



Town of Addison, Texas
FY2025 Audit Presentation to City Council

February 24, 2026

Introductions



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Agenda



Audit Scope and Results



Future Pronouncements and Other Matters



Financial Overview



Questions

Audit Scope and Results

Audit Scope and Results

Unmodified “Clean” Opinions

No material weaknesses, significant deficiencies or deficiencies identified

Achievements

- The Town of Addison, TX has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for 49 consecutive years. The Town believes their current report continues to conform to the Certificate of Achievement program requirements, and will be submitting it to GFOA for consideration in the coming weeks

Audit Scope and Results (Continued)

Qualitative Aspects of Significant Accounting Policies and Practices

- Significant Accounting Policies
 - The Town's significant accounting policies are described in *Note 1* of the audited financial statements.
- Alternative Accounting Treatments
 - No matters are reportable
- Management Judgements & Accounting Estimates
 - Accounts receivable and related allowance for uncollectible amounts
 - Net and Total other postemployment benefits (OPEB) liability and related deferred inflows and outflows of resources
 - Net pension liability and related deferred inflows and outflows of resources
 - Compensated absences liability in accordance with Governmental Accounting Standards Board (GASB) 101
 - Key estimates related to leases, public-private partnerships, and subscription-based information technology arrangements - discount rate, term, and payments/receipts
 - Depreciation

Audit Scope and Results (Continued)

Qualitative Aspects of Significant Accounting Policies and Practices (cont.)

- Financial Statement Disclosures
 - Net pension liability
 - Net and Total OPEB liability
 - Leases
 - Public-Private Partnerships
 - Subscription-Based Information Technology Arrangements

Audit Adjustments

- Proposed audit adjustments recorded:
 - None noted
- Proposed audit adjustments not recorded:
 - None noted

Future Pronouncements and Other Matters

Accounting Updates – GASB Statement No. 103, Financial Reporting Model Improvements

Overview

- This statement improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability.
- Impacted areas include management’s discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Changes are required to be made retroactively to the earliest period presented.
- Effective for Town’s Fiscal Year 2026.

Accounting Updates – GASB Statement No. 104, Disclosure of Certain Capital Assets

Overview

- This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34.
- The purpose is to provide users of government financial statements with essential information about certain types of capital assets. Impacted areas include lease assets, intangible right-to-use assets, subscription assets, intangible assets other than those three types, and capital assets held for sale.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for Town's Fiscal Year 2026.

Accounting Updates – GASB Statement No. 105, *Subsequent Events*

Overview

- The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users.

Effective Date

- The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.
- Effective for Town's Fiscal Year 2027.

Financial Overview and Discussion

General Fund – Unassigned Fund Balance

The Town has adopted a financial standard to maintain a General Fund minimum fund balance of 30% of budgeted expenditures.

Unassigned Fund Balance at 9/30/25	Adopted FY2026 Budget Total Expenditures	Unassigned Fund Balance as % of Adopted FY2026 Budget Total Expenditures
\$20,820,660	\$52,347,290	39.8%

Texas Municipal Retirement System (TMRS) Pension Funded Status As of Measurement Year 2024 (12/31/24)

Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Percent Funded
\$182,599,003	\$167,248,707	\$15,350,296	91.59%

Town's Retiree Healthcare Plan OPEB Funded Status As of Measurement Year 2024 (12/31/24)

Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Percent Funded
\$2,144,782	\$810,467	\$1,334,315	37.79%

Questions?



Thank you!

