison, Texas
Non-Major Governmental Funds

Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 8,100	\$ 8,100	\$ 12,779	\$ 4,679
Net Investment Income/(Loss)	400	400	(2,087)	(2,487)
Other	-	-	28,150	28,150
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>38,842</u>	<u>30,342</u>
EXPENDITURES:				
Supplies	-	-	7,414	(7,414)
Contractual Services	13,700	13,700	2,250	11,450
Capital Outlay	-	-	25,000	(25,000)
Total Expenditures	<u>13,700</u>	<u>13,700</u>	<u>34,664</u>	<u>(20,964)</u>
Net Change in Fund Balance	(5,200)	(5,200)	4,178	9,378
Fund Balance at Beginning of Year	<u>48,367</u>	<u>48,367</u>	<u>48,367</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 43,167</u>	<u>\$ 43,167</u>	<u>\$ 52,545</u>	<u>\$ 9,378</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, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 1,153,552	\$ 1,153,552	\$ 1,179,713	\$ 26,161
Service Fees	60,000	60,000	32,450	(27,550)
Net Investment Income/(Loss)	10,000	10,000	(95,066)	(105,066)
Rental Charges	-	-	600	600
Other	-	-	2,762	2,762
Total Revenues	<u>1,223,552</u>	<u>1,223,552</u>	<u>1,120,459</u>	<u>(103,093)</u>
EXPENDITURES:				
Salaries and Fringe Benefits	516,217	516,217	516,409	(192)
Supplies	20,301	20,301	15,843	4,458
Maintenance and Materials	29,602	29,602	20,582	9,020
Contractual Services	1,430,520	1,430,520	761,946	668,574
Capital Replacement	13,372	13,372	13,372	-
Principal Retirement	-	-	192,541	(192,541)
Interest and Fiscal Charges	-	-	15,698	(15,698)
Total Expenditures	<u>2,010,012</u>	<u>2,010,012</u>	<u>1,536,391</u>	<u>473,621</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(786,460)</u>	<u>(786,460)</u>	<u>(415,932)</u>	<u>370,528</u>
Other financing sources (uses)				
Transfers In	384,000	384,000	384,000	-
Total other financing sources (uses)	<u>384,000</u>	<u>384,000</u>	<u>384,000</u>	<u>-</u>
Net Change in Fund Balance	(402,460)	(402,460)	(31,932)	370,528
Fund Balance at Beginning of Year	<u>2,012,219</u>	<u>2,012,219</u>	<u>2,012,219</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,609,759</u>	<u>\$ 1,609,759</u>	<u>\$ 1,980,287</u>	<u>\$ 370,528</u>

Town of Addison, Texas
Non-Major Governmental Funds

PEG Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2022

	2022			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise Fees	\$ 50,000	\$ 50,000	\$ 37,845	\$ (12,155)
Net Investment Income/(Loss)	1,500	1,500	(13,440)	(14,940)
Total Revenues	<u>51,500</u>	<u>51,500</u>	<u>24,405</u>	<u>(27,095)</u>
EXPENDITURES:				
Maintenance and Materials	-	-	2,002	(2,002)
Capital Outlay	210,000	210,000	207,111	2,889
Total Expenditures	<u>210,000</u>	<u>210,000</u>	<u>209,113</u>	<u>887</u>
Net Change in Fund Balance	(158,500)	(158,500)	(184,708)	(26,208)
Fund Balance at Beginning of Year	<u>402,711</u>	<u>402,711</u>	<u>402,711</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 244,211</u>	<u>\$ 244,211</u>	<u>\$ 218,003</u>	<u>\$ (26,208)</u>

PROPRIETARY FUNDS

Internal Service Funds:

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

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

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

The **Facility Maintenance Fund** is used to account for financial resources set aside annually to repair and improve Town facilities as their useful lives are consumed.

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Net Position
September 30, 2022

	Capital Replacement	Information Technology Replacement	Facility Maintenance	Total
ASSETS:				
Current Assets:				
Pooled Cash and Investments	\$ 4,896,407	\$ 3,917,258	\$ 1,281,527	\$ 10,095,192
Interest Receivable	21,643	17,920	4,679	44,242
Total Current Assets	<u>4,918,050</u>	<u>3,935,178</u>	<u>1,286,206</u>	<u>10,139,434</u>
Non-Current Assets:				
Capital Assets:				
Construction in Progress	-	1,097,014	-	1,097,014
Buildings	-	-	6,597	6,597
Machinery and Equipment	8,517,869	4,950,530	-	13,468,399
Accumulated Depreciation	<u>(4,675,830)</u>	<u>(3,766,309)</u>	<u>(132)</u>	<u>(8,442,271)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>3,842,039</u>	<u>2,281,235</u>	<u>6,465</u>	<u>6,129,739</u>
Total Assets	<u>8,760,089</u>	<u>6,216,413</u>	<u>1,292,671</u>	<u>16,269,173</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	<u>224,275</u>	<u>171,834</u>	<u>14,033</u>	<u>410,142</u>
NET POSITION:				
Net Investment in Capital Assets	3,842,039	2,281,235	6,465	6,129,739
Unrestricted	<u>4,693,775</u>	<u>3,763,344</u>	<u>1,272,173</u>	<u>9,729,292</u>
Total Net Position	<u>\$ 8,535,814</u>	<u>\$ 6,044,579</u>	<u>\$ 1,278,638</u>	<u>\$ 15,859,031</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended September 30, 2022

	Capital Replacement	Information Technology Replacement	Facility Maintenance	Total Internal Service Funds
OPERATING REVENUES:				
Other Income	\$ -	\$ 4,742	\$ -	\$ 4,742
Department Contributions	1,215,000	573,963	650,000	2,438,963
Total Operating Revenues	<u>1,215,000</u>	<u>578,705</u>	<u>650,000</u>	<u>2,443,705</u>
OPERATING EXPENSES:				
Maintenance and Materials	-	86,431	336,158	422,589
Total Operating Expenses (Excluding Depreciation)	-	86,431	336,158	422,589
Depreciation	886,252	194,912	132	1,081,296
Total Operating Expenses	<u>886,252</u>	<u>281,343</u>	<u>336,290</u>	<u>1,503,885</u>
OPERATING INCOME	<u>328,748</u>	<u>297,362</u>	<u>313,710</u>	<u>939,820</u>
NON-OPERATING REVENUES/(EXPENSES):				
Net Investment Income/(Loss)	(176,834)	(160,568)	(35,072)	(372,474)
Gain/(Loss) on Disposal of Assets	47,601	-	-	47,601
Total Non-Operating Revenues/(Expenses)	<u>(129,233)</u>	<u>(160,568)</u>	<u>(35,072)</u>	<u>(324,873)</u>
CHANGE IN NET POSITION	199,515	136,794	278,638	614,947
Net Position at Beginning of Year	<u>8,336,299</u>	<u>5,907,785</u>	<u>1,000,000</u>	<u>15,244,084</u>
Net Position at End of Year	<u>\$ 8,535,814</u>	<u>\$ 6,044,579</u>	<u>\$ 1,278,638</u>	<u>\$ 15,859,031</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2022

	Capital Replacement	Information Technology Replacement	Facility Maintenance	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Department Contributions	\$ 1,215,000	\$ 573,963	\$ 650,000	\$ 2,438,963
Other Receipts	-	4,742	-	4,742
Payments to Suppliers	-	(86,431)	(322,125)	(408,556)
<i>Net Cash Provided by Operating Activities</i>	<u>1,215,000</u>	<u>492,274</u>	<u>327,875</u>	<u>2,035,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(223,799)	(348,883)	(6,597)	(579,279)
Proceeds from Sale of Capital Assets	45,774	-	-	45,774
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(178,025)</u>	<u>(348,883)</u>	<u>(6,597)</u>	<u>(533,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Cash and Investments	(184,751)	(165,295)	(38,044)	(388,090)
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>(184,751)</u>	<u>(165,295)</u>	<u>(38,044)</u>	<u>(388,090)</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	852,224	(21,904)	283,234	1,113,554
Cash and Cash Equivalents, October 1	4,044,183	3,939,162	998,293	8,981,638
Cash and Cash Equivalents, September 30	<u>\$ 4,896,407</u>	<u>\$ 3,917,258</u>	<u>\$ 1,281,527</u>	<u>\$ 10,095,192</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ 328,748	\$ 297,362	\$ 313,710	\$ 939,820
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:				
Depreciation	886,252	194,912	132	1,081,296
Change in Assets and Liabilities:				
Increase/(Decrease) in Accounts Payable	-	-	14,033	14,033
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,215,000</u>	<u>\$ 492,274</u>	<u>\$ 327,875</u>	<u>\$ 2,035,149</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Assets in Accounts Payable	\$ 224,275	\$ 171,834	\$ -	\$ 396,109
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ 224,275</u>	<u>\$ 171,834</u>	<u>\$ -</u>	<u>\$ 396,109</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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 135,260,723	\$ 120,034,622	\$ 121,444,364	\$ 122,079,968	\$ 124,922,785	\$ 125,983,819	\$ 125,521,642	\$ 121,008,111	\$ 118,883,370	\$ 115,283,708
Restricted for:										
Debt Service	904,422	606,471	555,279	660,955	500,094	310,619	83,524	63,194	661,804	770,005
Promotion of Tourism and Hotel Industry	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037	4,167,549	3,449,095	3,239,356	2,710,600	4,972,399
Child Safety	30,635	101,664	190,635	98,540	86,906	84,284	90,718	110,712	126,062	140,935
Justice Administration	93,472	31,898	63,638	30,952	21,851	23,222	52,722	56,887	33,404	72,179
Court Technology	74,895	79,591	91,942	86,147	74,667	33,370	27,831	27,651	32,421	41,069
Building Security	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	38,503	46,639
Public Safety	-	-	-	-	33,238	84,870	101,240	123,730	112,729	124,490
Other purposes	22,235	-	25,484	33,694	191,575	242,042	303,147	359,096	402,711	218,003
Pensions	-	-	-	-	-	-	-	-	-	6,022,075
Unrestricted	13,969,454	25,658,883	7,051,958	7,031,223	29,561,964	31,164,711	33,180,155	31,791,785	39,204,079	37,432,655
Total Net Position - Governmental Activities	\$ 152,362,956	\$ 148,280,261	\$ 132,148,273	\$ 133,982,840	\$ 159,827,601	\$ 162,141,330	\$ 162,847,569	\$ 156,813,363	\$ 162,205,683	\$ 165,124,157
Business-type Activities										
Net Investment in Capital Assets	\$ 57,425,620	\$ 69,948,582	\$ 63,308,088	\$ 62,547,252	\$ 65,363,662	\$ 64,971,096	\$ 63,424,919	\$ 69,493,275	\$ 68,126,836	\$ 68,142,152
Restricted for:										
Pensions	-	-	-	-	-	-	-	-	-	349,817
Unrestricted	17,372,627	16,460,850	23,121,874	24,910,364	22,218,951	22,483,060	25,438,188	25,266,288	28,001,455	31,634,802
	\$ 74,798,247	\$ 86,409,432	\$ 86,429,962	\$ 87,457,616	\$ 87,582,613	\$ 87,454,156	\$ 88,863,107	\$ 94,759,563	\$ 96,128,291	\$ 100,126,771
Primary Government										
Net Investment in Capital Assets	\$ 192,686,343	\$ 189,983,204	\$ 184,752,452	\$ 184,627,220	\$ 190,286,447	\$ 190,954,915	\$ 188,946,561	\$ 190,501,386	\$ 187,010,206	\$ 183,425,860
Restricted for:										
Debt Service	904,422	606,471	555,279	660,955	500,094	310,619	83,524	63,194	661,804	770,005
Promotion of Tourism and Hotel Industry	1,942,378	1,682,165	2,529,271	3,869,581	4,334,037	4,167,549	3,449,095	3,239,356	2,710,600	4,972,399
Child Safety	30,635	101,664	190,635	98,540	86,906	84,284	90,718	110,712	126,062	140,935
Justice Administration	93,472	31,898	63,638	30,952	21,851	23,222	52,722	56,887	33,404	72,179
Court Technology	74,895	79,591	91,942	86,147	74,667	33,370	27,831	27,651	32,421	41,069
Building Security	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	38,503	46,639
Public Safety	-	-	-	-	33,238	84,870	101,240	123,730	112,729	124,490
Other Purposes	22,235	-	25,484	33,694	191,575	242,042	303,147	359,096	402,711	218,003
Pensions	-	-	-	-	-	-	-	-	-	6,371,892
Unrestricted	31,342,081	42,119,733	30,173,832	31,941,587	51,780,915	53,647,771	58,618,343	57,058,073	67,205,534	69,067,457
Total Net Position - Primary Government	\$ 227,161,203	\$ 234,689,693	\$ 218,578,235	\$ 221,440,456	\$ 247,410,214	\$ 249,595,486	\$ 251,710,676	\$ 251,572,926	\$ 258,333,974	\$ 265,250,928

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Note: 2016 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)

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General Government	\$ 7,021,312	\$ 7,938,875	\$ 8,730,944	\$ 10,015,214
Public Safety	15,229,474	15,765,099	16,820,899	17,528,619
Development Services	925,830	932,247	1,032,105	1,278,232
Streets	8,387,857	6,450,628	8,105,373	6,567,732
Parks and Recreation	5,062,784	5,597,254	5,517,049	5,796,136
Visitor Services	7,239,033	7,358,141	6,106,103	7,537,477
Interest on Long-Term Debt	3,054,940	3,037,574	3,018,672	2,417,435
Total Governmental Activities	46,921,230	47,079,818	49,331,145	51,140,845
Business-type Activities:				
Airport	5,188,321	6,027,300	5,893,611	6,454,693
Utilities	9,459,791	10,317,160	10,748,886	10,821,202
Storm Water	234,257	768,016	848,354	2,092,187
Total Business-type Activities	14,882,369	17,112,476	17,490,851	19,368,082
Total Expenses - Primary Government	\$ 61,803,599	\$ 64,192,294	\$ 66,821,996	\$ 70,508,927
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 225,731	\$ 235,233	\$ 688,005	\$ 753,062
Public Safety	1,611,320	1,506,770	945,217	1,070,517
Development Services	888,908	904,895	1,015,053	774,364
Streets	384,303	390,453	400,561	375,564
Parks and Recreation	114,866	102,288	82,681	74,719
Visitor Services	2,379,812	2,195,803	1,890,522	3,532,634
Operating Grants and Contributions	73,578	19,093	25,806	27,472
Capital Grants and Contributions	-	-	158,253	148,518
Total Governmental Activities	5,678,518	5,354,535	5,206,098	6,756,850
Business-type Activities:				
Charges for Services:				
Airport	4,505,430	4,857,759	5,138,479	5,387,660
Utilities	10,802,692	9,953,099	9,877,262	10,576,707
Storm Water	1,307,573	1,640,615	1,726,526	1,883,841
Operating Grants and Contributions	-	-	-	129,093
Capital Grants and Contributions	9,331,840	7,660,647	1,025,835	2,130,601
Total Business-type Activities	25,947,535	24,112,120	17,768,102	20,107,902
Total Program Revenues - Primary Government	\$ 31,626,053	\$ 29,466,655	\$ 22,974,200	\$ 26,864,752
Net (Expense)/Revenue				
Governmental Activities	\$ (41,242,712)	\$ (41,725,283)	\$ (44,125,047)	\$ (44,383,995)
Business-Type Activities	11,065,166	6,999,644	277,251	739,820
Total Net Expense - Primary Government	\$ (30,177,546)	\$ (34,725,639)	\$ (43,847,796)	\$ (43,644,175)
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 17,975,149	\$ 19,484,538	\$ 20,385,225	\$ 22,593,188
Sales Taxes	13,029,712	14,222,194	14,104,584	13,847,507
Franchise Taxes	3,021,899	2,806,656	2,828,420	3,074,519
Hotel/Motel Taxes	4,575,083	5,011,671	5,510,406	6,132,432
Interest on Investments	133,140	130,419	181,811	316,288
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	461,641	613,432	590,619	581,628
Transfers	-	(4,626,322)	-	-
Total General Revenues and Transfers	39,196,624	37,642,588	43,601,065	46,545,562
Business-type Activities				
Interest on Investments	(71,264)	(22,013)	100,928	151,937
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-
Miscellaneous	(30,525)	7,232	512,888	135,897
Transfers	-	4,626,322	-	-
Total Business-type Activities	(101,789)	4,611,541	613,816	287,834
Change in Net Position				
Governmental Activities	(2,046,088)	(4,082,695)	(523,982)	2,161,567
Business-type Activities	10,963,377	11,611,185	891,067	1,027,654
Total Change in Net Position - Primary Government	\$ 8,917,289	\$ 7,528,490	\$ 367,085	\$ 3,189,221

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Table 2

2017	2018	2019	2020	2021	2022
\$ 7,184,325	\$ 10,218,620	\$ 10,149,540	\$ 10,206,304	\$ 9,265,244	\$ 9,416,452
7,021,636	17,814,777	19,855,190	20,337,267	20,235,377	20,331,699
100,924	1,379,071	3,137,715	3,320,919	3,437,779	3,061,515
6,660,591	7,249,140	7,677,651	8,326,816	7,619,194	10,669,363
4,259,992	6,068,682	6,840,345	6,784,214	6,675,787	7,023,671
6,839,484	7,118,492	6,884,597	4,310,828	5,011,538	5,396,612
1,713,819	2,038,203	1,938,010	2,153,845	2,007,306	2,179,219
<u>33,780,771</u>	<u>51,886,985</u>	<u>56,483,048</u>	<u>55,440,193</u>	<u>54,252,225</u>	<u>58,078,531</u>
6,509,127	6,996,377	6,574,351	6,893,786	6,235,571	6,758,415
10,081,401	12,708,842	12,329,112	12,361,224	13,100,779	14,753,989
1,408,133	820,337	1,427,551	1,361,880	1,065,470	1,060,602
<u>17,998,661</u>	<u>20,525,556</u>	<u>20,331,014</u>	<u>20,616,890</u>	<u>20,401,820</u>	<u>22,573,006</u>
<u>\$ 51,779,432</u>	<u>\$ 72,412,541</u>	<u>\$ 76,814,062</u>	<u>\$ 76,057,083</u>	<u>\$ 74,654,045</u>	<u>\$ 80,651,537</u>
\$ 961,336	\$ 407,531	\$ 763,244	\$ 770,105	\$ 595,391	\$ 802,863
947,071	848,523	916,430	889,868	1,027,810	1,214,031
1,242,223	1,414,425	1,379,721	1,227,095	852,648	1,155,862
391,126	414,493	403,676	505,545	796,446	2,916,935
86,595	82,122	64,453	34,914	74,703	56,442
3,249,506	2,206,293	1,834,700	286,892	1,088,609	1,140,565
51,063	106,322	100,904	634,082	2,934,576	2,243,757
-	121,578	130,000	100	228,952	25,000
<u>6,928,920</u>	<u>5,601,287</u>	<u>5,593,128</u>	<u>4,348,601</u>	<u>7,599,135</u>	<u>9,555,455</u>
5,479,786	6,197,849	6,725,125	5,392,936	5,588,284	7,160,453
10,983,136	12,178,231	11,847,562	12,818,071	13,272,935	15,524,151
2,034,484	2,140,112	2,237,953	2,322,350	2,521,318	2,561,054
50,000	121,226	69,241	207,000	107,000	198,000
148,158	395,372	457,426	1,358,225	120,726	2,054,675
<u>18,695,564</u>	<u>21,032,790</u>	<u>21,337,307</u>	<u>22,098,582</u>	<u>21,610,263</u>	<u>27,498,333</u>
<u>\$ 25,624,484</u>	<u>\$ 26,634,077</u>	<u>\$ 26,930,435</u>	<u>\$ 26,447,183</u>	<u>\$ 29,209,398</u>	<u>\$ 37,053,788</u>
\$ (26,851,851)	\$ (46,285,698)	\$ (50,889,920)	\$ (51,091,592)	\$ (46,653,090)	\$ (48,523,076)
696,903	507,234	1,006,293	1,481,692	1,208,443	4,925,327
<u>\$ (26,154,948)</u>	<u>\$ (45,778,464)</u>	<u>\$ (49,883,627)</u>	<u>\$ (49,609,900)</u>	<u>\$ (45,444,647)</u>	<u>\$ (43,597,749)</u>
\$ 23,572,225	\$ 23,600,531	\$ 25,180,507	\$ 27,005,415	\$ 29,960,335	\$ 30,443,817
15,126,354	17,734,689	16,258,669	15,036,200	16,113,549	17,409,213
2,664,422	2,624,458	2,513,414	2,227,367	1,989,938	2,116,496
5,996,924	5,507,072	5,436,211	3,232,320	2,702,204	4,545,644
472,896	831,714	1,365,659	1,116,915	85,076	(3,607,419)
-	27,311	12,935	21,503	364,018	7,187
3,736,791	292,272	328,764	207,898	774,276	526,612
800,000	500,000	500,000	(3,790,232)	56,014	-
<u>52,369,612</u>	<u>51,118,047</u>	<u>51,596,159</u>	<u>45,057,386</u>	<u>52,045,410</u>	<u>51,441,550</u>
185,046	335,367	833,703	569,513	32,098	(1,094,374)
-	(242,744)	-	24,005	103,818	42,044
43,048	22,102	68,955	31,014	80,383	125,483
(800,000)	(500,000)	(500,000)	3,790,232	(56,014)	-
<u>(571,906)</u>	<u>(385,275)</u>	<u>402,658</u>	<u>4,414,764</u>	<u>160,285</u>	<u>(926,847)</u>
25,517,761	4,832,349	706,239	(6,034,206)	5,392,320	2,918,474
124,997	121,959	1,408,951	5,896,456	1,368,728	3,998,480
<u>\$ 25,642,758</u>	<u>\$ 4,954,308</u>	<u>\$ 2,115,190</u>	<u>\$ (137,750)</u>	<u>\$ 6,761,048</u>	<u>\$ 6,916,954</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable:										
Inventories	\$ 44,486	\$ 66,933	\$ 63,176	\$ 41,001	\$ 39,550	\$ 54,843	\$ 34,155	\$ 20,946	\$ 47,161	\$ 41,092
Prepaid Items	291,424	272,713	267,357	84,681	449,442	442,875	470,103	60,668	497,647	636,808
Assigned for Other Purposes	-	-	-	-	-	-	-	-	-	-
Unassigned	13,643,488	15,166,365	11,271,328	12,765,117	15,879,046	20,465,238	20,083,986	20,052,825	19,698,867	19,837,481
Total General Fund	<u>13,979,398</u>	<u>15,506,011</u>	<u>11,601,861</u>	<u>12,890,799</u>	<u>16,368,038</u>	<u>20,962,956</u>	<u>20,588,244</u>	<u>20,134,439</u>	<u>20,243,675</u>	<u>20,515,381</u>
All Other Governmental Funds										
Nonspendable:										
Prepaid Items	-	-	-	50,836	38,669	-	-	-	-	-
Restricted for:										
Debt Service	1,234,727	1,020,159	831,366	541,074	370,527	168,535	17,993	6,335	573,411	652,117
Promotion of Tourism & Hotel Industry	1,942,378	1,682,165	2,529,271	3,861,008	4,331,245	4,122,537	3,449,095	3,149,259	2,710,600	4,641,300
Capital Projects	41,716,425	45,239,484	40,901,630	33,162,293	21,834,283	13,687,452	11,067,329	39,199,567	46,856,016	45,061,870
Child Safety	93,472	101,664	88,479	98,540	86,906	84,284	90,718	110,712	126,062	140,935
Justice Administration	30,635	31,898	28,893	30,952	21,851	23,222	23,829	27,994	33,404	43,286
Court Technology	74,895	79,591	77,831	86,147	74,667	33,370	27,831	27,651	32,421	41,069
Building Security	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	38,503	46,639
Public Safety	-	-	-	30,521	31,059	82,691	95,319	115,696	112,729	116,509
Other Purposes	22,235	-	25,484	327,000	191,575	242,042	303,147	359,096	402,711	218,003
Committed for:										
Capital Projects	-	-	-	-	7,688,169	8,120,427	8,951,963	10,368,778	13,511,945	14,429,924
Economic Development	664,401	477,233	752,819	968,178	1,257,093	1,437,025	1,797,019	1,968,832	2,012,219	1,980,287
Assigned for:										
Other Purposes	-	-	-	-	-	-	-	-	-	-
Unassigned	(6,364)	3,115	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>45,837,546</u>	<u>48,720,276</u>	<u>45,318,752</u>	<u>39,248,329</u>	<u>36,026,528</u>	<u>28,048,429</u>	<u>25,861,738</u>	<u>55,366,761</u>	<u>66,410,021</u>	<u>67,371,939</u>
Total Governmental Funds	<u>\$ 59,816,944</u>	<u>\$ 64,226,287</u>	<u>\$ 56,920,613</u>	<u>\$ 52,139,128</u>	<u>\$ 52,394,566</u>	<u>\$ 49,011,385</u>	<u>\$ 46,449,982</u>	<u>\$ 75,501,200</u>	<u>\$ 86,653,696</u>	<u>\$ 87,887,320</u>

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Town of Addison, Texas
Statistical Section

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

	2013	2014	2015	2016
REVENUES:				
Ad Valorem Taxes	\$ 18,047,998	\$ 19,274,720	\$ 20,560,124	\$ 22,559,004
Non-Property Taxes	17,604,795	19,444,668	19,728,511	20,181,697
Franchise Fees	2,695,073	2,818,869	2,828,420	3,074,519
Licenses and Permits	886,423	901,645	1,011,223	768,964
Intergovernmental	73,578	19,093	180,612	160,619
Service Fees	2,939,606	2,758,458	2,543,707	4,463,789
Fines and Forfeitures	1,082,115	988,574	764,144	603,282
Earnings on Investments	122,169	143,299	277,680	372,088
Rental Charges	1,119,737	1,119,551	1,201,389	949,956
Recycling Proceeds	25,539	13,295	10,403	2,426
Other	105,803	206,157	199,880	377,608
Total Revenues	44,702,836	47,688,329	49,306,093	53,513,952
EXPENDITURES:				
Current:				
General Government	6,371,055	6,646,587	7,657,465	7,598,584
Public Safety	14,945,841	15,876,424	16,699,726	16,301,539
Development Services	927,684	962,584	1,090,973	1,207,871
Streets	1,750,500	1,727,403	1,803,139	1,791,257
Parks and Recreation	4,316,689	4,874,394	4,755,341	4,912,455
Visitor Services	7,116,334	6,730,501	5,454,910	7,077,371
Municipal Court	53,112	30,878	60,426	17,610
Economic Development	624,014	1,029,585	1,281,649	1,349,920
Debt Service:				
Principal Retirement	4,701,161	5,086,153	5,473,152	5,800,151
Interest and Fiscal Charges	2,747,654	3,110,704	3,417,820	3,089,643
Debt Issuance Costs	-	-	-	-
Capital Projects:				
Salaries and Fringe Benefits	-	-	-	-
Supplies	80,660	-	-	-
Maintenance and Materials	3,946	12,459	-	-
Other	138,236	-	-	-
Engineering and Contractual Services	2,165,061	422,982	5,076,254	62,647
Construction and Equipment	3,742,776	8,241,546	3,840,912	9,086,389
Total Expenditures	49,684,723	54,752,200	56,611,767	58,295,437
Excess/(Deficiency) of Revenues over/(under) Expenditures	(4,981,887)	(7,063,871)	(7,305,674)	(4,781,485)
OTHER FINANCING SOURCES/(USES):				
Proceeds from Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Issuance of Debt	7,790,000	12,000,000	-	-
Discount on issuance of bonds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premium on Issuance of Bonds	292,493	97,299	-	-
Transfers In	578,501	570,000	5,226,082	2,349,124
Transfers Out	(578,501)	(570,000)	(5,226,082)	(2,349,124)
Proceeds on Asset Sales	-	-	-	-
Total Other Financing Sources/(Uses)	8,082,493	12,097,299	-	-
Net Change in Fund Balance	\$ 3,100,606	\$ 5,033,428	\$ (7,305,674)	\$ (4,781,485)
Debt Service as a Percentage of Non-Capital Expenditures	17.27%	16.11%	18.38%	18.07%

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Table 4

	2017	2018	2019	2020	2021	2022
\$	23,521,642	\$ 23,783,670	\$ 25,196,771	\$ 26,876,741	\$ 29,869,955	\$ 30,578,292
	21,217,028	23,148,710	21,595,724	18,432,169	18,488,945	21,701,243
	2,664,422	2,624,458	2,513,414	2,227,367	1,989,938	2,116,496
	1,225,373	1,404,035	1,366,941	1,183,285	824,908	1,120,552
	15,565	16,228	193,904	471,145	3,148,053	2,250,134
	4,520,358	3,620,748	2,997,653	2,157,047	2,795,244	3,162,551
	468,734	358,737	415,721	263,146	197,335	359,142
	472,896	831,714	1,365,659	1,116,915	85,076	(3,607,419)
	704,701	635,165	566,257	270,001	94,303	124,445
	3,258	11,407	616	162	2,471	2,546
	391,883	324,961	254,100	306,147	1,078,332	2,477,924
	55,205,860	56,759,833	56,466,760	53,304,125	58,574,560	60,285,906
	8,057,632	8,381,216	8,923,060	8,946,301	9,203,895	9,510,413
	16,945,126	17,919,259	18,708,501	19,215,910	20,669,001	21,487,192
	1,158,967	1,374,246	1,350,598	1,501,596	1,560,348	1,644,970
	1,942,584	1,895,171	1,777,128	1,799,513	1,951,588	2,047,734
	5,020,975	5,054,566	5,520,903	5,407,703	5,695,541	6,108,572
	7,595,136	6,780,909	7,313,226	3,622,979	4,634,221	5,177,008
	66,616	75,904	53,096	19,400	2,938	4,826
	1,747,750	1,475,201	1,553,813	1,647,246	1,839,493	1,328,152
	5,618,331	4,909,148	4,280,000	4,105,000	4,985,000	5,889,926
	2,810,607	2,631,422	2,475,279	2,915,428	2,725,605	2,952,920
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	416,179	758,687	1,469,752	1,780,857	993,326	3,580,551
	7,583,129	9,414,596	6,115,742	6,792,067	9,780,860	20,119,010
	58,963,032	60,670,325	59,541,098	57,754,000	64,041,816	79,851,274
	(3,757,172)	(3,910,492)	(3,074,338)	(4,449,875)	(5,467,256)	(19,565,368)
	-	-	-	-	-	-
	-	-	-	(13,090,212)	(4,261,861)	(9,477,585)
	-	-	-	43,740,000	19,165,000	28,425,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	2,829,802	1,352,595	1,844,390
	7,624,205	3,618,152	5,686,504	3,992,900	3,844,950	2,225,875
	(6,824,205)	(3,118,152)	(5,186,504)	(3,992,900)	(3,844,950)	(2,225,875)
	3,212,610	27,311	12,935	21,503	364,018	7,187
	4,012,610	527,311	512,935	33,501,093	16,619,752	20,798,992
\$	255,438	\$ (3,383,181)	\$ (2,561,403)	\$ 29,051,218	\$ 11,152,496	\$ 1,233,624
	16.41%	14.71%	12.98%	13.81%	14.37%	14.96%

**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	Net Investment Income/(Loss)	Rental Charges	Other (1)	Total
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
2021	48,358,900	1,989,938	824,908	3,148,053	2,795,244	197,335	85,076	94,303	1,080,803	58,574,560
2022	52,279,535	2,116,496	1,120,552	2,250,134	3,162,551	359,142	(3,607,419)	124,445	2,480,470	60,285,906

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(2)	Public Safety	Development Services	Streets	Parks and Recreation	Visitor Services(1)	Economic Development	Debt Service	Total
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
2021	9,206,833	20,669,001	1,560,348	1,951,588	5,695,541	4,634,221	1,839,493	7,710,605	53,267,630
2022	9,515,239	21,487,192	1,644,970	2,047,734	6,108,572	5,177,008	1,328,152	8,842,846	56,151,713

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

Notes:

(1) Hotel Fund

(2) 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
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
2021	29,869,955	14,881,277	1,084,108	1,989,938	2,523,560	50,348,838
2022	30,578,292	15,997,283	1,350,605	2,116,496	4,353,355	54,396,031

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
2013	2012	2,955,211,640	580,038,950	(400,355,712)	3,134,894,878	0.5800
2014	2013	3,270,235,970	621,418,790	(401,647,062)	3,490,007,698	0.5718
2015	2014	3,538,702,310	685,963,840	(419,085,309)	3,805,580,841	0.5618
2016	2015	3,742,314,940	722,808,570	(428,399,743)	4,036,723,767	0.5792
2017	2016	3,996,508,870	757,661,770	(453,899,085)	4,300,271,555	0.5605
2018	2017	4,179,274,260	730,791,690	(459,532,446)	4,450,533,504	0.5500
2019	2018	4,477,513,780	729,708,210	(481,462,821)	4,725,759,169	0.5500
2020	2019	4,557,534,840	759,254,790	(496,882,188)	4,819,907,442	0.5835
2021	2020	4,438,590,218	718,946,820	(498,128,042)	4,659,408,996	0.6087
2022	2021	4,774,627,130	747,592,040	(544,899,165)	4,977,320,005	0.6147

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
2013	0.3593	0.2207	0.5800	0.2530	0.1194	1.2903	1.3306	0.2710	2.5138
2014	0.3588	0.2130	0.5718	0.2531	0.1247	1.2820	1.3235	0.2760	2.5076
2015	0.3437	0.2181	0.5618	0.2531	0.1248	1.2820	1.3033	0.2860	2.5077
2016	0.3767	0.2024	0.5792	0.2431	0.1237	1.2921	1.2817	0.2860	2.5240
2017	0.3812	0.1793	0.5605	0.2431	0.1229	1.2914	1.3810	0.2794	2.4973
2018	0.3970	0.1530	0.5500	0.2431	0.1242	1.2921	1.3810	0.2794	2.4888
2019	0.4074	0.1426	0.5500	0.2431	0.1240	1.4220	1.3700	0.2794	2.6185
2020	0.4341	0.1494	0.5835	0.2431	0.1240	1.3204	1.2684	0.2695	2.5405
2021	0.4411	0.1676	0.6087	0.2397	0.1240	1.3067	1.2547	0.2661	2.5453
2022	0.4411	0.1736	0.6147	0.2279	0.1235	1.2582	1.2013	0.2550	2.4794

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
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%
2021	2020	30,018,305	30,015,545	100.0%	(145,590)	29,869,955	99.5%
2022	2021	30,630,834	30,800,200	100.6%	(317,055)	30,483,145	99.5%

SOURCE: Dallas County Tax Office

Notes:

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

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (%)	Per Capita
	General Obligation Bonds	Certificates of Obligation	Leases (1)	General Obligation Bonds	Certificates of Obligation			
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
2021	75,791,264	26,773,149	720,987	11,834,241	19,445,154	134,564,795	16.15	8,201
2022	90,963,718	25,948,703	501,060	11,279,388	21,134,268	149,827,137	16.41	8,455

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

(1) The Town implemented GASB 87 Leases in the fiscal year ended September 30, 2022. Lease balances are not available before this date.

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
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
2021	87,625,505	46,218,303	573,411	133,270,397	2.86	8,166.08
2022	102,243,107	47,082,971	652,117	148,673,961	2.99	8,390.18

NOTES: (1) The schedule of general bonded debt includes general obligation debt of both governmental activities and business-type activities, including premiums and discounts of the associated debt.
(2) This is the amount restricted for debt service principal payments at the fund level.

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

DIRECT AND OVERLAPPING DEBT
 Year Ended September 30, 2022

Taxing Jurisdiction	Bonded Debt	Percent Applicable ¹	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 357,200,042	1.56%	\$ 5,572,321
Dallas County	116,665,000	1.49%	1,738,309
Dallas County Community College District	166,750,000	1.49%	2,484,575
Dallas County Hospital District	569,352,358	1.49%	8,483,350
Dallas County Schools	16,679,652	1.49%	248,527
Dallas ISD	3,057,052,834	2.95%	90,183,059
Total Overlapping Debt			108,710,141
Town of Addison (Direct Debt)	\$ 116,912,421 ⁽²⁾	100%	116,912,421
Total Direct and Overlapping Debt			\$ 225,622,562
Ratio of Overlapping Bonded Debt to 2020 Taxable Assessed Valuation			4.53%
Per Capita Overlapping Bonded Debt			\$ 12,733

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
UTILITY 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	
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
2021	13,365,766	11,487,878	1,877,888	-	-	-	N/A
2022	15,632,451	12,638,529	2,993,922	-	-	-	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 or combination tax and revenue certificates of obligation 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 combination tax and revenue certificates of obligation. This debt is secured by the Town's property taxes but is supported by Utility Fund net 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
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
2021	4,579,562	242,198	4,337,364	-	-	-	N/A
2022	7,449,829	229,056	7,220,773	-	-	-	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
2013	13,840	3,134,894,878	652,418	47,140	3,467,275	5.9%
2014	15,180	3,490,007,698	756,981	49,867	3,530,240	4.8%
2015	15,530	3,805,580,841	750,379	48,318	3,583,846	3.9%
2016	15,600	4,036,723,767	753,761	48,318	3,703,129	3.9%
2017	15,730	4,300,271,555	760,042	48,318	3,778,245	3.3%
2018	15,760	4,450,533,504	852,821	54,113	3,850,735	3.4%
2019	15,790	4,725,759,169	854,444	54,113	3,927,439	3.2%
2020	15,790	4,819,907,442	801,927	50,787	3,953,748	6.1%
2021	16,320	4,659,408,996	828,844	50,787	4,095,480	5.4%
2022	17,720	4,977,320,005	912,793	51,512	4,254,750	3.5%

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, Fort Worth, Arlington 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 Farmers Branch, a neighboring city.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Name of Taxpayer	Nature of Property	2022		2013		Percent of Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank		
Post Apartment Homes LP	Apartments	\$ 246,000,000	1			4.94%	
FPG Colonnade LP	Land, Office Buildings	236,890,300	2	186,204,000	2	4.76%	5.94%
SAVOYE2 LLC	Apartments	139,185,000	3			2.80%	
DCO Realty Inc	Land, Office Buildings	110,119,410	4	206,092,200	1	2.21%	6.57%
Mary Kay Inc	Office Buildings	102,444,400	5			2.06%	
VOP Partners LLC	Office Buildings	92,500,000	6			1.86%	
VPDEV 1 LLC	Apartments	92,277,200	7			1.85%	
Fiori LLC	Land, Hotel	92,165,000	8			1.85%	
COP Spectrum Center LLC	Office Buildings	88,023,250	9	59,100,000	5	1.77%	1.89%
GS Addison Circle LLC	Apartments	83,000,000	10			1.67%	
Post Properties Inc	Mixed Development			141,335,800	3		4.51%
Real Pink Limited	Office Buildings			68,295,710	4		2.18%
SIR Properties Trust	Land, Office Buildings			58,200,000	6		1.86%
KBS Millennium 1	Land, Office Buildings			54,910,500	7		1.75%
MHSS-Addison LP	Land, Office Buildings			51,636,170	8		1.65%
Behringer Harvard Addison Cir	Office Buildings			51,473,950	9		1.64%
Fairfield Addison Circle	Land, Office Buildings			47,610,000	10		1.52%
		<u>\$ 1,282,604,560</u>		<u>\$ 924,858,330</u>		<u>25.77%</u>	<u>29.51%</u>

SOURCE: Dallas County Tax Office (2022); Town of Addison ACFR (2013)

MAJOR EMPLOYERS
Current Year and Nine Years Ago

Company	Type of Business	2022		2013	
		Estimated Number of Employees	Percent of Total Employees ¹	Estimated Number of Employees	Percent of Total Employees
Mary Kay Cosmetics	Cosmetics	1,200	8.52%	1,200	1.71%
Bank of America	Finance	1,200	8.52%	3,400	4.86%
Homeward Residential Inc	Finance	750	5.32%	600	0.86%
Regus Texas	Real Estate	590	4.19%		N/A
Barrett Daffin Frappier Turner	Attorney Firm	550	3.90%		N/A
Expense Reduction Analysts	Consulting Service	501	3.56%		N/A
Maxim Integrated Products	Manufacturing	500	3.55%		N/A
Intercontinental Hotel Dallas	Hospitality	450	3.19%	450	0.64%
National Bankruptcy Services	Bankruptcy Service	450	3.19%		N/A
Zurich American Insurance Co.	Insurance	400	2.84%	300	0.43%
Rexel	Supplies	N/A		500	0.71%
National Default Exchange Management	Bankruptcy Service	N/A		500	0.71%
Hitachi Consulting	IT Consulting	N/A		400	0.57%
United Surgical Partners International	Medical	N/A		379	0.54%
USAA	Insurance	N/A		374	0.53%
Hilton Worldwide, Incorporated	Hospitality	N/A		319	0.46%

Total employees per NCTCOG Regional Data Center employees in Addison¹

SOURCE: North Central Texas Council of Governments (2022); Town of Addison ACFR (2013)

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City Manager's Office	6.0	7.0	8.0	7.5	6.5	6.5	7.5	7.5	6.9	6.5
Financial and Strategic Services	8.0	7.5	9.7	13.0	13.0	13.0	13.0	13.0	11.8	11.0
Municipal Court	5.4	5.7	5.7	5.8	5.8	5.8	5.0	5.0	5.0	5.0
General Services	5.0	5.0	5.0	5.0	4.8	4.8	5.5	5.5	5.5	5.5
Human Resources	4.2	4.2	3.5	4.0	4.0	4.0	4.0	4.0	3.4	3.0
Information Technology	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Total General Government	35.6	36.4	38.9	42.3	41.1	41.1	42.0	42.0	39.6	38.0
Public Safety										
Police	73.8	75.3	79.8	79.8	71.0	71.0	72.0	74.0	74.0	74.0
Emergency Communications	13.5	13.5	13.5	14.5	-	-	-	-	-	-
Fire	52.0	55.3	55.3	55.3	56.0	57.0	57.0	58.0	58.0	58.0
Total Public Safety	139.3	144.1	148.6	149.6	127.0	128.0	129.0	132.0	132.0	132.0
Development Services										
Development Services	7.2	7.2	7.2	7.2	11.0	11.0	12.0	13.0	13.1	14.1
Economic Development										
Economic Development	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works										
Streets	5.0	5.0	5.4	5.4	6.4	6.4	7.4	7.4	7.4	6.4
Stormwater		1.4	1.7	1.7	2.0	2.0	4.0	4.0	4.0	5.0
Utilities	18.0	18.3	16.6	17.6	19.2	19.2	22.2	25.2	27.4	28.2
Total Public Works	23.0	24.7	23.7	24.7	27.6	27.6	33.6	36.6	38.8	39.6
Parks and Recreation										
Parks	21.0	21.0	21.0	22.0	22.0	22.0	21.0	25.0	25.0	25.0
Recreation	14.6	14.6	15.1	15.1	15.7	15.7	15.7	15.7	15.7	15.7
Total Parks and Recreation	35.6	35.6	36.1	37.1	37.7	37.7	36.7	40.7	40.7	40.7
Visitor Services										
Visitor Services	3.0	3.0	-	-	-	-	-	-	-	-
Conference Centre & Theatre	7.0	8.7	8.5	9.5	9.5	9.5	9.5	9.5	1.5	1.5
Special Events	3.5	4.0	4.3	4.3	4.2	4.2	4.5	4.5	4.5	4.5
Marketing	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
General Hotel Operations	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
Total Visitor Services	14.5	16.7	14.8	15.8	16.7	16.7	17.0	17.0	9.0	9.0
Airport Fund										
Airport Fund	3.0	3.0	3.0	3.0	3.4	3.4	4.4	4.4	19.6	20.4
Capital Improvements Program										
Capital Improvements Program	-	-	-	-	-	-	-	-	3.0	3.0
TOTAL	260.2	270.7	276.3	283.7	268.5	269.5	278.7	289.7	299.8	300.8

SOURCE: Town of Addison Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Crimes Against Property (1)	942	768	728	835	804	866	846	1,278	1,588	1,656
Crimes Against Persons (1)	393	358	55	97	106	61	91	414	514	521
Arrests	2,548	2,006	1,712	1,679	1,702	1,706	1,567	1,060	1,135	1,319
Calls for Service	16,463	16,624	17,181	20,700	17,163	17,092	17,298	16,190	19,009	20,313
Fire										
Number of Fires	61	63	51	39	42	60	45	35	55	102
Dollar Loss	\$ 1,166,345	\$ 1,268,010	\$ 608,900	\$ 686,920	\$ 1,394,390	\$ 3,324,215	\$ 3,422,870	\$ 277,360	\$ 10,905,801	\$ 897,952
Calls for Service - Fire	896	989	996	865	652	823	802	1,132	1,882	1,238
Calls for Service - EMS	1,696	1,598	1,730	1,765	1,683	1,608	1,726	2,181	2,312	2,636
Streets										
Tons of Recycling Collected	360	387	323	390	419	463	418	429	381	437
Parks										
Acres Maintained	163	163	163	163	163	163	163	163	163	163
Recreation										
Recreation Event										
Participants	22,632	21,392	21,392	22,462	26,401	24,640	26,561	9,962	5,373	36,749
Number of Users	128,722	122,656	122,656	122,111	126,287	123,961	126,228	76,016	72,074	72,481
Active Athletic Club Members	3,669	3,942	3,942	3,665	3,815	3,949	4,135	3,517	3,251	3,352
Utilities										
Water Usage - Peak (2)	8,979	10,042	11,093	8,846	7,652	8,803	8,073	8,983	9,298	10,698
Water Usage - Average (2)	4,829	4,577	4,682	4,628	4,672	4,895	4,478	4,477	5,367	5,418
Service Line Breaks	11	16	8	4	10	12	6	3	8	9
Water Main Breaks	5	7	4	2	7	4	4	1	3	1

(1) Reporting structure changed in FY2020

(2) In thousands of gallons

SOURCE: Town of Addison Department Data

Notes:

(1) In thousands of gallons

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	43	43	43	43	43	43	43
Lane Miles	164	164	164	167	167	167	167	167	167	167
Traffic Signals	36	36	36	36	36	37	37	37	37	37
<u>Parks and Recreation</u>										
Acres Maintained	163	163	163	163	163	163	163	163	163	163
Parks	15	15	15	14	14	14	14	14	14	14
Playgrounds	5	5	5	3	3	3	3	3	3	3
Soccer/Football Fields	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	96	96	96	96	97	97
Fire Hydrants	1,038	1,038	1,038	1,052	1,052	1,052	1,076	1,090	1,090	1,090
<u>Wastewater</u>										
Miles of Sanitary Sewers	66	66	66	66	75	75	72	72	73	73
<u>Stormwater</u>										
Miles of Storm Sewers	60	60	60	76	76	76	76	76	76	76

SOURCE: Town of Addison Department Data