

Town of Addison, Texas
Comprehensive Annual Financial Report

For The Year Ended September 30, 2006

**Prepared by the
Department of Financial & Strategic Services**

Randolph C. Moravec, CGFO, Director
Bryan Langley, CGFO, Assistant Director
Brian Hogan, CPA, Financial Services Manager
Mushtaq Ali, Accountant

City Council

	Expiration of Term
Joe Chow, Mayor	May 2007
Gregory S. Hirsch, Mayor Pro Tempore	May 2007
Tom Braun, Deputy Mayor Pro Tempore	May 2008
Dennis Kraft, Councilmember	May 2008
Diane Mallory, Councilmember	May 2007
Roger S. Mellow, Councilmember	May 2008
Jimmy Niemann, Councilmember	May 2007

City Manager

Ron Whitehead

Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2006

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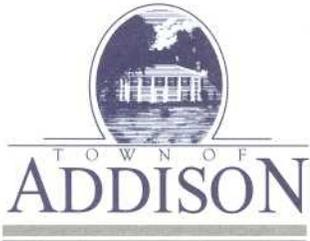
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**INTRODUCTORY
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Addison!®



February 19, 2007

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

The Department of Financial & Strategic Services of the Town of Addison is pleased to submit the Comprehensive Annual Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2006. The purpose of the report is to provide the 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 and results of the Town. We also believe all disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included. To provide a reasonable basis for making these representations, management of the Town of Addison has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Addison's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town of Addison's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report (CAFR) is organized into major *Introductory, Financial, and Statistical Sections*. The *Introductory Section* provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition.

The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by Weaver and Tidwell, 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, 2006, 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

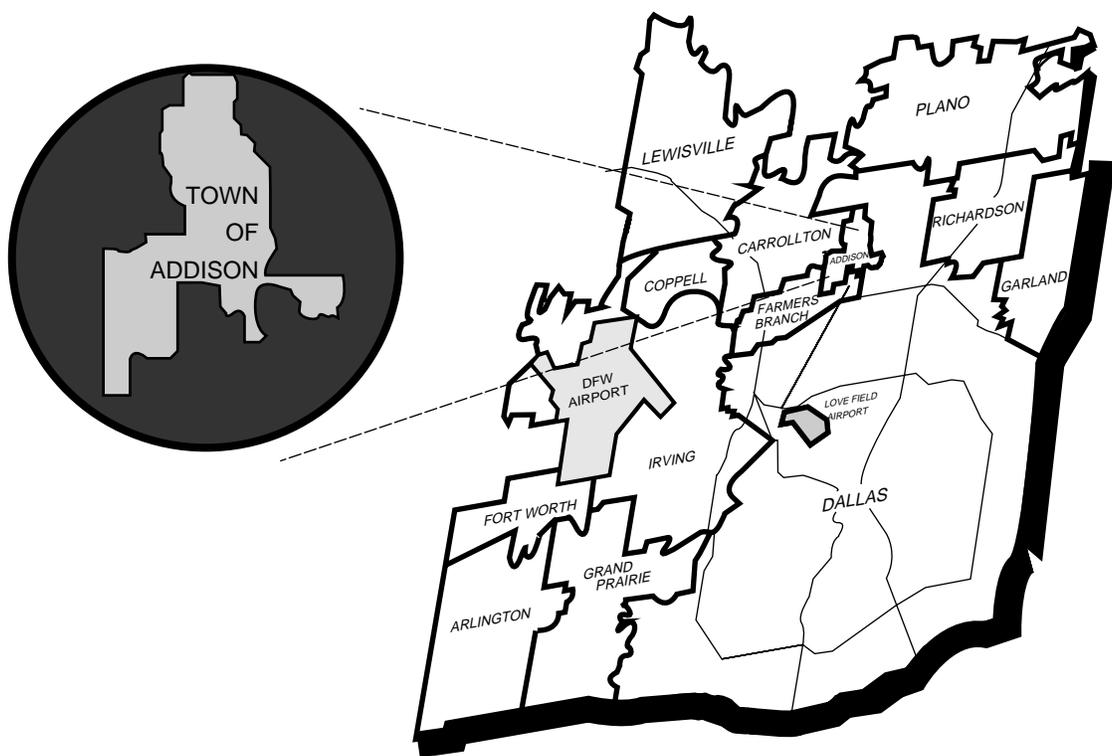
principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Addison's financial statements for the fiscal year ended September 30, 2006, 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.

The report concludes with the *Statistical Section*, which through the use of tables presents comparative economic and financial data to give users of the report a perspective of the Town's performance over a number of years.

THE REPORTING ENTITY

The Town of Addison is located in the Dallas North Parkway area, which has been referred to as the "platinum corridor" of the Dallas Metroplex. The area, which developed rapidly over the past two decades, is home to affluent neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls. At 4.4 square miles, Addison is the smallest, yet most densely developed of the various suburbs located in the area. Although it has only 14,900 residents, the Town has developed into a cosmopolitan center which daily serves an estimated 200,000 business persons, shoppers, and visitors.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended in January 1993. 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, 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 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 city charter and council ordinances.¹ 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 director of financial and strategic services. Transfers between operating departments may occur with the approval of the city manager and director of financial and strategic services 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 individual governmental fund for which an appropriated annual budget has been adopted. For the General fund, this comparison is presented on page 16 as part of the basic financial statements for the governmental funds. For all governmental funds, including the General fund, with appropriated annual budgets, this comparison is presented in the governmental fund section of this report, beginning on page 49.

¹ Financial policies can be located beginning on page 101 of the Town of Addison Annual Budget 2006-07 document.

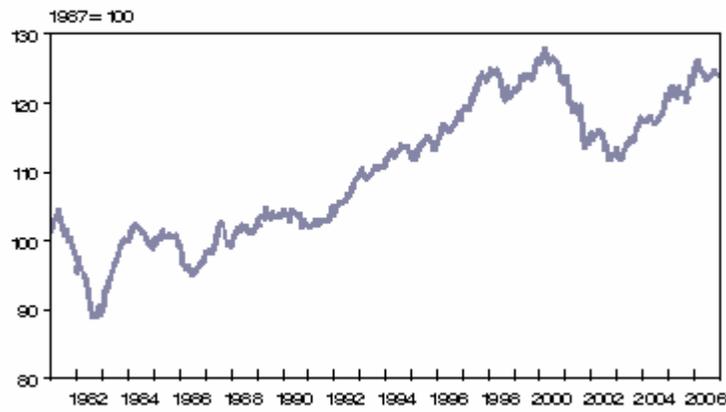
FACTORS AFFECTING FINANCIAL CONDITION

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 regional economy continues to expand with the Texas Leading Economic Indicators increasing 2.3% in 2006.² The growth is attributed to an expanding employment base that expanded 3.2% in 2006.

TEXAS INDEX OF LEADING INDICATORS

MONTHLY, SEASONALLY ADJUSTED, 1987=100

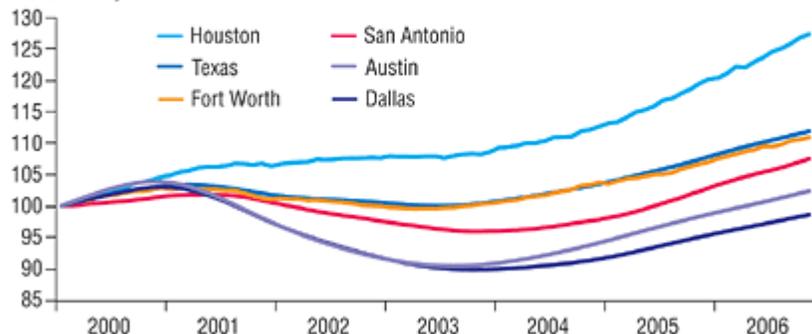


Source: Dallas FRB

The Dallas area economy also expanded at a healthy 4.1% in 2006 despite a scaling back of the home building industry during the year. The prospects for the economy are good with Dallas FRB economists predicting a 2% to 2.5% growth in employment, which is somewhat below average due to concerns that the energy sector is cooling somewhat with the reduction in oil and natural gas prices.³

Business-Cycle Indexes: Texas and Major Metros

Index, January 2000 = 100



² Source: Federal Reserve Bank of Dallas, [December 2006 Data](#)

³ Source: Federal Reserve Bank of Dallas, [January 2007 Regional Economic Update](#)

Because Addison is densely developed (there exists almost 12 million square feet of office space distributed over 111 buildings), much attention is given to the occupancy rates of buildings in Addison. The average occupancy rate increased slightly and now stands at 80.8% compared to 80.6% the previous year. Addison's rate compares favorably to the Dallas / Ft. Worth area average of 79.5%.⁴ Firm office occupancy contributed to an increase in the appraised values of commercial property. Commercial improved property values in 2006 totaled \$1.3 billion compared to the 2005 valuation of \$1.1 billion.

For 2006, General fund revenues of \$25.8 million represented an increase of 11.7% over fiscal year 2005. The Town's sales tax receipts increased 2.9%. The General fund budget for the 2007 fiscal year assumes a modest 2.8% increase in sales taxes over 2006 actual amounts. The budget also established a tax rate of 46.40¢, a 1.2¢ reduction from the 2006 rate. Even with the reduced rate, an 8.5% increase in total appraised values, allowed for an increase of \$0.9 million in the amount of taxes dedicated to General fund purposes. Total revenues are budgeted to be \$26.4 million or 6.9% more than the original 2006 budget. General fund expenditures for the 2007 budget represent a 3.5% increase over the 2006 budget for a total of \$25.5 million. The General fund ending balance is projected to be \$8.6 million, or 33.9% of fund operating expenditures.

Long-Term Financial Planning

Users of this document as well as others interested in the programs and services offered by the Town of Addison are encouraged to read the Town's 2006-07 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 document can be obtained from the Town of Addison's department of Financial and Strategic Services by calling (972) 450-7051. The Annual Budget can also be accessed through the Town's web site at www.ci.addison.tx.us/ and selecting the document under the "Connections" heading.

CASH MANAGEMENT

The Town's cash management policy is adopted by the City Council and strictly defines the parameters by which Town investments are made. The policy fully conforms to the Public Funds Investments Act passed by the 70th State Legislature in 1987 and amended through 2006. Under the policy the Town may use any of the following instruments:

- (1) U.S. Treasury Obligations with maturities not to exceed five years from date of purchase
- (2) U.S. Government Agency Securities with maturities not to exceed five years from date of purchase
- (3) Prime Domestic Bankers Acceptances with original maturities of 180 days or less and a rating of not less than A+ by Standard & Poor's, A-1 by Moody's, and A+ by Duff & Phelps
- (4) Fully Collateralized Repurchase Agreements with a termination date of no more than 90 days
- (5) Prime commercial Paper with an original maturity of 180 days or less and a rating of not less than A-1 by Standard & Poor's, P-1 by Moody's, or D-1 by Duff & Phelps
- (6) Insured or fully collateralized Certificates of Deposit with Commercial Banks in Texas with maturities not to exceed three years from date of purchase
- (7) Registered Money Market Funds that have an objective of maintaining a constant daily net asset value of \$1.00 per share
- (8) State or Local Government Investment Pools
- (9) Money Market Mutual Funds

⁴ Sources: [Black's Guide Fall/Winter 2006](#) and Town of Addison Department of Financial & Strategic Services

- (10) Direct Obligations of the State of Texas or its agencies with maturities not to exceed two years from date of purchase

The cash management policy establishes that the weighted average maturity of all securities and certificates of deposit may not exceed three years. To insure a diversified portfolio the policy also sets limits on the amount that can be invested in any one instrument. Interest earnings on all investments made during the 2006 fiscal year amounted to \$1,690,477 compared to \$970,083 in 2005. The average rate of interest earned from investments was 4.16% compared to 2.45% in 2005. The increase in investment income corresponds to the higher interest rates of the various investment instruments. As of 9/30/06, the Town's distribution of investments was as follows:

Local government investment pools	31.53 %
U.S. Government Agencies	<u>68.47</u>
Total	<u>100.00</u> %

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. The *Certificate*, which is reproduced herein, is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and applicable legal requirements. A *Certificate of Achievement* is valid for a period of one year only. The Town of Addison has received a *Certificate* for the last 30 consecutive years. We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA.

In addition to the *Certificate*, the Town received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2006 annual budget document. In order to qualify for the *Award*, the Town's budget document was judged to be proficient or exceptional in several categories including policy documentation, financial planning, and operations guide. The Town has received the *Award* for 19 consecutive years. Together, the *Award* and the *Certificate* are evidence of the Financial & Strategic Services' dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

We wish to thank all members of the Department of Financial & Strategic Services who assisted us with assembling the information presented in this report and acknowledge the assistance provided by our auditors, Weaver & Tidwell, in meeting the deadlines established for prompt publication of the document. We are grateful for the support provided us by the city manager and the city council and pledge to be a resource to help them achieve the goals they have established for the Addison community.

Respectfully submitted,



Randolph C. Moravec, CGFO
Director



Bryan Langley, CGFO
Assistant Director



Brian Hogan, CPA
Financial Services Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Addison
Texas

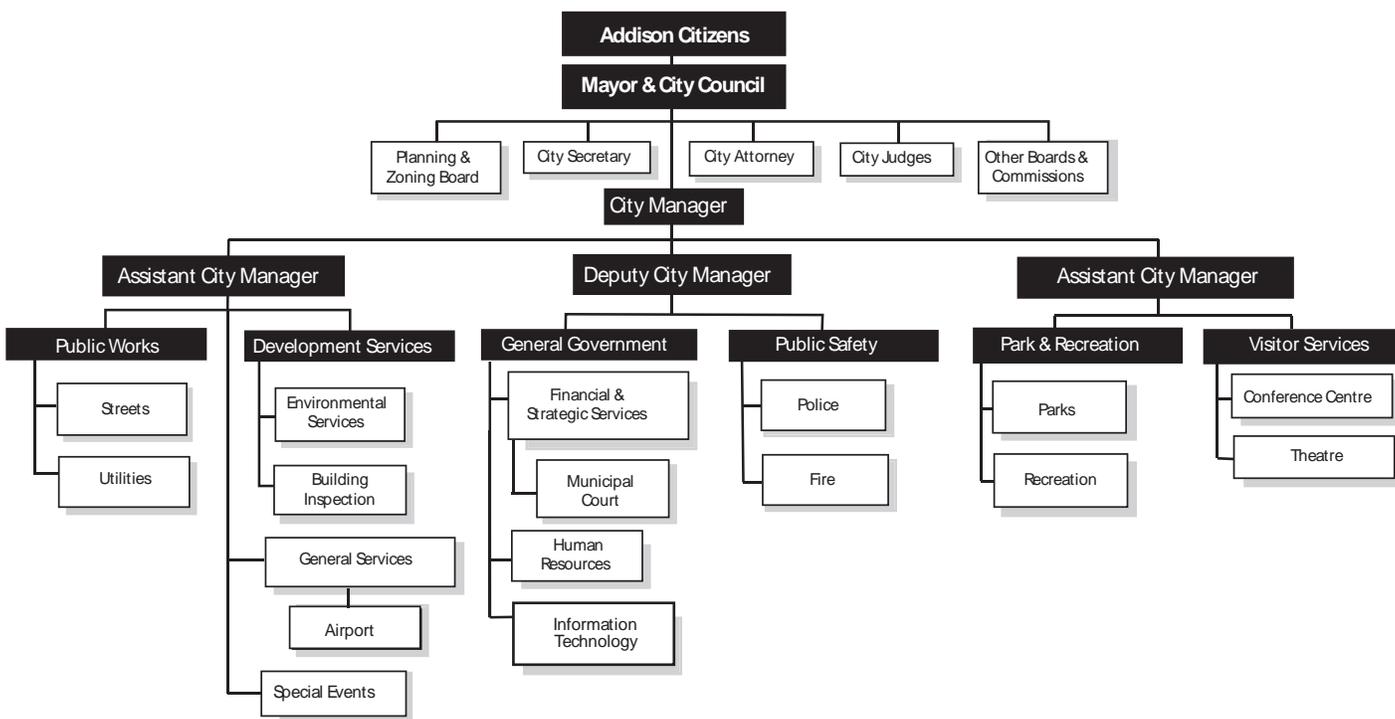
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2006

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

Mayor	Joe Chow.....	450-7026
City Manager	Ron Whitehead.....	450-7028
Deputy City Manager	Lea Dunn.....	450-7037
Assistant City Manager.....	Chris Terry.....	450-7010
Assistant City Manager/City Secretary	Mario Canizares	450-7017
Director of Financial & Strategic Services	Randolph C. Moravec, CGFO	450-7050
Director of Development Services	Carmen Moran	450-7018
Director of Human Resources	Judy Stafford	450-2819
Chief of Police.....	Ron Davis	450-7168
Chief of Fire	Noel Padden.....	450-7203
City Engineer/Director of Public Works	Nancy S. Cline.....	450-2886
Director of Parks and Recreation	Slade Strickland	450-2869
Director of Information Technology	Hamid Khaleghipour.....	450-2868
Director of General Services	Mark Acevedo	450-2848
Director of Visitor Services	Bob Phillips.....	450-6202

**FINANCIAL
SECTION**

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Addison!



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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas (the Town) as of and for the year ended September 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's administration. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

DALLAS

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F 817.429.5936

WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

February 7, 2007
Dallas, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2006. 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.**

Financial Highlights

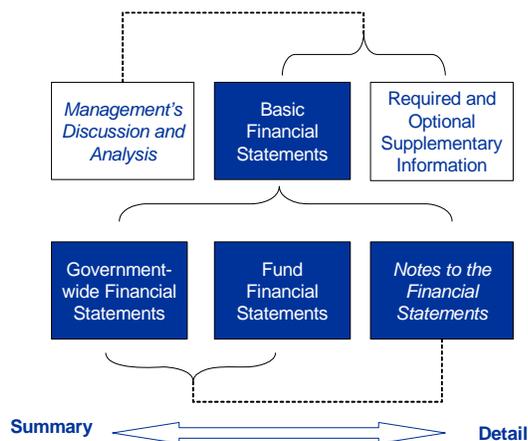
- ◆ The Town's assets exceeded its liabilities at the close of the 2006 fiscal year by \$182,788. This amount represents an increase over the previous year by \$5,879. The growth in net assets is attributed to program revenues in the Utility fund exceeding expenses and an increase in tax revenues associated with the Town's governmental activities.
- ◆ As of September 30, 2006, the Town's governmental funds reported combined ending fund balances of \$23,121, a decline of \$164. The slight reduction is a result of the Town expending proceeds of prior year bond issues on planned capital projects and is netted against increased balances in other governmental funds.
- ◆ At the end of the current fiscal year, fund balance for the General fund was \$8,175, or 33.4% of total fund expenditures. Fund balance increased \$1,125 during the year.
- ◆ At year-end, the Town of Addison's outstanding debt totals \$63,400, a reduction of \$3,870 from the previous 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 like 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 like businesses, 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 and that provide 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 long-term debt schedules, and a 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	The activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to private businesses: airport, water/sewer utility
Required financial statements	*Statement of net assets *Statement of activities	*Balance sheet *Statement of revenues, expenditures, and changes in fund balances.	*Statement of net assets *Statement of revenues, expenses, and changes in net assets *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, and 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, and 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 10-11 of this document.

- The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets **may** indicate the improvement or deterioration of the Town's financial position.
- The *statement of activities* presents information showing how the Town's net assets changed during the concluded fiscal year. All changes in net assets 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 visitor 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 and utility system fall within this category.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that 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 financial 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.

Because 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 12 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 Municipal Court, Arbor, Public Safety, and various capital project funds, which are considered minor funds and are combined into a single, aggregated presentation. Individual fund data for each of these minor funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for each fund to demonstrate compliance with this budget.

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 and its utility (water and sewer) system.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, 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 and utility system, both of which are considered to be major funds of the Town of Addison. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-43 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 obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System.

The combining statements referred to earlier in connection with minor governmental funds and internal service funds are presented on pages 89-90 and 105-107.

Government-wide Financial Analysis

As of the close of the 2006 fiscal year, the Town's net assets (assets exceeding liabilities) totaled \$182,788 (see Table A-1). Of this amount \$153,383, or 83.9%, 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. Because 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 assets (\$1,578) has been restricted for retiring the Town's long-term general obligation debt. The remaining amount of net assets is labeled as unrestricted and totals \$27,827. 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 two categories of net assets, 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 Assets**

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 32,943	\$ 32,999	\$ 17,986	\$ 16,855	\$ 50,929	\$ 49,854
Capital assets	153,479	153,318	47,722	47,597	201,201	200,915
Total assets	186,422	186,317	65,708	64,452	252,130	250,769
Long-term liabilities outstanding	44,401	46,302	19,730	21,572	64,131	67,874
Other liabilities	2,756	3,840	2,455	2,147	5,211	5,987
Total liabilities	47,157	50,142	22,185	23,719	69,342	73,861
Net assets:						
Invested in capital assets, net of related debt	117,538	116,659	35,845	33,842	153,383	150,500
Restricted for debt service	1,578	1,409	-	-	1,578	1,409
Unrestricted	20,149	18,107	7,678	6,892	27,827	24,999
Total net assets	\$ 139,265	\$ 136,175	\$ 43,523	\$ 40,734	\$ 182,788	\$ 176,908

As reflected in Table A-2, the Town's net assets increased \$5,879, or 41% during the 2006 fiscal year. The increase is due to the growth of revenues in most categories for both governmental and business-type activities. The greatest revenue increase was in the Town's Utility fund, which realized a 47.1% growth in charges for services resulting from higher fees and customer consumption of water.

Illustration A-3

Total Sources of Revenue

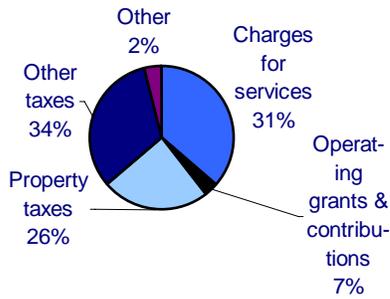


Illustration A-4

Total Expenses by Activity



Table A-2

Town of Addison's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	\$ 5,141	\$ 4,101	\$ 14,840	\$ 11,541	\$ 19,981	\$ 15,642
Operating grants & contributions	1,441	3,219	145	62	1,586	3,281
General revenues:						
Property taxes	13,298	12,831	-	-	13,298	12,831
Other taxes	17,762	17,200	-	-	17,762	17,200
Other	1,666	1,008	412	189	2,078	1,197
Total Revenues	39,308	38,359	15,397	11,792	54,705	50,151
Expenses						
General government	6,252	5,930	-	-	\$ 6,252	5,930
Public safety	12,641	12,137	-	-	12,641	12,137
Development services	549	554	-	-	549	554
Streets & sanitation	4,563	3,873	-	-	4,563	3,873
Parks & recreation	4,305	4,084	-	-	4,305	4,084
Visitor services	6,152	5,525	-	-	6,152	5,525
Interest on long-term debt	1,756	1,960	-	-	1,756	1,960
Airport	-	-	4,427	4,293	4,427	4,293
Water & sewer utility	-	-	8,182	7,625	8,182	7,625
Total expenses	36,218	34,063	12,609	11,918	48,827	45,981
Increase (decrease) in net assets	3,090	4,296	2,788	(126)	5,879	4,170
Net assets - 10/01/05	136,175	131,879	40,734	40,859	176,909	172,738
Net assets - 09/30/06	\$ 139,265	\$ 136,175	\$ 43,522	\$ 40,733	\$ 182,788	\$ 176,908

Governmental Activities

Governmental activities increased the Town of Addison's net assets by \$3,090. Increased revenues from taxes and charges for service offset the reduction in revenue from grants.

Business-Type Activities

- The Town’s business-type activities experienced a \$2,788 increase in net assets. A slight loss of \$156 in Airport activities was offset by Utility fund net income of \$2,945. As noted earlier, the growth in Utility fund revenue was a result of higher fees for water sales and sewer services, and increased water consumption caused by a hot, dry summer.

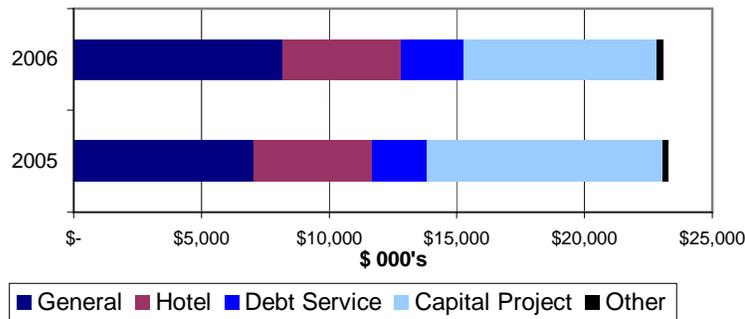
Financial Analysis of the Government Funds

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, unreserved 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, 2006, the Town’s governmental funds reported combined ending fund balances of \$23,121, a decline of \$164 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$12,899 or 56% is *unreserved and undesignated* and is available to the Town for future spending. Most of the remaining fund balance is *reserved or designated* for future capital projects (\$7,553) and debt service (\$2,460). Components of the net decline of total fund balance are:

- The \$5,288 expenditure of bond proceeds from capital project funds that, netted against investment income and a non-recurring grant revenue from Dallas Area Rapid Transit system totaling \$1,854 reduced combined balances by \$1,671.
- In the General fund, expenditures totaled \$24,448 compared to revenues of \$25,835. The \$1,125 increase in the General fund balance compared favorably to the budgeted decline of \$285.
- In the Hotel fund, expenditures and transfers out to other funds totaled \$6,518 compared to revenues of \$6,540. The \$22 decline in the Hotel fund balance was significantly less than the \$500 decline projected in the final budget.

**Illustration A-5
Governmental Fund Balances**



Proprietary funds - The Town of Addison’s proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net assets of the Airport fund at the end of the fiscal year amounted to \$647 while the Utility (water & sewer) fund reported unrestricted net assets of \$5,471. Issues relating to these two funds were discussed in preceding narrative of the Town’s business-type activities.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget are described below:

- Revenues were amended to reflect increased revenue from municipal court fines (\$200), interest earnings (\$100), and other income (\$125).
- Allocations to various departments were made that resulted in a net increase to appropriations of \$513. Most of the increase (\$240) was to recognize higher electric expenditures. Also, the Combined Services department's budget was increased by \$100 to accommodate higher legal fees while Council Projects department's budget was increased \$100 for consultant fees.

The adjustments resulted in increasing budgeted revenue by 1.7% and increasing expenditures by 2%. The deficiency of revenues over expenditures increased from \$197 to \$285. As noted earlier, fund balance actually increased by \$1,125.

Capital asset and Debt Administration

Capital assets – As detailed in Table A-3 below, the Town of Addison's investment in capital assets for its governmental and business type activities as of September 30, 2006, totals \$201,201 (net of accumulated depreciation). This amount represents a \$286 increase over the previous year and is attributed primarily to new streets still under construction.

Table A-3
Town of Addison's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 64,156	\$ 63,829	\$ 9,810	\$ 9,810	\$ 73,966	\$ 73,639
Buildings	14,759	15,316	1,780	1,842	16,539	17,158
Improvements other than buildings	69,508	43,754	31,143	31,326	100,651	75,080
Machinery and equipment	3,918	4,608	1,345	1,470	5,263	6,078
Construction in progress	1,138	25,811	3,644	3,149	4,782	28,960
Total	\$ 153,479	\$ 153,318	\$ 47,722	\$ 47,597	\$ 201,201	\$ 200,915

The major capital asset event during the 2006 fiscal year was final completion of the extension to Arapaho Road (\$23,395).

Long-term debt – At the end of the 2006 fiscal year the Town of Addison had total bonded debt outstanding of \$63,800 as detailed in Table A-4. No new debt was issued during the year.

Table A-4
Town of Addison's Outstanding Debt
General Obligation Bonds, Certificates of Obligation, and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 36,725	\$ 36,865	\$ 15,805	\$ 17,465	\$ 52,530	\$ 54,331
Certificates of obligation	7,085	8,540	4,185	4,400	11,270	12,940
Revenue bonds	-	-	-	-	-	-
Total	\$ 43,810	\$ 45,405	\$ 19,990	\$ 21,865	\$ 63,800	\$ 67,271

The Town of Addison maintains an underlying bond rating of "AA" from Standard & Poor's and "Aa3" from Moody's. All of the Town's outstanding debt is insured, and as such, carry ratings of "AAA" by both rating agencies.

Economic Factors and Next Year's Budgets and Rates

- The Texas Workforce Commission no longer maintains individual statistics for cities with less than 25,000 population, and therefore information related to Addison employment is unavailable. However, the average unemployment rate for the adjacent cities of Carrollton and Farmers Branch as of November 2006 averaged 4.1% compared to 4.3% in 2005. The declining unemployment rate mirrors that of Dallas County that recorded a 5% rate in 2006 and a 5.6% rate in 2005. The 2005 rate for the State of Texas was 4.6%.¹
- Sales tax collections were 2.9% greater than the amount collected in 2005. This is the third consecutive increase in annual collections.
- Hotel occupancy tax increased 15.9% from the previous year. Considering that Addison hotels cater to the business traveler, the significant increase can be interpreted to be representative of a robust local and regional economy.
- In July 2006 Addison received its certified property tax roll from the Dallas County Appraisal District. This certified roll is what Texas local governments use to levy taxes for their 2006-07 fiscal years' use. Certified taxable property values in Addison totaled \$3,029,605, which represented an 8.5% increase from the previous year and was the second consecutive increase in values.

These various factors were taken into consideration in development of the Town's 2006-07 annual budget. 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 operating revenues and expenses and changes in fund balances related to the Town's adopted financial policy of maintaining a minimum 25% fund balance for these funds. Major aspects of the adopted 2006-07 budget include:

- The property tax rate was reduced 1.2¢ to \$.4640 per \$100 appraised value. Of the 2007 budget tax rate, \$.3110 was levied for operation/maintenance and \$.1530 for debt service. This compared to the 2006 distribution of \$.3060 and \$.1700 respectively. (*Note: the preceding numbers are not reflected in \$000's of dollars*).
- The General fund balance is projected to increase \$910 to \$8,626. This amount is 33.8% of operating expenditures.
- The Hotel fund balance is projected to decline \$114 to \$4,092.
- The budget reflects increases in Conference Centre rentals for commercial uses. There were no increases in water or sewer rates.

Requests for Information

This financial report is designed to provide a general overview of the Town of Addison's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Department of Financial and Strategic Services
Town of Addison
P.O. Box 9010 Addison, TX 75001

Telephone: (972) 450-7050 email: rmoravec@ci.addison.tx.us

¹ Source: Texas Workforce Commission (January through November, 2006 and 2005 data)

Basic Financial Statements

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

	Primary Government			Summarized 2005 Total
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash investments	\$ 28,331,871	\$ 7,660,054	\$ 35,991,925	\$ 35,829,936
Receivables (net of allowances for uncollectibles)	4,333,574	2,224,945	6,558,519	6,052,628
Inventory of supplies	94,342	147,778	242,120	114,157
Prepaid items	8,444	99,902	108,346	13,881
Deferred charges	174,868	289,137	464,005	348,164
Investment in joint venture	-	7,564,267	7,564,267	7,495,301
Capital Assets, net of accumulated depreciation				
Land	64,155,723	9,809,729	73,965,452	73,638,916
Buildings	14,758,531	1,779,760	16,538,291	17,157,951
Improvements other than buildings	69,508,103	31,142,716	100,650,819	75,079,791
Machinery and equipment	3,918,680	1,344,704	5,263,384	6,078,390
Construction in progress	1,138,156	3,644,507	4,782,663	28,960,097
Total Assets	<u>\$ 186,422,292</u>	<u>\$ 65,707,499</u>	<u>\$ 252,129,791</u>	<u>\$ 250,769,212</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 2,331,552	\$ 1,592,173	\$ 3,923,725	\$ 4,364,099
Compensated absences	731,889	-	731,889	740,143
Retainage payable	367,810	-	367,810	730,089
Intergovernmental payable	4,867	-	4,867	9,711
Customer deposits	51,410	862,830	914,240	883,189
Noncurrent liabilities:				
Due within one year	3,732,000	1,907,142	5,639,142	5,302,829
Due in more than one year	39,937,777	17,822,821	57,760,598	61,830,723
Total Liabilities	<u>47,157,305</u>	<u>22,184,966</u>	<u>69,342,271</u>	<u>73,860,783</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	117,537,709	35,844,857	153,382,566	152,408,404
Restricted for Debt Service	1,578,392	-	1,578,392	1,408,795
Unrestricted	20,148,886	7,677,676	27,826,562	23,091,230
Total Net Assets	<u>139,264,987</u>	<u>43,522,533</u>	<u>182,787,520</u>	<u>176,908,429</u>
Total Liabilities and Net Assets	<u>\$ 186,422,292</u>	<u>\$ 65,707,499</u>	<u>\$ 252,129,791</u>	<u>\$ 250,769,212</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business - Type Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 6,251,658	\$ 100,957	\$ -	\$ (6,150,701)	\$ -	\$ (6,150,701)
Public safety	12,641,284	2,424,249	-	(10,217,035)	-	(10,217,035)
Development services	549,107	651,408	-	102,301	-	102,301
Streets	4,562,905	206,134	1,440,734	(2,916,037)	-	(2,916,037)
Parks and recreation	4,305,515	100,564	-	(4,204,951)	-	(4,204,951)
Visitors services	6,151,819	1,657,987	-	(4,493,832)	-	(4,493,832)
Interest on long-term debt	1,755,697	-	-	(1,755,697)	-	(1,755,697)
Total governmental activities	<u>36,217,985</u>	<u>5,141,299</u>	<u>1,440,734</u>	<u>(29,635,952)</u>	<u>-</u>	<u>(29,635,952)</u>
Business-type activities:						
Airport	4,426,545	4,062,398	30,000	-	(334,147)	(334,147)
Utilities	8,182,476	10,777,843	115,360	-	2,710,727	2,710,727
Total business-type activities	<u>12,609,021</u>	<u>14,840,241</u>	<u>145,360</u>	<u>-</u>	<u>2,376,580</u>	<u>2,376,580</u>
Total primary government	<u>\$ 48,827,006</u>	<u>\$ 19,981,540</u>	<u>\$ 1,586,094</u>	<u>\$ (29,635,952)</u>	<u>\$ 2,376,580</u>	<u>\$ (27,259,372)</u>
GENERAL REVENUES:						
Taxes:						
Property taxes, levied for general purposes				13,297,948	-	13,297,948
Sales taxes				10,936,530	-	10,936,530
Franchise taxes				2,146,225	-	2,146,225
Hotel motel taxes				4,679,099	-	4,679,099
Interest on investments				1,354,575	335,828	1,690,403
Miscellaneous				311,705	76,553	388,258
Total general revenues				<u>32,726,082</u>	<u>412,381</u>	<u>33,138,463</u>
Change in Net Assets				3,090,130	2,788,961	5,879,091
NET ASSETS, beginning of year				<u>136,174,857</u>	<u>40,733,572</u>	<u>176,908,429</u>
NET ASSETS, end of year				<u>\$ 139,264,987</u>	<u>\$ 43,522,533</u>	<u>\$ 182,787,520</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas

Basic Financial Statements

**Governmental Funds
Balance Sheet
September 30, 2006**

	<u>General</u>	<u>Hotel</u>	<u>General Obligation Debt Service</u>	<u>Hotel Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Cash and investments	\$ 7,901,927	\$ 4,536,608	\$ 1,692,337	\$ 806,140	\$ 7,879,419	\$ 483,914	\$ 23,300,345
Receivables:							
Ad valorem taxes, including interest and penalties	327,793	-	161,231	-	-	-	489,024
Non-property taxes	1,983,305	496,070	-	-	-	-	2,479,375
Franchise fees	255,794	-	-	-	-	-	255,794
Service fees	701,899	-	-	-	-	-	701,899
Ambulance	63,831	-	-	-	-	-	63,831
Interest	47,737	27,058	8,264	4,796	46,651	2,861	137,367
Other	30,143	146,204	-	-	-	-	176,347
Prepaid Items	8,444	-	-	-	-	-	8,444
Inventories, at cost	93,392	-	-	-	-	-	93,392
<i>Total assets</i>	<u>\$ 11,414,265</u>	<u>\$ 5,205,940</u>	<u>\$ 1,861,832</u>	<u>\$ 810,936</u>	<u>\$ 7,926,070</u>	<u>\$ 486,775</u>	<u>\$ 27,705,818</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,302,642	\$ 518,827	\$ 37,406	\$ -	\$ 4,833	\$ 193,465	\$ 2,057,173
Contracts and retainage payable	-	-	-	-	367,810	-	367,810
Deferred Revenue	1,928,229	-	174,998	-	-	-	2,103,227
Intergovernmental payable	4,867	-	-	-	-	-	4,867
Customer deposits	3,347	48,063	-	-	-	-	51,410
<i>Total liabilities</i>	<u>3,239,085</u>	<u>566,890</u>	<u>212,404</u>	<u>-</u>	<u>372,643</u>	<u>193,465</u>	<u>4,584,487</u>
Fund Balances:							
Fund balances reserved:							
Reserved for court technology	-	-	-	-	-	53,057	53,057
Reserved for building security	-	-	-	-	-	53,495	53,495
Reserved for inventories	93,392	-	-	-	-	-	93,392
Reserved for prepaid items	8,444	-	-	-	-	-	8,444
Reserved for debt service	-	-	1,649,428	-	-	-	1,649,428
Fund balances unreserved:							
Designated for debt service	-	-	-	810,936	-	-	810,936
Designated for capital outlay	-	-	-	-	7,553,427	-	7,553,427
Unreserved - undesignated	8,073,344	4,639,050	-	-	-	186,758	12,899,152
<i>Total fund balance</i>	<u>8,175,180</u>	<u>4,639,050</u>	<u>1,649,428</u>	<u>810,936</u>	<u>7,553,427</u>	<u>293,310</u>	<u>23,121,331</u>
Total liabilities and fund balance	<u>\$ 11,414,265</u>	<u>\$ 5,205,940</u>	<u>\$ 1,861,832</u>	<u>\$ 810,936</u>	<u>\$ 7,926,070</u>	<u>\$ 486,775</u>	<u>\$ 27,705,818</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 ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Total Fund Balances - Governmental Funds	\$ 23,121,331
The Town uses internal service funds to charge the costs of certain activities, such as capital asset and information technology replacement, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The effect of this consolidation is to increase net assets.	8,340,854
Capital assets used in governmental activities, including infrastructure, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$209,897,086 net of accumulated depreciation of \$59,724,677 exclusive of the capital assets of internal service funds with a net carrying values of \$3,306,784 included above increased net assets in the government-wide financial statements.	150,172,409
Debt issue costs have been reflected net of amortization on the government wide financial statements.	174,868
Bonds payable and contractual obligations and related premium and deferred loss on refunding amounts, have not been included in the fund financial statements.	(43,669,777)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(731,889)
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 assets.	(246,036)
Revenue from property taxes and ambulance billings are deferred in the fund financial statements until they are 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.	519,508
Revenue recognized at government-wide financial statements not recognized as revenue in the fund financial statements for sales taxes and franchise fees.	<u>1,583,719</u>
Net Assets of Governmental Activities	<u><u>\$ 139,264,987</u></u>

See accompanying notes to basic financial statements.

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2006

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Projects	Other Governmental Funds	Total Governmental
REVENUES:							
Ad Valorem Taxes	\$ 8,546,522	\$ -	\$ 4,747,185	\$ -	\$ -	\$ -	\$ 13,293,707
Non-Property Taxes	10,907,752	4,679,099	-	-	-	-	15,586,851
Franchise Fees	2,681,263	-	-	-	-	-	2,681,263
Licenses and Permits	651,408	-	-	-	-	-	651,408
Intergovernmental	-	-	-	-	1,440,734	-	1,440,734
Service Fees	1,296,693	1,117,761	-	-	-	-	2,414,454
Fines and Forfeitures	1,071,624	-	-	-	-	113,469	1,185,093
Earnings on Investments	378,492	202,548	99,503	32,607	413,360	21,577	1,148,087
Rental Charges	122,622	534,366	-	-	-	-	656,988
Recycling proceeds	-	-	-	-	-	29,311	29,311
Other	178,968	5,860	-	-	-	10,115	194,943
<i>Total revenues</i>	<u>25,835,344</u>	<u>6,539,634</u>	<u>4,846,688</u>	<u>32,607</u>	<u>1,854,094</u>	<u>174,472</u>	<u>39,282,839</u>
EXPENDITURES:							
Current:							
General Government	6,138,990	-	-	-	-	-	6,138,990
Public Safety	12,697,761	-	-	-	-	47,434	12,745,195
Development Services	563,271	-	-	-	-	-	563,271
Streets	1,421,464	-	-	-	-	-	1,421,464
Parks and recreation	3,626,183	-	-	-	-	45,736	3,671,919
Visitor Services	-	5,801,404	-	-	-	-	5,801,404
Debt Service:							
Principal Retirement	-	-	3,105,000	465,000	-	-	3,570,000
Interest and fiscal charges	-	-	1,505,998	241,188	-	-	1,747,186
Bond issuance costs	-	-	114,666	-	-	-	114,666
Capital Projects:							
Administration:							
Salaries and fringe benefits	-	-	-	-	50,461	-	50,461
Supplies	-	-	-	-	2,340	-	2,340
Design and engineering:							
Engineering and contractual services	-	-	-	-	449,930	-	449,930
Construction and equipment	-	10,829	-	-	4,785,251	-	4,796,080
<i>Total expenditures</i>	<u>24,447,669</u>	<u>5,812,233</u>	<u>4,725,664</u>	<u>706,188</u>	<u>5,287,982</u>	<u>93,170</u>	<u>41,072,906</u>
Excess(deficiency) of revenues over expenditures	<u>1,387,675</u>	<u>727,401</u>	<u>121,024</u>	<u>(673,581)</u>	<u>(3,433,888)</u>	<u>81,302</u>	<u>(1,790,067)</u>
OTHER FINANCING SOURCES(USES):							
Proceeds from bonds issued	-	-	6,355,000	-	1,500,000	-	7,855,000
Payment to refunded bond escrow agent	-	-	(6,228,588)	-	-	-	(6,228,588)
Transfers In	-	-	-	705,890	263,000	-	968,890
Transfers Out	(263,000)	(705,890)	-	-	-	-	(968,890)
<i>Total Other Financing Sources(Uses)</i>	<u>(263,000)</u>	<u>(705,890)</u>	<u>126,412</u>	<u>705,890</u>	<u>1,763,000</u>	<u>-</u>	<u>1,626,412</u>
Net change in fund balance	1,124,675	21,511	247,436	32,309	(1,670,888)	81,302	(163,655)
Fund balances at beginning of year	7,050,505	4,617,539	1,401,992	778,627	9,224,315	212,008	23,284,986
Fund balances at end of year	<u>\$ 8,175,180</u>	<u>\$ 4,639,050</u>	<u>\$ 1,649,428</u>	<u>\$ 810,936</u>	<u>\$ 7,553,427</u>	<u>\$ 293,310</u>	<u>\$ 23,121,331</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
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, 2006

Total Net Change in Fund Balances - Governmental Funds	\$ (163,655)
The Town uses internal service funds to charge the costs of certain activities, such as capital asset and information technology replacement, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The effect of this consolidation is to increase net assets.	481,590
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 2006 capital outlays is to increase net assets.	5,509,407
Current year payment to escrow agent for refunded debt are expenditures in the fund financial statements, but are shown as a decrease in the liabilities in the government wide financial statements.	6,228,588
Current year bond proceeds for debt issued are proceeds in the fund financials statements but are shown as an increase in the liabilities at the government wide financial statements.	(7,855,000)
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 assets.	(4,595,461)
Amortization of costs associated with debt issuances are 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 amortization is to decrease net assets.	(15,416)
Amortization of premiums and deferred loss on refunding associated with debt issuances are not recognized as revenue and expense in the governmental funds since it does not provide current financial resources. The effect of recording the current year's amortization is to decrease net assets.	(3,046)
Bond issue cost has been expensed in the governmental funds but recorded as deferred charge on the government wide statements.	114,666
Current year long-term debt principal payments on contractual obligation bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	3,570,000
Decrease in compensated absences liability are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net assets.	8,254
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 change in accrued interest is to decrease net assets.	(8,511)
Revenue from property taxes, sales taxes, ambulance billings, and franchise fees not recognized in fund financial statements on the modified accrual basis were recognized on the accrual basis in the government wide financial statements.	<u>(181,286)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 3,090,130</u></u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006

	Budget		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive(Negative)
REVENUES:				
Ad Valorem Taxes	\$ 8,464,500	\$ 8,464,500	\$ 8,546,522	\$ 82,022
Non-Property Taxes	10,773,850	10,773,850	10,907,752	133,902
Franchise Fees	2,751,780	2,751,780	2,681,263	(70,517)
Licenses and Permits	452,160	452,160	651,408	199,248
Service Fees	1,180,910	1,180,910	1,296,693	115,783
Fines and Forfeitures	744,970	944,970	1,071,624	126,654
Earnings on Investments	167,000	267,000	378,492	111,492
Rental Charges	119,000	119,000	122,622	3,622
Other	27,500	152,500	178,968	26,468
<i>Total revenues</i>	<u>24,681,670</u>	<u>25,106,670</u>	<u>25,835,344</u>	<u>728,674</u>
EXPENDITURES:				
General Government	6,030,170	6,351,670	6,138,990	212,680
Public Safety	12,985,540	12,969,540	12,697,761	271,779
Development Services	637,340	637,340	563,271	74,069
Streets	1,366,140	1,456,140	1,421,464	34,676
Parks and Recreation	3,596,810	3,713,810	3,626,183	87,627
<i>Total expenditures</i>	<u>24,616,000</u>	<u>25,128,500</u>	<u>24,447,669</u>	<u>680,831</u>
Excess (deficiency) of revenues over expenditures	65,670	(21,830)	1,387,675	1,409,505
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(263,000)</u>	<u>(263,000)</u>	<u>(263,000)</u>	<u>-</u>
Net change in fund balance	(197,330)	(284,830)	1,124,675	1,409,505
Fund balances at beginning of year	<u>7,050,505</u>	<u>7,050,505</u>	<u>7,050,505</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,853,175</u>	<u>\$ 6,765,675</u>	<u>\$ 8,175,180</u>	<u>\$ 1,409,505</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, 2006

	Budget		Actual GAAP Basis	Variance with Final Budget Positive(Negative)
	Original	Final		
REVENUES:				
Hotel/motel occupancy taxes	\$ 3,990,000	\$ 4,450,000	\$ 4,679,099	\$ 229,099
Proceeds from special events	1,049,300	1,049,300	1,117,761	68,461
Conference centre rental	490,000	490,000	454,948	(35,052)
Theatre centre rental	84,000	84,000	79,418	(4,582)
Earnings on Investments	94,700	94,700	202,548	107,848
Other	-	-	5,860	5,860
<i>Total revenues</i>	<u>5,708,000</u>	<u>6,168,000</u>	<u>6,539,634</u>	<u>371,634</u>
EXPENDITURES:				
Visitor Services	799,810	799,810	718,449	81,361
Conference centre	1,056,260	1,148,260	1,118,079	30,181
Marketing	996,710	996,710	994,054	2,656
Special events	2,246,230	2,501,230	2,469,938	31,292
Performing arts	506,010	516,010	500,884	15,126
Capital projects	-	-	10,829	(10,829)
<i>Total expenditures</i>	<u>5,605,020</u>	<u>5,962,020</u>	<u>5,812,233</u>	<u>149,787</u>
Excess(deficiency) of revenues over expenditures	102,980	205,980	727,401	521,421
OTHER FINANCING SOURCES(USES):				
Transfers Out	<u>(705,890)</u>	<u>(705,890)</u>	<u>(705,890)</u>	<u>-</u>
Net change in fund balance	(602,910)	(499,910)	21,511	521,421
Fund balances at beginning of year	<u>4,617,539</u>	<u>4,617,539</u>	<u>4,617,539</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,014,629</u>	<u>\$ 4,117,629</u>	<u>\$ 4,639,050</u>	<u>\$ 521,421</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Assets
September 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
ASSETS:				
Current Assets:				
Cash and investments	\$ 3,009,893	\$ 4,650,161	\$ 7,660,054	\$ 5,031,526
Interest receivable	17,767	29,751	47,518	29,937
Accounts receivable	76,189	2,101,238	2,177,427	-
Prepaid items	-	99,902	99,902	-
Inventory	147,778	-	147,778	950
<i>Total current assets</i>	<u>3,251,627</u>	<u>6,881,052</u>	<u>10,132,679</u>	<u>5,062,413</u>
Deferred charges	34,869	254,268	289,137	-
Capital assets:				
Land	8,497,665	1,312,064	9,809,729	-
Buildings	1,386,047	1,728,905	3,114,952	-
Improvements other than buildings	16,938,923	39,113,155	56,052,078	-
Machinery and equipment	1,123,764	1,841,855	2,965,619	14,132,541
Accumulated depreciation	(11,502,779)	(16,362,690)	(27,865,469)	(10,825,757)
Total capital assets, net of accumulated depreciation	16,443,620	27,633,289	44,076,909	3,306,784
Construction in progress	3,644,507	-	3,644,507	-
<i>Net property, plant, and equipment</i>	<u>20,088,127</u>	<u>27,633,289</u>	<u>47,721,416</u>	<u>3,306,784</u>
Investment in joint venture	-	7,564,267	7,564,267	-
<i>Total assets</i>	<u>23,374,623</u>	<u>42,332,876</u>	<u>65,707,499</u>	<u>8,369,197</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 841,415	\$ 654,536	\$ 1,495,951	\$ 28,343
Current maturities of general obligation bonds	225,000	1,682,142	1,907,142	-
Accrued interest payable	20,395	75,827	96,222	-
Customer deposits	183,310	679,520	862,830	-
<i>Total current liabilities</i>	<u>1,270,120</u>	<u>3,092,025</u>	<u>4,362,145</u>	<u>28,343</u>
Long-term debt, net of current portion:				
General obligation bonds payable	3,960,000	13,862,821	17,822,821	-
Total long-term debt	3,960,000	13,862,821	17,822,821	-
<i>Total liabilities</i>	<u>5,230,120</u>	<u>16,954,846</u>	<u>22,184,966</u>	<u>28,343</u>
NET ASSETS:				
Invested in capital assets, net of related debt	15,937,996	19,906,861	35,844,857	3,306,784
Unrestricted	2,206,507	5,471,169	7,677,676	5,034,070
<i>Total net assets</i>	<u>\$ 18,144,503</u>	<u>\$ 25,378,030</u>	<u>\$ 43,522,533</u>	<u>\$ 8,340,854</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2006

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
OPERATING REVENUES:				
Water	\$ -	\$ 5,697,631	\$ 5,697,631	\$ -
Sewer	-	5,022,160	5,022,160	-
Penalties	-	51,752	51,752	-
Water and sewer taps	-	6,300	6,300	-
Fuel flowage fees	1,025,291	-	1,025,291	-
Customs agent fees	30,416	-	30,416	-
Rental charges	3,002,820	-	3,002,820	-
Other income	3,871	-	3,871	-
Department contributions	-	-	-	1,106,352
<i>Total operating revenues</i>	<u>4,062,398</u>	<u>10,777,843</u>	<u>14,840,241</u>	<u>1,106,352</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	255,466	1,078,923	1,334,389	-
Supplies	10,833	87,730	98,563	-
Maintenance and materials	1,580,489	237,595	1,818,084	-
Contractual services	1,593,356	662,881	2,256,237	2,495
Water purchases	-	2,562,592	2,562,592	-
Wastewater transmission and treatment	-	1,807,619	1,807,619	-
<i>Total operating expenses (excluding depreciation)</i>	<u>3,440,144</u>	<u>6,437,340</u>	<u>9,877,484</u>	<u>2,495</u>
Depreciation	741,258	1,037,114	1,778,372	931,908
<i>Total operating expenses</i>	<u>4,181,402</u>	<u>7,474,454</u>	<u>11,655,856</u>	<u>934,403</u>
OPERATING INCOME (LOSS)	<u>(119,004)</u>	<u>3,303,389</u>	<u>3,184,385</u>	<u>171,949</u>
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	178,317	157,511	335,828	206,562
Sale of assets	-	-	-	103,079
Intergovernmental - aviation capital grants	30,000	-	30,000	-
Rental income	-	2,529	2,529	-
Other income	-	74,024	74,024	-
Refund of fees collected in prior years	(76,200)	-	(76,200)	-
Interest expense	(166,452)	(627,996)	(794,448)	-
Amortization expense	(2,491)	(79,508)	(81,999)	-
Other expenses	-	(518)	(518)	-
<i>Total nonoperating revenues (expenses)</i>	<u>(36,826)</u>	<u>(473,958)</u>	<u>(510,784)</u>	<u>309,641</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(155,830)</u>	<u>2,829,431</u>	<u>2,673,601</u>	<u>481,590</u>
Capital contributions	-	115,360	115,360	-
CHANGE IN NET ASSETS	<u>(155,830)</u>	<u>2,944,791</u>	<u>2,788,961</u>	<u>481,590</u>
Net assets at the beginning of the year	<u>18,300,333</u>	<u>22,433,239</u>	<u>40,733,572</u>	<u>7,859,264</u>
<i>Net assets at end of year</i>	<u>\$ 18,144,503</u>	<u>\$ 25,378,030</u>	<u>\$ 43,522,533</u>	<u>\$ 8,340,854</u>

See accompanying notes to the basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,363,666	\$ 10,002,352	\$ 14,366,018	\$ -
Department contributions	-	-	-	1,106,352
Payments to suppliers	(3,320,045)	(5,168,293)	(8,488,338)	(49,209)
Payments to employees for services	(255,466)	(1,078,923)	(1,334,389)	-
<i>Net cash provided by operating activities</i>	<u>788,155</u>	<u>3,755,136</u>	<u>4,543,291</u>	<u>1,057,143</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,561,856)	(340,995)	(1,902,851)	(178,916)
Principal paid on revenue and general obligation bonds	(215,000)	(1,627,142)	(1,842,142)	-
Proceeds from the sales of assets	-	-	-	103,079
Interest paid on bonds	(166,922)	(684,873)	(851,795)	-
Intergovernmental - aviation capital grants	30,000	-	30,000	-
Capital Contribution	-	115,360	115,360	-
Other	-	4,540	4,540	-
<i>Net cash used by capital and related financing activities</i>	<u>(1,913,778)</u>	<u>(2,533,110)</u>	<u>(4,446,888)</u>	<u>(75,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on cash and investments	182,678	144,490	327,168	198,131
Cash received from equipment rental	-	2,529	2,529	-
<i>Net cash provided by investment activities</i>	<u>182,678</u>	<u>147,019</u>	<u>329,697</u>	<u>198,131</u>
<i>Net increase (decrease) in cash and cash investments</i>	(942,945)	1,369,045	426,100	1,179,437
Cash and cash investments, October 1	3,952,838	3,281,116	7,233,954	3,852,089
Cash and cash investments, September 30	<u>\$ 3,009,893</u>	<u>\$ 4,650,161</u>	<u>\$ 7,660,054</u>	<u>\$ 5,031,526</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:				
Operating income (loss)	\$ (119,004)	\$ 3,303,389	\$ 3,184,385	\$ 171,949
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation expense	741,258	1,037,114	1,778,372	931,908
Refund of fees collected in prior years	(76,200)	-	(76,200)	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	370,424	(781,826)	(411,402)	-
(Increase) decrease in inventories	(147,778)	-	(147,778)	-
(Increase) decrease in prepaid items	-	(99,902)	(99,902)	-
Increase (decrease) in customer deposits	7,044	6,335	13,379	-
Increase (decrease) in accounts payable and accrued liabilities	-	290,026	290,026	-
	12,411	-	12,411	(46,714)
Net cash provided by operating activities	<u>\$ 788,155</u>	<u>\$ 3,755,136</u>	<u>\$ 4,543,291</u>	<u>\$ 1,057,143</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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 amended by an election on January 16, 1993. 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. 39 "*Determining Whether Certain Organizations Are Component Units*." The Town's financial statements include the accounts of all Town operations. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town (the primary government) is financially accountable if it appoints a voting majority of organization's governing board and (1) it has the ability to impose its will on the organization, or (2) there is potential for the organization to provide a financial benefit or impose a financial burden on the Town. The Town is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The financial statements are formatted so that the reader can clearly distinguish between the primary government and its component units. Since some relationships with the primary government are extensive, however, some component units are blended as though they are part of the primary government. The following blended component unit has a September 30 year-end.

Blended Component Unit. The Addison Parks Foundation is a Texas non-profit corporation organized to promote the park system and the parks and recreation programs of the Town. Donations and gifts from the public, as well as, recycling revenues are used to support activities stipulated by the charter of the Corporation. The foundation is governed by a board appointed by the Town's elected council and is comprised of the Assistant City Manager, Director of Parks and Recreation, and the Director of Financial and Strategic Services. Transactions of the foundation are accounted for in the Arbor fund that is presented in the non-major governmental funds statements section of the report. The foundation provides services entirely to the Town, and therefore, is included as a blended component of the Town.

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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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 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 time of related cash flows. Property taxes are recognized as revenue in the year for 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). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues available if they are collected within thirty (30) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad Valorem (property), sales, and hotel taxes, as well as franchise fees, recorded in the General fund and ad valorem tax revenues recorded in the General Obligation Debt Service fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. 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 water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer 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) operation 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund and other government's internal service funds include the cost of sales and services,

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Revenues which are not allocated by law or contractual agreement to other funds are accounted for in this fund.

Hotel Fund – The Hotel Fund is used to account for tax revenues received from local hotels. Expenditures must fall within the guidelines set forth in the Texas Hotel Occupancy Tax Act (Article 1269: Vernon's Texas Civil Statutes).

General Obligation Debt Service Fund – The General Obligation Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest on the general obligation bonded debt of the Town.

Hotel Debt Service Fund – The Hotel Debt Service Fund accounts for the accumulation of resources to be used for the payment of principle and interest on the Hotel Occupancy Tax Revenue bonds and certificates of obligation.

Capital Projects Fund – The Capital Projects fund is used to account for financial resources related to the acquisition, construction, or improvements of major capital assets.

Additionally, the Town reports the following nonmajor 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. In prior years, this fund was classified as an expendable trust fund.

Arbor Fund – The Arbor Fund is used to account for transactions related to the Town's Parks Foundation, a Texas non-profit corporation organized to promote the public park system and parks and recreation programs of the Town through donations and gifts from the public, as well as, recycling revenue recovered from the Town's businesses and residents. This fund represents a blended component unit of the Town.

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 collection.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

Additionally, the Town reports the following internal service funds:

Information Technology Replacement Fund – The Information Technology Fund is used to accumulate sufficient resources to replace existing information technology systems. Resources are acquired through charges to operating departments in the governmental 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.

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 governmental 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.

Private-sector standards of accounting and financial reporting issued after November 30, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Assets, liabilities, and net assets 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 value.

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, with a rating of not less than A-1+ or its equivalent; and state or local government investment pools.

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Town considers quoted market price at September 30, 2006 to be the fair value of investments. The government investment pool, TexPool, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of pool shares.

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 property tax receivable allowance, based on past collections, is \$111,492.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

The Town's property tax lien is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Values are assessed at 100% of the estimated market value. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance.

3) Inventories

Inventories, which are expended as they are consumed, are stated at cost. Cost is determined for inventories of supplies and fuel using the moving-average method.

4) Capital Assets

Capital assets include land, buildings, equipment, and improvements. Improvements include upgrading facilities other than buildings such as streets or sewers and infrastructure, including pavement, storm sewers, and right-of-way contributed by developers. Capital expenditures are defined as purchases that meet specific guidelines as listed below:

- Expected useful life must be one year or more.
- Original unit cost of the item should be \$5,000 or greater and includes all costs enabling the item into operation, such as freight, installation, and accessories.
- The item should not be consumed, unduly altered, or materially reduced in value immediately by use.

The governmental activities Land and Improvements other than Buildings categories 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 governmental activities general fixed assets.

The internal service funds may record assets that have an original cost of \$5,000 or less. 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 fair market value as of the date donated. Depreciation of property, plant, and equipment by major classes is provided by the straight-line method based on the following estimated useful lives by major class of depreciable fixed assets:

Buildings.....	50 years
Improvements other than buildings.....	20-50 years
Equipment.....	3-50 years

Depreciation of current year additions and retirements is computed at one-half the straight-line rate.

Beginning in fiscal year 2001, The Town implemented GASB Statement No. 33 and recorded capital contributions to proprietary funds as revenue rather than additions to contributed capital. There were no contributions in 2006.

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

the government wide statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided.

6) Fund Equity

In the fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances and net assets are restricted and/or designated for the following purposes:

Reserves:

Prepaid Items and Inventories – A reserve for payments to vendors for services that will benefit periods beyond September 30, 2006.

Court Technology – A reserve that signifies fund balance is restricted for municipal court technology improvements.

Building Security – A reserve that signifies fund balance is restricted for municipal court building security improvements.

Debt Service – A reserve that signifies fund balance is restricted for the retirement of long-term debt.

Designations:

Capital Outlay – Designation of resources to fund capital outlay expenditures.

Debt Service – Funds obtained from hotel occupancy taxes designated for retirement of general long-term debt.

7) Implementation of New Accounting Principles / New GASB Standards

In fiscal year 2006, the Town has implemented GASB Statement No. 44, "*Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1.*" This statement establishes and modifies requirements related to the supplementary information presented in a statistical section. There was no effect on fund balance as a result of implementing this statement.

The Town also implemented Statement No. 47 "*Accounting for Termination Benefits.*" This statement defines the accounting for voluntary and involuntary termination benefits (i.e. early retirement incentives). This is effective for the Town in two parts: (1) for those benefits that relate to other post-employment benefits, the Town is to implement at the same time as GASB Statement No. 45, and (2) for other termination benefits, in the current fiscal year for the Town. There was no effect on fund balance as a result of implementing part 2 of this statement this fiscal year.

8) Comparative Data/Reclassification

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

statements for the year ended September 30, 2006, from which the summarized information was derived.

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 1st 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 Financial and Strategic Services Director. Transfers between operating departments may occur with the approval of the City Manager and Financial and Strategic Services Director provided a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance.

- 5) Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget for the Capital Project Funds are normally established pursuant to the terms of the related bond indentures, that is, project basis.

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. During the fiscal year, several budget amendments were approved by the City Council. The most notable amendments are described in the remainder of this section. In the General Fund, revenues were increased \$425,000 due to an increase in court fine collections (\$200,000), increased interest earnings (\$100,000), TXU overcharge settlement (\$90,000), and a FEMA reimbursement (\$35,000). General Fund expenses were increased \$512,500 primarily for additional legal expense, consulting fees for the Cotton Belt rail line, and additional utility fees. In the Hotel Fund, revenues were increased by \$460,000 for an increase in hotel occupancy taxes. Hotel Fund expenses were increased by \$357,000 primarily for the Kaboomerang event, special event equipment, and additional utility expenses. In the Airport fund, expenses were increased \$180,000 for unanticipated additional litigation costs.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town has five bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, and Benefits 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 investment pool available for all funds. Each fund type's portion of this pool is reported on the Combined Balance sheet as "cash and investments." The other demand accounts are reported in the same manner.

The investment policies of the Town are governed by State statutes and a City Council adopted Investment Policy Ordinance. 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, 2006. At year-end, the carrying amount of the Town's deposits was a credit balance of \$1,516,367 primarily consisting of outstanding checks and the respective bank balance totaled \$284,802. The general ledger account balance is negative due to the cash management policy of the Town. Under this policy, idle cash is invested until checks are presented to the Town's bank. The balance, therefore, is reflective of the timing differences of when checks were issued and presented to the bank. Of the bank balance, \$100,000 was covered by Federal Deposit Insurance. The remaining balance of \$184,802 was collateralized with securities held by the pledging financial institution's account at the Federal Reserve Bank in the Town's name.

In order to maximize interest earnings, the Town utilizes a controlled disbursement account that allows the Town to deposit only as much money needed to fund checks presented for payment each day. The amount required is withdrawn from the investment pool.

External Investment Pools

The Town's pool investments as of September 30, 2006 were invested in TexPool. Lehman Brothers is the administrator for the TexPool program providing participant services and marketing functions. Lehman Brothers is the participant contact point for account maintenance, assistance with transactions, and other administrative information. Federated Investors is the investment manager and custodian to TexPool. Federated Investors provides fund accounting and transfer agency services to TexPool.

TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company. TexPool is an investment pool that has 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

The fair value of the Town's position in the external investment pool is the same as the value of the pool shares.

Investments

As of September 30, 2006, the Town held the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Agency Securities	\$ <u>25,671,313</u>	453
<i>Total investment in securities</i>	<u>25,671,313</u>	
Investment in Pools		
TexPool	<u>11,812,306</u>	1
<i>Total investment in pools</i>	<u>11,812,306</u>	
<i>Total Investments</i>	<u>\$ 37,483,619</u>	310

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average days to maturity of its investment portfolio to 18 months (540 days).

Credit Risk – The reported investments meet the criteria specified in the Town's investments policy related to the specific types of instruments presented.

- a) Direct obligations of the United States Government with a maturity not to exceed five (5) years from the date of purchase.
- b) Debentures or discount notes with a maturity not to exceed five (5) 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 Banks (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. Principal-only and interest-only backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.
- c) State 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 Director and authorized by the City Council. Texpool is currently rated AAAM by Standard and Poor's.

Concentration of Credit Risk – It is the policy of the Town to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of securities. The only applicable limits on the Town's current investments are Local Government Investment Pools (40%) of which the Town's portfolio is currently at 31.51% and Instrumentality Securities (70%) of which the Town's portfolio is currently at 68.49%.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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, 2005, upon which the fiscal 2006 levy is based, was \$2,793,374,452.

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, 2006 was \$.4760 per \$100 of which \$.3060 was allocated for general government and \$.1700 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, 2006 were 99.3% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the Town may at its own expense require annual reviews of appraised values. The Town may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this arrangement, the Town continues to set tax rates on Town property. However, if the effective tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation also provides that, if approved by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

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 revenues and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue of the period to which they apply. An allowance for uncollectible taxes, including principal and interest, is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2006 was \$111,492.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

C. Receivables

As of September 30, 2006, receivables for the Town's individual major funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Hotel</u>	<u>Debt Service</u>	<u>Hotel Debt Service</u>	<u>Capital Projects</u>	<u>Non-major and Internal Service Funds</u>	<u>Total</u>
Ad Valorem Taxes	\$ 402,525	\$	\$ 197,990	\$	\$	\$	\$ 600,515
Non Property Taxes	1,983,305	496,070					2,479,375
Franchise Fees	255,794						255,794
Service Fees	1,850,794						1,850,794
Ambulance	128,961						128,961
Interest	47,737	27,058	8,264	4,796	46,651	32,798	167,304
Other	<u>30,143</u>	<u>146,204</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>176,347</u>
Gross Receivables	\$ 4,699,259	\$ 669,332	\$ 206,254	\$ 4,796	\$ 46,651	\$ 32,798	\$ 5,659,090
Less: Allowance for							
Uncollectibles	<u>1,288,757</u>	<u></u>	<u>36,759</u>	<u></u>	<u></u>	<u></u>	<u>1,325,516</u>
Net Receivables	<u>\$ 3,410,502</u>	<u>\$ 669,332</u>	<u>\$ 169,495</u>	<u>\$ 4,796</u>	<u>\$ 46,651</u>	<u>\$ 32,798</u>	<u>\$ 4,333,574</u>

The allowance for uncollectible accounts represents reserves for ambulance (\$65,130), court warrant (\$1,148,895), and property tax receivables (\$111,492).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

D. Capital Assets

Capital Asset activity for the year ended September 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 63,829,186	\$ 326,537	\$	\$	\$ 64,155,723
Construction in progress	<u>25,811,029</u>	<u>197,160</u>		<u>(24,870,033)</u>	<u>1,138,156</u>
<i>Total Capital Assets, not being depreciated</i>	<u>89,640,215</u>	<u>523,697</u>		<u>(24,870,033)</u>	<u>65,293,879</u>
Capital Assets, being depreciated:					
Buildings	21,409,464				21,409,464
Improvements other than buildings	91,990,718	4,773,582		24,870,033	121,634,333
Machinery and equipment	<u>17,620,509</u>	<u>391,075</u>	<u>(2,319,634)</u>		<u>15,691,950</u>
<i>Total Capital Assets, being depreciated</i>	<u>131,020,691</u>	<u>5,164,657</u>	<u>(2,319,634)</u>	<u>24,870,033</u>	<u>158,735,747</u>
Less Accumulated Depreciation for:					
Buildings	(6,093,572)	(557,361)			(6,650,933)
Improvements other than buildings	(48,236,580)	(3,889,650)			(52,126,230)
Machinery and equipment	<u>(13,012,546)</u>	<u>(1,078,975)</u>	<u>2,318,251</u>		<u>(11,773,270)</u>
<i>Total Accumulated Depreciation</i>	<u>(67,342,698)</u>	<u>(5,525,986)</u>	<u>2,318,251</u>		<u>(70,550,433)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>63,677,993</u>	<u>(361,329)</u>	<u>(1,383)</u>	<u>24,870,033</u>	<u>88,185,314</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 153,318,208</u>	<u>\$ 162,368</u>	<u>\$ (1,383)</u>	<u>\$</u>	<u>\$ 153,479,193</u>
Business-type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 9,809,729	\$	\$	\$	\$ 9,809,729
Construction in progress	<u>3,149,068</u>	<u>801,918</u>	<u>(306,479)</u>		<u>3,644,507</u>
<i>Total Capital Assets, not being depreciated</i>	<u>12,958,797</u>	<u>801,918</u>	<u>(306,479)</u>		<u>13,454,236</u>
Capital Assets, being depreciated:					
Buildings	3,114,952				3,114,952
Improvements other than buildings	54,740,213	1,311,865			56,052,078
Machinery and equipment	<u>3,384,859</u>	<u>95,548</u>	<u>(514,788)</u>		<u>2,965,619</u>
<i>Total Capital Assets, being depreciated</i>	<u>61,240,024</u>	<u>1,407,413</u>	<u>(514,788)</u>		<u>62,132,649</u>
Less Accumulated Depreciation for:					
Buildings	(1,272,893)	(62,299)			(1,335,192)
Improvements other than buildings	(23,414,560)	(1,494,802)			(24,909,362)
Machinery and equipment	<u>(1,914,432)</u>	<u>(221,271)</u>	<u>514,788</u>		<u>(1,620,915)</u>
<i>Total Accumulated Depreciation</i>	<u>(26,601,885)</u>	<u>(1,778,372)</u>	<u>514,788</u>		<u>(27,865,469)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>34,638,139</u>	<u>(370,959)</u>			<u>34,267,180</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 47,596,936</u>	<u>\$ 430,959</u>	<u>\$ (306,479)</u>	<u>\$</u>	<u>\$ 47,721,416</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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

Governmental Activities	
General Government	\$ 358,236
Public Safety	791,975
Development Services	1,592
Visitor Services	507,033
Streets	3,116,402
Parks and Recreation	<u>750,748</u>
<i>Total Depreciation Expense-governmental activities</i>	\$ <u>5,525,986</u>
Business type activities	
Airport Fund	\$ 741,258
Utility Fund	<u>1,037,114</u>
<i>Total Depreciation Expense-business type activities</i>	\$ <u>1,778,372</u>

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2006:

Project	Estimated Commitments	Less Expenditures To Date	Total Unfinished Commitments
Airport Fuel Farm	\$ 3,983,225	\$ 3,555,875	\$ 427,350
Total	\$ <u>3,983,225</u>	\$ <u>3,555,875</u>	\$ <u>427,350</u>

E. Interlocal sanitary sewer interceptor agreement

The Town is party to an interlocal agreement, which establishes 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 is \$7,564,267. Complete financial statements for the North Dallas County Water Supply Corporation can be obtained from Greg Vicke, Secretary, North Dallas County Water Supply Corporation, 13000 William Dodson Parkway, Farmers Branch, Texas.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2006:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Obligation Bonds Series of 2000		
A series of 1,981 bonds at \$5,000 each, dated May 15, 2000, issued to improve streets, athletic facilities, and Town Hall facilities. The bonds were issued with rates ranging from 5.45% to 6.00% and mature serially through 2015. The bonds are callable at par plus accrued interest on or after February 15, 2010, in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes.	2,690,000	
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; MBIA insured		
General Obligation Bonds Series of 2001		
A series of 3,213 bonds at \$5,000 each, dated August 15, 2001. The Bonds mature serially through 2013 with interest rates that range from 4.00% to 4.35%. The bonds were issued to refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; General Obligation Bonds, Series 1995; and Combination Tax and Revenue Certificates of Obligation, Series 1997; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2011. Bonds and interest are payable from ad valorem taxes.	5,440,000	7,380,000
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG insured		
General Obligation Refunding Bonds Series of 2002		
A series of 5,075 bonds at \$5,000 each dated September 15, 2002. The bonds mature serially through 2017 with interest rates that range from 2.00% to 5.00%. The bonds were issued to fund various public improvements, refund the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; and Waterworks and Sewer Revenue Refunding Bonds, Series 1993; and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes.	11,709,769	8,425,231
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG Insured		

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Series of 2003		
<p>A series of 1,600 bonds at \$5,000 each dated June 1, 2003. The bonds mature serially through 2018 with interest rates that range from 3.0% to 3.75%. The bonds were issued for the purpose of additions and improvements to the Addison Conference Center facilities and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2014 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from a combination of ad valorem taxes and hotel occupancy taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured</p>	7,085,000	
General Obligation Bonds		
Series of 2004		
<p>A series of 2,139 bonds at \$5,000 each dated August 15, 2004. The bonds mature serially through 2018 with interest rates that range from 3.5% to 4.5%. The bonds were issued for the purpose of constructing an extension of Arapaho Road from Addison Road to Surveyor Road including construction of a bridge over Midway Road, with related pedestrian walkways, for resurfacing Belt Line Road and for engineering and design of improvements to the Belt Line Road/Dallas Parkway intersection, and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured</p>	9,660,000	
Combination Tax and Revenue Certificates of Obligation		
Series of 2004		
<p>A series of 880 bonds at \$5,000 each dated November 15, 2004. The bonds mature serially through 2020 with interest rates that range from 3.5% to 4.25%. The bonds were issued for the purpose of constructing improvements to and expanding the Addison Airport including improvements to runways, taxiways, lighting, drainage systems, and facilities, the constructing, designing, and engineering of a fuel farm, and to pay costs associated with the issuance of the certificates. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured</p>		4,185,000

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Obligation Refunding and Improvement Bonds Series of 2005		
A series of 1,571 bonds at \$5,000 each dated November 1, 2005. The bonds mature serially through 2021 with interest rates that range from 3.5% to 4.00%. The bonds were issued to fund various public improvement projects up to \$1,500,000 to include engineering and other professional services, refund the Town's outstanding General Obligation Bonds, Series 1995; Combination Tax and Revenue Certificates of Obligation, Series 1997; \$4,335,000 of General Obligation Bonds, Series 2000; and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from as valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured	<u>7,225,000</u>	
Total	\$ <u>43,809,769</u>	\$ <u>19,990,231</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

Changes in long-term liabilities:

A summary of long-term liability activity for the year ended September 30, 2006 was as follows (in thousands of dollars):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 36,865	\$ 7,855	\$ (7,995)	\$ 36,725	\$ 3,255
Certificates of Obligation	8,540		(1,455)	7,085	480
Premium on general obligation refunding bonds	239	49	(32)	256	32
Deferred loss on refunding amount on General obligation bonds	(83)	(348)	35	(396)	(35)
<i>Governmental activity long-term liabilities</i>	<u>\$ 45,561</u>	<u>\$ 7,556</u>	<u>\$ (9,447)</u>	<u>\$ 43,670</u>	<u>\$ 3,732</u>
Proprietary Funds:					
General obligation bonds	17,465		(1,660)	15,805	1,715
(Payable from utility system revenues)					
Premium on general obligation refunding bonds	101		(17)	84	17
Discount on general obligation refunding bonds	(78)		7	(71)	(7)
Deferred loss on refunding amount on General obligation bonds	(316)		42	(274)	(43)
Combination tax and revenue certificates of obligation	4,400		(215)	4,185	225
(Payable from levy of ad valorem tax)					
<i>Business-type activity long-term liabilities</i>	<u>\$ 21,572</u>	<u>\$ -</u>	<u>\$ (1,843)</u>	<u>\$ 19,729</u>	<u>\$ 1,907</u>

The Town intends to retire all of its general obligation bonds (other than those recorded in the Enterprise fund), 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 \$1,649,428 available in the General Obligation Debt Service Fund to service the general obligation bonds.

Proprietary fund-type debt is to be repaid from net revenues of the Enterprise fund and is, accordingly, recorded as Enterprise Fund debt.

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, 2006.

For the governmental activities, compensated absences are generally liquidated in the general fund and hotel fund.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

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

	Governmental Activities		Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds				
2007	2,255,000	1,428,265	1,715,000	579,063
2008	3,419,769	1,292,112	2,030,231	512,797
2009	3,555,000	1,148,125	2,110,000	435,494
2010	3,720,000	1,002,885	2,190,000	353,106
2011	3,200,000	868,723	2,485,000	248,644
2012-2016	14,915,000	2,515,012	5,275,000	191,321
2017-2021	<u>4,660,000</u>	<u>284,837</u>		
	\$ <u>36,724,769</u>	\$ <u>8,539,959</u>	\$ <u>15,805,231</u>	\$ <u>2,230,425</u>
Certificates of Obligation				
2007	480,000	226,713	225,000	159,223
2008	500,000	212,013	235,000	151,172
2009	515,000	196,787	245,000	142,772
2010	535,000	181,037	255,000	134,023
2011	555,000	164,687	265,000	124,923
2012-2016	3,095,000	530,419	1,505,000	455,925
2017-2021	<u>1,405,000</u>	<u>52,725</u>	<u>1,455,000</u>	<u>125,032</u>
	\$ <u>7,085,000</u>	\$ <u>1,564,381</u>	\$ <u>4,185,000</u>	\$ <u>1,293,070</u>

G. Property under Operating Leases

The Town leases land with a book value of \$63,560 to tenants under non-cancelable lease agreements. The following is a schedule by year of minimum lease rental receipts as of September 30, 2006.

2007	133,333
2008	140,000
2009	140,000
2010 and thereafter	<u>373,333</u>
Total	\$ <u>786,666</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

H. Interfund Transfers

Operating transfers between funds during the year ended September 30, 2006 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
Hotel Fund	\$	\$ 705,890	For payment of debt service
Hotel Debt Service Fund	705,890		For payment of debt service
Capital Projects Fund (Parks)	263,000		Fairfield Park project
General Fund		263,000	Fairfield Park project
<i>Total Transfers</i>	<u>\$ 968,890</u>	<u>\$ 968,890</u>	

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 2006, 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.

Prior to the 2001 fiscal year, the Town participated in a retained-risk program with TMLIRP under which the Town assumed the risk of paying for all individual claims with a specific stop-loss of \$175,000 and an annual aggregate stop-loss of \$525,000. The Town continues to pay for claims incurred prior to October 1, 2000. Outstanding claims associated with the risk retention program are accounted for in the General Fund and are recorded as Accounts Payable. As of September 30, 2006 there remained one open claim that represents a possible exposure to the Town of \$28,709 for future claim payments.

<u>Workers Compensation Claims</u>	<u>2006</u>	<u>2005</u>
Claims payable at beginning of year	\$ 45,286	\$ 69,170
Claims incurred and change in estimate	(1,000)	29,549
Claims paid	<u>(15,577)</u>	<u>(53,433)</u>
Claims payable at end of year	<u>\$ 28,709</u>	<u>\$ 45,286</u>

The Town offers employees health benefits through one of two plans operated by Blue Cross Blue Shield. Employees may choose either an HMO (health maintenance organization) plan or a PPO (preferred provider organization) plan. The Town also offers a dental plan through Delta Dental. The HMO, PPO, and dental plans are funded by joint contributions from the employees and the Town and are accounted for in the respective operating funds. The Blue Cross and Delta Dental plans are fully insured contracts. Monthly premiums paid to Blue Cross and Delta Dental are based upon fixed employee and dependent rates that are established each year.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

B. Employee's Retirement System

Plan Description

The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 811 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, 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 of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount 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 and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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. Plan provisions for the Town are as follows:

Deposit Rate:	7%
Matching Ratio (Town to Employee):	2-1
A member is vested after:	5 years

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.

Contributions

Under the state law governing TMRS, the actuary annually determines the Town contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the Town matching percent, which are the obligation of the Town as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the Town to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the Town contribution rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2004, valuation is effective for rates beginning January, 2006).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

The Town of Addison is one of 811 municipalities having the benefit plan administered by TMRS. Each of the municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2005 valuations are contained in the 2005 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Schedule of actuarial liabilities and funding progress:

	December 31		
	2003	2004	2005
Actuarial valuation date			
Actuarial value of assets	\$ 40,764,036	\$ 43,276,488	\$ 44,500,440
Actuarial accrued liability	49,926,573	52,145,929	54,187,138
Percentage funded	81.6%	83.0%	82.1%
Unfunded actuarial accrued liability (UAAL)	9,162,537	8,869,441	9,686,698
Annual covered payroll	12,948,046	13,021,715	13,330,709
UAAL as a percentage of covered payroll	70.8%	68.1%	72.7%

	September 30		
	2004	2005	2006
Net pension obligation (NPO) at beginning of period	\$ -	\$ -	\$ -
Annual pension cost	-	-	-
Annual required contribution (ARC)	1,671,957	1,872,450	1,885,203
Contributions made	1,671,957	1,872,450	1,885,203
Increase in NPO	-	-	-
NPO at end of period	\$ -	\$ -	\$ -

Actuarial Assumptions:

Actuarial Cost Method –	Unit Credit
Amortization Method –	Level Percent of Payroll
Remaining Amortization Method –	25 Years – Open Period
Asset Valuation Method-	Amortized Cost (to accurately reflect the requirements of GASB statement No. 25, paragraphs 36e and 138)
Investment Rate of Return –	7%
Projected Salary Increases –	None
Includes Inflation At –	None
Cost-of-Living Adjustments –	None

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

C. Contingencies

A lawsuit was filed to challenge the Town's ordinance that establishes a license fee for through-the-fence users to access the airport. The Town maintains that the Plaintiffs are using the taxi's runways and common areas of the airport and are required to help support the airport as the on-airport users do. Plaintiffs challenge the methodology of the fees established in the ordinance and they claim the fees are too high.

The case was tried in July 2005, and the court has entered an adverse judgment against the Town. While the Town expects a successful appeal of this judgment, expenses of \$423,800 and \$76,200 for FY 2005 and FY 2006 respectively have been recorded in the Airport fund to recognize the potential refund of fees collected in prior years related to this litigation.

As of September 30, 2006, other litigation is pending with respect to matters arising in the normal course of the Town's operations. The Town's management is of the opinion that the settlement of the other pending litigation will not have a material adverse effect on the Town's financial statements.

D. Keller Springs Tollway

The North Texas Tollway Authority completed in 1999 a toll tunnel that connects Midway Road and the North Dallas Tollway. The project benefits the Town by diverting traffic from Belt Line Road, which is at capacity. The project's cost was approximately \$25 million which will be funded by revenue bonds issued by the Authority. Through an agreement with the Authority, the Town has pledged to be a guarantor of the debt service associated with approximately \$2.5 million of the revenue bonds in the event the authority defaults on the bonds. Because the Authority is an extremely viable state agency, the likelihood of a default is negligible.

NOTES TO FINANCIAL STATEMENTS
September 30, 2006

E. Statement of Working Capital

Schedules of Working Capital for proprietary funds for the year ended September 30, 2006 are as follows:

SUMMARY OF CHANGES IN WORKING CAPITAL FOR PROPRIETARY FUNDS

	<u>2006</u>	<u>2005</u>
<u>AIRPORT FUND</u>		
Net income (excluding depreciation)	\$ 585,428	\$ 855,932
Net additions to fixed assets	(1,561,856)	(3,396,963)
Net decrease to long term debt	(215,000)	4,400,000
Net increase (decrease) of restricted assets	(10,000)	(215,000)
Net increase (decrease) in other	2,491	(37,360)
Working capital at the beginning of the year	<u>3,180,444</u>	<u>1,573,835</u>
Working capital at the end of the year	<u>\$ 1,981,507</u>	<u>\$ 3,180,444</u>
 <u>UTILITY FUND</u>		
Net income (excluding depreciation)	\$ 3,981,905	\$ 786,551
Net additions to fixed assets	(340,995)	(586,068)
Net retirement of long term debt	(1,682,142)	(1,594,285)
Net increase (decrease) of restricted assets	6,335	17,410
Net reduction of payables from restricted assets	(6,335)	(17,410)
Net increase in other	(39,207)	111,440
Working capital at the beginning of the year	<u>1,869,466</u>	<u>3,151,828</u>
Working capital at the end of the year	<u>\$ 3,789,027</u>	<u>\$ 1,869,466</u>
 <u>CAPITAL REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 911,595	\$ 754,245
Net additions to fixed assets	(122,469)	(460,435)
Working capital at the beginning of the year	<u>2,113,480</u>	<u>1,819,670</u>
Working capital at the end of the year	<u>\$ 2,902,606</u>	<u>\$ 2,113,480</u>
 <u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 501,903	\$ 587,817
Net additions to fixed assets	(56,447)	(86,366)
Working capital at the beginning of the year	<u>1,686,008</u>	<u>1,184,557</u>
Working capital at the end of the year	<u>\$ 2,131,464</u>	<u>\$ 1,686,008</u>



Required Supplementary Information

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Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Analysis of Funding Progress (Unaudited)
September 30, 2006

Fiscal Year	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4)	(5)	(6)	Annual Required Contributions	Actual Contributions
					Unfunded Actuarial Liability (AAL) (2)-(1)	Covered Payroll	Unfunded Actuarial Accrued Liability (AAL) as a Percentage of Covered Payroll (4)/(5)		
2001	31-Dec-00	\$ 31,515,881	\$ 37,323,380	84.40%	\$ 5,807,499	\$ 11,076,837	52.40%	\$ 1,409,302	\$ 1,409,302
2002	31-Dec-01	35,511,513	42,066,779	84.40%	6,555,266	12,362,096	53.00%	1,552,202	1,552,202
2003	31-Dec-02	37,119,311	44,437,977	83.50%	7,318,666	12,285,656	59.60%	1,549,854	1,549,854
2004	31-Dec-03	40,764,036	49,926,573	81.60%	9,162,537	12,948,046	70.80%	1,671,957	1,671,957
2005	31-Dec-04	43,276,488	52,145,929	82.99%	8,869,441	13,021,715	68.11%	1,872,450	1,872,450
2006	31-Dec-05	44,500,440	54,187,138	82.12%	9,686,698	13,330,709	72.66%	1,885,203	1,885,203

Six-year historical trend information designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits when due for plan years 2000-2006. This information can be referred to in separately issued financial reports of the pension fund.

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Major Governmental Funds

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GENERAL FUND

The **General Fund** is used to account for resources traditionally associated with the government which are not required legally or by sound financial management to be accounted for in another fund.

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Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Comparative Balance Sheets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 7,901,927	\$ 7,105,438
Receivables:		
Ad valorem taxes, including interest and penalties	327,793	254,329
Non-property taxes	1,983,305	1,878,154
Franchise fees	255,794	768,818
Service fees	701,899	219,308
Ambulance	63,831	192,407
Interest	47,737	34,430
Other	30,143	20,073
Prepaid Items	8,444	13,881
Inventories, at cost	93,392	113,207
<i>Total assets</i>	<u>\$ 11,414,265</u>	<u>\$ 10,600,045</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,302,642	\$ 1,498,536
Deferred Revenue	1,928,229	2,040,185
Intergovernmental payable	4,867	9,711
Customer deposits	3,347	1,108
<i>Total liabilities</i>	<u>3,239,085</u>	<u>3,549,540</u>
Fund Balances:		
Fund balances reserved:		
Reserved for inventories	93,392	113,207
Reserved for prepaid items	8,444	13,881
Fund balances unreserved:		
Unreserved - undesignated	<u>8,073,344</u>	<u>6,923,417</u>
Total fund balance	<u>8,175,180</u>	<u>7,050,505</u>
Total liabilities and fund balance	<u>\$ 11,414,265</u>	<u>\$ 10,600,045</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Ad Valorem Taxes	\$ 8,464,500	\$ 8,464,500	\$ 8,546,522	\$ 82,022	\$ 6,937,895
Non-Property Taxes	10,773,850	10,773,850	10,907,752	133,902	10,556,088
Franchise Fees	2,751,780	2,751,780	2,681,263	(70,517)	2,563,797
Licenses and Permits	452,160	452,160	651,408	199,248	479,239
Intergovernmental	-	-	-	-	245,789
Service Fees	1,180,910	1,180,910	1,296,693	115,783	1,145,087
Fines and Forfeitures	744,970	944,970	1,071,624	126,654	812,762
Earnings on Investments	167,000	267,000	378,492	111,492	140,149
Rental Charges	119,000	119,000	122,622	3,622	127,956
Other	27,500	152,500	178,968	26,468	106,754
<i>Total revenues</i>	<u>24,681,670</u>	<u>25,106,670</u>	<u>25,835,344</u>	<u>728,674</u>	<u>23,115,516</u>
EXPENDITURES:					
General Government	6,030,170	6,351,670	6,138,990	212,680	5,799,332
Public Safety	12,985,540	12,969,540	12,697,761	271,779	12,241,889
Development Services	637,340	637,340	563,271	74,069	553,651
Streets	1,366,140	1,456,140	1,421,464	34,676	1,276,489
Parks and Recreation	3,596,810	3,713,810	3,626,183	87,627	3,493,435
<i>Total expenditures</i>	<u>24,616,000</u>	<u>25,128,500</u>	<u>24,447,669</u>	<u>680,831</u>	<u>23,364,796</u>
Excess (deficiency) of revenues over expenditures	65,670	(21,830)	1,387,675	1,409,505	(249,280)
OTHER FINANCING SOURCES (USES):					
Transfers Out	<u>(263,000)</u>	<u>(263,000)</u>	<u>(263,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(197,330)	(284,830)	1,124,675	1,409,505	(249,280)
Fund balances at beginning of year	<u>7,050,505</u>	<u>7,050,505</u>	<u>7,050,505</u>	<u>-</u>	<u>7,299,785</u>
Fund balances at end of year	<u>\$ 6,853,175</u>	<u>\$ 6,765,675</u>	<u>\$ 8,175,180</u>	<u>\$ 1,409,505</u>	<u>\$ 7,050,505</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Revenues - Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Taxes:					
Ad Valorem Taxes:					
Current	\$ 8,419,500	\$ 8,419,500	\$ 8,484,631	\$ 65,131	\$ 6,841,239
Delinquent	25,710	25,710	15,128	(10,582)	45,642
Penalties and Interest	19,290	19,290	46,763	27,473	51,014
Total Ad Valorem	<u>8,464,500</u>	<u>8,464,500</u>	<u>8,546,522</u>	<u>82,022</u>	<u>6,937,895</u>
Non-Property Taxes:					
Sales Tax	9,924,100	9,924,100	9,941,386	17,286	9,663,892
Alcoholic Beverage Tax	849,750	849,750	966,366	116,616	892,196
Total Non-Property Taxes	<u>10,773,850</u>	<u>10,773,850</u>	<u>10,907,752</u>	<u>133,902</u>	<u>10,556,088</u>
Total Taxes	<u>19,238,350</u>	<u>19,238,350</u>	<u>19,454,274</u>	<u>215,924</u>	<u>17,493,983</u>
Franchise Fees:					
Electric franchise	1,619,430	1,619,430	1,563,239	(56,191)	1,572,257
Gas franchise	194,980	194,980	241,378	46,398	189,298
Telephone franchise	742,940	742,940	720,807	(22,133)	710,651
Cable franchise	107,430	107,430	130,128	22,698	85,588
Street rental franchise	7,000	7,000	7,236	236	6,003
Sanitation	80,000	80,000	-	(80,000)	-
Wireless network franchise	-	-	18,475	18,475	-
Total franchise fees	<u>2,751,780</u>	<u>2,751,780</u>	<u>2,681,263</u>	<u>(70,517)</u>	<u>2,563,797</u>
Licenses and Permits:					
Business licenses and permits	149,030	149,030	159,589	10,559	142,116
Building and construction permits	303,130	303,130	491,819	188,689	337,123
Total licenses and permits	<u>452,160</u>	<u>452,160</u>	<u>651,408</u>	<u>199,248</u>	<u>479,239</u>
Intergovernmental:					
Homeland Security Grant	-	-	-	-	245,789
Service Fees:					
General government	960	960	76,952	75,992	623
Public safety	759,270	759,270	767,114	7,844	710,049
Urban development	4,950	4,950	8,840	3,890	4,324
Streets and sanitation	184,180	184,180	206,134	21,954	193,071
Recreation	65,150	65,150	71,253	6,103	64,280
Interfund	166,400	166,400	166,400	-	172,740
Total service fees	<u>1,180,910</u>	<u>1,180,910</u>	<u>1,296,693</u>	<u>115,783</u>	<u>1,145,087</u>
Fines and Forfeitures:	744,970	944,970	1,071,624	126,654	812,762
Earnings on Investments:	167,000	267,000	378,492	111,492	140,149
Rental Charges:	119,000	119,000	122,622	3,622	127,956
Other:	27,500	152,500	178,968	26,468	106,754
Total revenues	<u>\$ 24,681,670</u>	<u>\$ 25,106,670</u>	<u>\$ 25,835,344</u>	<u>\$ 728,674</u>	<u>\$ 23,115,516</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
General Government:					
City Manager's Office:					
Salaries and fringe benefits	\$ 980,140	\$ 980,140	\$ 987,115	\$ (6,975)	\$ 937,621
Supplies	28,650	28,650	31,074	(2,424)	27,448
Maintenance and materials	23,840	23,840	20,900	2,940	21,069
Contractual services	223,260	239,260	229,262	9,998	210,963
Capital replacement	13,710	13,710	13,710	-	18,740
Capital Outlay	-	-	-	-	-
<i>Total City Manager's Office</i>	<u>1,269,600</u>	<u>1,285,600</u>	<u>1,282,061</u>	<u>3,539</u>	<u>1,215,841</u>
Financial & Strategic Services:					
Salaries and fringe benefits	776,390	776,390	717,945	58,445	635,969
Supplies	33,270	32,270	49,802	(17,532)	51,536
Maintenance and materials	17,450	17,450	17,925	(475)	57,413
Contractual services	173,320	174,320	206,813	(32,493)	193,374
Capital replacement	13,710	13,710	13,710	-	19,360
Capital outlay	-	-	-	-	-
<i>Total Financial & Strategic Services</i>	<u>1,014,140</u>	<u>1,014,140</u>	<u>1,006,195</u>	<u>7,945</u>	<u>957,652</u>
General Services:					
Salaries and fringe benefits	548,010	548,010	533,663	14,347	502,909
Supplies	25,450	25,450	24,643	807	18,313
Maintenance and materials	110,560	140,560	130,172	10,388	41,265
Contractual services	58,370	86,370	80,882	5,488	63,361
Capital replacement	24,560	24,560	24,554	6	35,430
Capital outlay	-	6,500	6,121	379	-
<i>Total General Services</i>	<u>766,950</u>	<u>831,450</u>	<u>800,035</u>	<u>31,415</u>	<u>661,278</u>
Municipal Court:					
Salaries and fringe benefits	333,040	333,040	329,677	3,363	314,128
Supplies	14,300	14,300	26,435	(12,135)	16,090
Maintenance and materials	2,000	2,000	2,519	(519)	2,348
Contractual services	68,600	68,600	37,785	30,815	43,029
Capital replacement	11,250	11,250	11,241	9	17,650
Capital outlay	-	-	-	-	-
<i>Total Municipal Court</i>	<u>429,190</u>	<u>429,190</u>	<u>407,657</u>	<u>21,533</u>	<u>393,245</u>
Human Resources:					
Salaries and fringe benefits	310,500	310,500	305,868	4,632	266,992
Supplies	10,800	10,800	10,825	(25)	13,126
Maintenance and materials	1,450	1,450	487	963	323
Contractual services	42,720	42,720	36,968	5,752	73,485
Capital replacement	6,100	6,100	6,100	-	7,570
Capital outlay	-	-	-	-	-
<i>Total Human Resources</i>	<u>371,570</u>	<u>371,570</u>	<u>360,248</u>	<u>11,322</u>	<u>361,496</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2005
	Budget				Actual GAAP
	Original	Final			Basis
Information Technology:					
Salaries and fringe benefits	616,470	616,470	624,702	(8,232)	577,283
Supplies	66,000	66,000	50,309	15,691	26,907
Maintenance and materials	340,120	340,120	297,335	42,785	233,606
Contractual Services	54,250	54,250	54,533	(283)	60,537
Capital replacement	11,170	11,170	11,170	-	15,810
Capital outlay	-	-	-	-	-
<i>Total Information Technology</i>	<u>1,088,010</u>	<u>1,088,010</u>	<u>1,038,049</u>	<u>49,961</u>	<u>914,143</u>
 <i>Combined Services:</i>					
Salaries and fringe benefits	50,320	70,320	69,561	759	67,531
Supplies	90,200	90,200	90,980	(780)	90,559
Maintenance and materials	-	-	-	-	-
Contractual services	641,600	741,600	659,080	82,520	748,579
Capital replacement	-	-	-	-	-
Capital outlay	-	-	-	-	-
<i>Total Combined Services</i>	<u>782,120</u>	<u>902,120</u>	<u>819,621</u>	<u>82,499</u>	<u>906,669</u>
 <i>City Council Special Projects:</i>					
Salaries and fringe benefits	27,410	27,410	27,841	(431)	28,549
Supplies	14,500	14,500	19,570	(5,070)	16,348
Maintenance and materials	-	-	-	-	-
Contractual services	264,710	385,710	375,743	9,967	341,191
Capital replacement	1,970	1,970	1,970	-	2,920
Capital outlay	-	-	-	-	-
<i>Total City Council Special Projects</i>	<u>308,590</u>	<u>429,590</u>	<u>425,124</u>	<u>4,466</u>	<u>389,008</u>
<i>Total General Government</i>	<u>6,030,170</u>	<u>6,351,670</u>	<u>6,138,990</u>	<u>212,680</u>	<u>5,799,332</u>
 Public Safety:					
<i>Police:</i>					
Salaries and fringe benefits	6,085,630	6,085,630	5,833,735	251,895	5,570,369
Supplies	281,050	281,050	273,323	7,727	268,803
Maintenance and materials	261,700	261,700	249,393	12,307	264,577
Contractual services	288,380	288,380	344,499	(56,119)	291,862
Capital replacement	478,460	478,460	478,456	4	496,430
Capital outlay	-	-	25,025	(25,025)	-
<i>Total Police</i>	<u>7,395,220</u>	<u>7,395,220</u>	<u>7,204,431</u>	<u>190,789</u>	<u>6,892,041</u>
 <i>Fire:</i>					
Salaries and fringe benefits	4,612,210	4,612,210	4,553,853	58,357	4,233,411
Supplies	179,460	179,460	181,144	(1,684)	160,996
Maintenance and materials	203,330	173,330	164,215	9,115	150,501
Contractual services	212,010	226,010	210,386	15,624	313,681
Capital replacement	383,310	383,310	383,732	(422)	414,890
Capital outlay	-	-	-	-	76,369
<i>Total Fire</i>	<u>5,590,320</u>	<u>5,574,320</u>	<u>5,493,330</u>	<u>80,990</u>	<u>5,349,848</u>
<i>Total Public Safety</i>	<u>12,985,540</u>	<u>12,969,540</u>	<u>12,697,761</u>	<u>271,779</u>	<u>12,241,889</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2005
	Budget				Actual GAAP Basis
	Original	Final			
Development Services:					
<i>Development Services:</i>					
Salaries and fringe benefits	507,560	507,560	458,166	49,394	474,108
Supplies	16,450	16,450	19,290	(2,840)	14,262
Maintenance and materials	4,650	4,650	1,353	3,297	1,347
Contractual services	92,200	92,200	67,988	24,212	44,754
Capital replacement	16,480	16,480	16,474	6	19,180
Capital outlay	-	-	-	-	-
<i>Total Development Services</i>	<u>637,340</u>	<u>637,340</u>	<u>563,271</u>	<u>74,069</u>	<u>553,651</u>
Streets:					
Salaries and fringe benefits	447,940	447,940	415,979	31,961	395,064
Supplies	21,520	21,520	19,658	1,862	17,585
Maintenance and materials	285,690	285,690	338,847	(53,157)	280,264
Contractual services	581,320	671,320	617,319	54,001	557,816
Capital replacement	29,670	29,670	29,661	9	25,760
Capital outlay	-	-	-	-	-
<i>Total Streets</i>	<u>1,366,140</u>	<u>1,456,140</u>	<u>1,421,464</u>	<u>34,676</u>	<u>1,276,489</u>
Parks and Recreation:					
<i>Parks:</i>					
Salaries and fringe benefits	1,147,350	1,147,350	1,078,671	68,679	1,015,537
Supplies	181,600	181,600	162,463	19,137	143,198
Maintenance and materials	438,840	438,840	340,725	98,115	365,966
Contractual services	504,520	554,520	695,582	(141,062)	496,386
Capital replacement	41,520	41,520	41,414	106	38,631
Capital outlay	65,000	65,000	53,740	11,260	47,357
<i>Total Parks</i>	<u>2,378,830</u>	<u>2,428,830</u>	<u>2,372,595</u>	<u>56,235</u>	<u>2,107,075</u>
<i>Recreation:</i>					
Salaries and fringe benefits	789,330	789,330	700,036	89,294	747,064
Supplies	78,640	78,640	77,233	1,407	67,769
Maintenance and materials	72,800	89,800	103,495	(13,695)	278,297
Contractual services	238,600	288,600	334,212	(45,612)	253,440
Capital replacement	38,610	38,610	38,612	(2)	39,790
Capital outlay	-	-	-	-	-
<i>Total Recreation</i>	<u>1,217,980</u>	<u>1,284,980</u>	<u>1,253,588</u>	<u>31,392</u>	<u>1,386,360</u>
<i>Total Parks and Recreation Expenditures</i>	<u>3,596,810</u>	<u>3,713,810</u>	<u>3,626,183</u>	<u>87,627</u>	<u>3,493,435</u>
Total Expenditures	<u>\$ 24,616,000</u>	<u>\$ 25,128,500</u>	<u>\$ 24,447,669</u>	<u>\$ 680,831</u>	<u>\$ 23,364,796</u>

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).

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Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Comparative Balance Sheet
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Cash and investments	\$ 4,536,608	\$ 4,482,473
Receivables:		
Accounts receivable	146,204	114,282
Occupancy taxes	496,070	419,851
Interest	27,058	23,381
<i>Total assets</i>	\$ 5,205,940	\$ 5,039,987
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 518,827	\$ 389,818
Customer deposits	48,063	32,630
<i>Total liabilities</i>	566,890	422,448
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	4,639,050	4,617,539
Total fund balance	4,639,050	4,617,539
Total liabilities and fund balance	\$ 5,205,940	\$ 5,039,987

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive(Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Hotel/motel occupancy taxes	\$ 3,990,000	\$ 4,450,000	\$ 4,679,099	\$ 229,099	\$ 4,038,131
Proceeds from special events	1,049,300	1,049,300	1,117,761	68,461	1,012,876
Conference centre rental	490,000	490,000	454,948	(35,052)	459,332
Theatre centre rental	84,000	84,000	79,418	(4,582)	80,289
Earnings on Investments	94,700	94,700	202,548	107,848	79,209
Other	-	-	5,860	5,860	6,785
<i>Total revenues</i>	<u>5,708,000</u>	<u>6,168,000</u>	<u>6,539,634</u>	<u>371,634</u>	<u>5,676,622</u>
EXPENDITURES:					
Visitor Services	799,810	799,810	718,449	81,361	687,679
Conference centre	1,056,260	1,148,260	1,118,079	30,181	850,326
Marketing	996,710	996,710	994,054	2,656	941,905
Special events	2,246,230	2,501,230	2,469,938	31,292	2,055,451
Performing arts	506,010	516,010	500,884	15,126	480,394
Capital projects	-	-	10,829	(10,829)	38,638
<i>Total expenditures</i>	<u>5,605,020</u>	<u>5,962,020</u>	<u>5,812,233</u>	<u>149,787</u>	<u>5,054,393</u>
Excess(deficiency) of revenues over expenditures	102,980	205,980	727,401	521,421	622,229
OTHER FINANCING SOURCES(USES):					
Transfers Out	(705,890)	(705,890)	(705,890)	-	(704,610)
Net change in fund balance	(602,910)	(499,910)	21,511	521,421	(82,381)
Fund balances at beginning of year	<u>4,617,539</u>	<u>4,617,539</u>	<u>4,617,539</u>	<u>-</u>	<u>4,699,920</u>
Fund balances at end of year	<u>\$ 4,014,629</u>	<u>\$ 4,117,629</u>	<u>\$ 4,639,050</u>	<u>\$ 521,421</u>	<u>\$ 4,617,539</u>

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2006
With Comparative Actual Totals for 2005

	2006			Variance with Final Budget Positive(Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Visitor Services:					
Salaries and fringe benefits	\$ 307,750	\$ 307,750	\$ 330,033	\$ (22,283)	\$ 302,556
Supplies	34,220	34,220	9,920	24,300	17,563
Maintenance and materials	21,370	21,370	22,148	(778)	19,875
Contractual services	432,520	432,520	352,398	80,122	342,565
Capital replacement	3,950	3,950	3,950	-	5,120
Capital Outlay	-	-	-	-	-
<i>Total Visitor Services</i>	<u>799,810</u>	<u>799,810</u>	<u>718,449</u>	<u>81,361</u>	<u>687,679</u>
Conference Centre:					
Salaries and fringe benefits	479,070	479,070	461,992	17,078	427,366
Supplies	75,200	87,200	95,820	(8,620)	81,223
Maintenance and materials	125,290	125,290	129,649	(4,359)	129,483
Contractual services	219,370	299,370	273,288	26,082	203,254
Capital replacement	7,330	7,330	7,330	-	9,000
Capital outlay	150,000	150,000	150,000	-	-
<i>Total Conference Centre</i>	<u>1,056,260</u>	<u>1,148,260</u>	<u>1,118,079</u>	<u>30,181</u>	<u>850,326</u>
Marketing:					
Salaries and fringe benefits	-	-	151	(151)	266
Supplies	5,500	5,500	489	5,011	552
Maintenance and materials	-	-	-	-	-
Contractual services	991,210	991,210	993,414	(2,204)	941,087
Capital replacement	-	-	-	-	-
Capital outlay	-	-	-	-	-
<i>Total Marketing</i>	<u>996,710</u>	<u>996,710</u>	<u>994,054</u>	<u>2,656</u>	<u>941,905</u>
Special Events:					
Salaries and fringe benefits	631,200	631,200	657,168	(25,968)	579,403
Supplies	15,100	45,100	24,049	21,051	82,976
Maintenance and materials	159,700	159,700	168,643	(8,943)	121,334
Contractual services	1,436,560	1,661,560	1,616,408	45,152	1,267,448
Capital replacement	3,670	3,670	3,670	-	4,290
Capital outlay	-	-	-	-	-
<i>Total Special Events</i>	<u>2,246,230</u>	<u>2,501,230</u>	<u>2,469,938</u>	<u>31,292</u>	<u>2,055,451</u>
Performing Arts:					
Salaries and fringe benefits	8,680	8,680	12,227	(3,547)	8,381
Supplies	9,220	9,220	10,699	(1,479)	10,022
Maintenance and materials	60,300	60,300	51,981	8,319	53,386
Contractual services	425,370	435,370	423,537	11,833	405,745
Capital replacement	2,440	2,440	2,440	-	2,860
Capital outlay	-	-	-	-	-
<i>Total Theatre</i>	<u>506,010</u>	<u>516,010</u>	<u>500,884</u>	<u>15,126</u>	<u>480,394</u>
Capital Projects:					
Capital Outlay	-	-	10,829	(10,829)	38,638
<i>Total expenditures</i>	<u>\$ 5,605,020</u>	<u>\$ 5,962,020</u>	<u>\$ 5,812,233</u>	<u>\$ 149,787</u>	<u>\$ 5,054,393</u>

Addison!

DEBT SERVICE FUNDS

The **General Obligation Debt Service Fund** accounts for the accumulation of resources to be used for the payment of principle and interest on the general obligation bonded debt of the Town.

The **Hotel Debt Service Fund** accounts for the accumulation of resources to be used for the payment of principle and interest on the Hotel Occupancy Tax Revenue Bonds.

Addison!®

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

General Obligation Debt Service Fund
Balance Sheet
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 1,692,337	\$ 1,407,626
Receivables:		
Ad valorem taxes, including interest and penalties	161,231	230,679
Interest	<u>8,264</u>	<u>8,015</u>
<i>Total assets</i>	<u><u>\$ 1,861,832</u></u>	<u><u>\$ 1,646,320</u></u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 37,406	\$ -
Deferred Revenue	<u>174,998</u>	<u>244,328</u>
<i>Total liabilities</i>	<u>212,404</u>	<u>244,328</u>
Fund Balances:		
Fund balances reserved:		
Reserved for debt service	<u>1,649,428</u>	<u>1,401,992</u>
<i>Total fund balance</i>	<u>1,649,428</u>	<u>1,401,992</u>
 <i>Total liabilities and fund balance</i>	 <u><u>\$ 1,861,832</u></u>	 <u><u>\$ 1,646,320</u></u>

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

General Obligation Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive(Negative)	2005
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Ad Valorem Taxes:					
Current taxes	\$ 4,677,500	\$ 4,677,500	\$ 4,712,807	\$ 35,307	\$ 5,746,136
Delinquent taxes	14,290	14,290	8,403	(5,887)	38,687
Penalty and interest	10,710	10,710	25,975	15,265	42,918
<i>Total ad valorem taxes</i>	<u>4,702,500</u>	<u>4,702,500</u>	<u>4,747,185</u>	<u>44,685</u>	<u>5,827,741</u>
Other revenues:					
Earnings on Investments	60,000	60,000	99,503	39,503	78,641
<i>Total other revenues</i>	<u>60,000</u>	<u>60,000</u>	<u>99,503</u>	<u>39,503</u>	<u>78,641</u>
<i>Total revenues</i>	<u>4,762,500</u>	<u>4,762,500</u>	<u>4,846,688</u>	<u>84,188</u>	<u>5,906,382</u>
EXPENDITURES:					
Debt Service:					
Principal Retirement	2,980,000	2,980,000	3,105,000	(125,000)	2,728,542
Interest and fiscal charges	1,592,320	1,592,320	1,505,998	86,322	3,350,466
Bond issuance costs	-	-	114,666	(114,666)	-
<i>Total expenditures</i>	<u>4,572,320</u>	<u>4,572,320</u>	<u>4,725,664</u>	<u>(153,344)</u>	<u>6,079,008</u>
Excess(deficiency) of revenues over expenditures	<u>190,180</u>	<u>190,180</u>	<u>121,024</u>	<u>(69,156)</u>	<u>(172,626)</u>
OTHER FINANCING SOURCES(USES):					
Proceeds from refunding bonds issued	-	-	6,355,000	6,355,000	-
Payment to refunded bond escrow agent	-	-	(6,228,588)	(6,228,588)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>126,412</u>	<u>126,412</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	190,180	190,180	247,436	57,256	(172,626)
Fund balances at beginning of year	<u>1,401,992</u>	<u>1,401,992</u>	<u>1,401,992</u>	<u>-</u>	<u>1,574,618</u>
Fund balances at end of year	<u>\$ 1,592,172</u>	<u>\$ 1,592,172</u>	<u>\$ 1,649,428</u>	<u>\$ 57,256</u>	<u>\$ 1,401,992</u>

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

Hotel Debt Service Fund
Balance Sheet
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 806,140	\$ 774,219
Receivables:		
Interest	4,796	4,408
<i>Total assets</i>	<u>\$ 810,936</u>	<u>\$ 778,627</u>
LIABILITIES AND FUND BALANCE:		
Fund Balances:		
Fund balances unreserved:		
Designated for debt service	\$ 810,936	\$ 778,627
<i>Total fund balance</i>	<u>\$ 810,936</u>	<u>\$ 778,627</u>

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

Hotel Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive(Negative)	2005
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Earnings on Investments	\$ 12,000	\$ 12,000	\$ 32,607	\$ 20,607	\$ 13,306
<i>Total revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>32,607</u>	<u>20,607</u>	<u>13,306</u>
EXPENDITURES:					
Debt Service:					
Principal retirement	465,000	465,000	465,000	-	450,000
Interest and fiscal charges	<u>242,390</u>	<u>242,390</u>	<u>241,188</u>	<u>1,202</u>	<u>254,912</u>
<i>Total expenditures</i>	<u>707,390</u>	<u>707,390</u>	<u>706,188</u>	<u>1,202</u>	<u>704,912</u>
Excess(deficiency) of revenues over expenditures	(695,390)	(695,390)	(673,581)	21,809	(691,606)
OTHER FINANCING SOURCES(USES):					
Transfers In	<u>705,890</u>	<u>705,890</u>	<u>705,890</u>	<u>-</u>	<u>704,610</u>
Net change in fund balance	10,500	10,500	32,309	21,809	13,004
Fund balances at beginning of year	<u>778,627</u>	<u>778,627</u>	<u>778,627</u>	<u>-</u>	<u>765,623</u>
Fund balances at end of year	<u>\$ 789,127</u>	<u>\$ 789,127</u>	<u>\$ 810,936</u>	<u>\$ 21,809</u>	<u>\$ 778,627</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those accounted for within the Town's proprietary fund). Capital projects are funded primarily by general obligation bonds.

The **Street Capital Projects** is used to account for the construction and improvement of the Town's streets.

The **Parks Capital Projects** is used to account for the construction and improvement of the Town's parks.

The **2000 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2000 general obligation bond election and capital improvement program.

The **2002 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2002 general obligation bond election and capital improvement program.

The **2004 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2004 general obligation bond election and capital improvement program.

The **2006 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2006 general obligation bond election and capital improvement program.

Addison!®

Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Schedule of Capital Projects
September 30, 2006

	<u>Street</u>	<u>Parks</u>	<u>2000</u>	<u>2002</u>	<u>2004</u>	<u>2006</u>	<u>Capital Projects</u>
ASSETS:							
Cash and investments	\$ 3,965,694	\$ 662,961	\$ -	\$ 2,140,509	\$ 733,599	\$ 376,656	\$ 7,879,419
Receivables:							
Interest	23,595	3,945	-	12,505	4,365	2,241	46,651
<i>Total assets</i>	<u>\$ 3,989,289</u>	<u>\$ 666,906</u>	<u>\$ -</u>	<u>\$ 2,153,014</u>	<u>\$ 737,964</u>	<u>\$ 378,897</u>	<u>\$ 7,926,070</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 4,833	\$ -	\$ -	\$ 4,833
Contracts and retainage payable	-	26,613	-	-	341,197	-	367,810
<i>Total liabilities</i>	<u>-</u>	<u>26,613</u>	<u>-</u>	<u>4,833</u>	<u>341,197</u>	<u>-</u>	<u>372,643</u>
Fund Balances:							
Fund balances unreserved:							
Designated for capital outlays	3,989,289	640,293	-	2,148,181	396,767	378,897	7,553,427
Total fund balance	<u>3,989,289</u>	<u>640,293</u>	<u>-</u>	<u>2,148,181</u>	<u>396,767</u>	<u>378,897</u>	<u>7,553,427</u>
Total liabilities and fund balance	<u>\$ 3,989,289</u>	<u>\$ 666,906</u>	<u>\$ -</u>	<u>\$ 2,153,014</u>	<u>\$ 737,964</u>	<u>\$ 378,897</u>	<u>\$ 7,926,070</u>

Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances and Capital Projects
Year Ended September 30, 2006

	Street	Parks	2000	2002	2004	2006	Capital Projects
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,440,734	\$ -	\$ 1,440,734
Earnings on investments	183,846	28,167	765	100,547	59,971	40,064	413,360
<i>Total revenues</i>	<u>183,846</u>	<u>28,167</u>	<u>765</u>	<u>100,547</u>	<u>1,500,705</u>	<u>40,064</u>	<u>1,854,094</u>
EXPENDITURES:							
Salaries and fringe benefits	21,145	1,252	353	27,309	325	77	50,461
Supplies	-	-	2,340	-	-	-	2,340
Engineering & contractual svcs.	17,463	25,408	68,186	241,207	89,311	8,355	449,930
Construction and equipment	-	35,230	-	-	3,597,286	1,152,735	4,785,251
<i>Total expenditures</i>	<u>38,608</u>	<u>61,890</u>	<u>70,879</u>	<u>268,516</u>	<u>3,686,922</u>	<u>1,161,167</u>	<u>5,287,982</u>
OTHER FINANCING SOURCES:							
Bond proceeds	-	-	-	-	-	1,500,000	1,500,000
Transfers In	-	263,000	-	-	-	-	263,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>263,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,763,000</u>
Net change in fund balance	145,238	229,277	(70,114)	(167,969)	(2,186,217)	378,897	(1,670,888)
Fund balances-beginning of yr.	<u>3,844,051</u>	<u>411,016</u>	<u>70,114</u>	<u>2,316,150</u>	<u>2,582,984</u>	<u>-</u>	<u>9,224,315</u>
Fund balances at end of year	<u>\$ 3,989,289</u>	<u>\$ 640,293</u>	<u>\$ -</u>	<u>\$ 2,148,181</u>	<u>\$ 396,767</u>	<u>\$ 378,897</u>	<u>\$ 7,553,427</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Comparative Balance Sheets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 3,965,694	\$ 3,822,914
Receivables:		
Interest	23,595	23,462
<i>Total assets</i>	<u>\$ 3,989,289</u>	<u>\$ 3,846,376</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 2,325
<i>Total liabilities</i>	<u>-</u>	<u>2,325</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	3,989,289	3,844,051
Total fund balance	<u>3,989,289</u>	<u>3,844,051</u>
Total liabilities and fund balance	<u>\$ 3,989,289</u>	<u>\$ 3,846,376</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
DART Grants	\$ 752,000	\$ 752,000	\$ -	\$ (752,000)	\$ -
Earnings on investments	85,000	85,000	183,846	98,846	99,815
<i>Total revenues</i>	<u>837,000</u>	<u>837,000</u>	<u>183,846</u>	<u>(653,154)</u>	<u>99,815</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	50,000	50,000	21,145	28,855	22,834
Design and engineering:					
Engineering & contractual services	138,000	138,000	17,463	120,537	369,071
Construction and equipment	1,298,000	1,298,000	-	1,298,000	3,723,630
<i>Total expenditures</i>	<u>1,486,000</u>	<u>1,486,000</u>	<u>38,608</u>	<u>1,447,392</u>	<u>4,115,535</u>
Net change in fund balance	(649,000)	(649,000)	145,238	794,238	(4,015,720)
Fund balances at beginning of year	<u>3,844,051</u>	<u>3,844,051</u>	<u>3,844,051</u>	<u>-</u>	<u>7,859,771</u>
Fund balances at end of year	<u>\$ 3,195,051</u>	<u>\$ 3,195,051</u>	<u>\$ 3,989,289</u>	<u>\$ 794,238</u>	<u>\$ 3,844,051</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Comparative Balance Sheets
September 30, 2006
With Comparative Totals for 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 662,961	\$ 459,952
Receivables:		
Interest	3,945	2,472
<i>Total assets</i>	<u>\$ 666,906</u>	<u>\$ 462,424</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 25,850
Contracts and retainage payable	26,613	25,558
<i>Total liabilities</i>	<u>26,613</u>	<u>51,408</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	640,293	411,016
Total fund balance	<u>640,293</u>	<u>411,016</u>
Total liabilities and fund balance	<u>\$ 666,906</u>	<u>\$ 462,424</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on investments	\$ 12,000	\$ 12,000	\$ 28,167	\$ 16,167	\$ 12,573
Developer contributions	184,000	184,000	-	(184,000)	-
<i>Total revenues</i>	<u>196,000</u>	<u>196,000</u>	<u>28,167</u>	<u>(167,833)</u>	<u>12,573</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	5,000	5,000	1,252	3,748	8,831
Design and engineering:					
Engineering & contractual services	53,000	53,000	25,408	27,592	37,333
Construction and equipment	779,000	779,000	35,230	743,770	256,168
<i>Total expenditures</i>	<u>837,000</u>	<u>837,000</u>	<u>61,890</u>	<u>775,110</u>	<u>302,332</u>
Excess(deficiency) of revenues over expenditures	<u>(641,000)</u>	<u>(641,000)</u>	<u>(33,723)</u>	<u>607,277</u>	<u>(289,759)</u>
OTHER FINANCING SOURCES:					
Transfers In	263,000	263,000	263,000	-	-
<i>Total Other Financing Sources</i>	<u>263,000</u>	<u>263,000</u>	<u>263,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(378,000)	(378,000)	229,277	607,277	(289,759)
Fund balances at beginning of year	411,016	411,016	411,016	-	700,775
Fund balances at end of year	<u>\$ 33,016</u>	<u>\$ 33,016</u>	<u>\$ 640,293</u>	<u>\$ 607,277</u>	<u>\$ 411,016</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2000 Capital Projects
Comparative Balance Sheets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ -	\$ 121,034
Receivables:		
Interest	-	708
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 121,742</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 51,628
<i>Total liabilities</i>	<u>-</u>	<u>51,628</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	-	70,114
Total fund balance	<u>-</u>	<u>70,114</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 121,742</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2000 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual Basis Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on investments	\$ 2,000	\$ 2,000	\$ 765	\$ (1,235)	\$ 4,970
<i>Total revenues</i>	<u>2,000</u>	<u>2,000</u>	<u>765</u>	<u>(1,235)</u>	<u>4,970</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	12,000	12,000	353	11,647	7,538
Supplies	-	-	2,340	(2,340)	-
Design and engineering:					
Engineering & contractual services	122,000	60,110	68,186	(8,076)	111,519
Construction and equipment	-	-	-	-	55,000
<i>Total expenditures</i>	<u>134,000</u>	<u>72,110</u>	<u>70,879</u>	<u>1,231</u>	<u>174,057</u>
Net change in fund balance	(132,000)	(70,110)	(70,114)	(4)	(169,087)
Fund balances at beginning of year	<u>70,114</u>	<u>70,114</u>	<u>70,114</u>	<u>-</u>	<u>239,201</u>
Fund balances at end of year	<u>\$ (61,886)</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 70,114</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Capital Projects
Comparative Balance Sheets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 2,140,509	\$ 2,307,768
Receivables:		
Interest	12,505	11,105
<i>Total assets</i>	<u>\$ 2,153,014</u>	<u>\$ 2,318,873</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,833	\$ 2,723
<i>Total liabilities</i>	<u>4,833</u>	<u>2,723</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	2,148,181	2,316,150
Total fund balance	<u>2,148,181</u>	<u>2,316,150</u>
Total liabilities and fund balance	<u>\$ 2,153,014</u>	<u>\$ 2,318,873</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 555,178
Earnings on investments	40,000	40,000	100,547	60,547	48,471
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>100,547</u>	<u>60,547</u>	<u>603,649</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	-	-	27,309	(27,309)	88,318
Design and engineering:					
Engineering & contractual services	250,000	250,000	241,207	8,793	414,414
Construction and equipment	1,205,280	1,205,280	-	1,205,280	571,018
<i>Total expenditures</i>	<u>1,455,280</u>	<u>1,455,280</u>	<u>268,516</u>	<u>1,186,764</u>	<u>1,073,750</u>
Net change in fund balance	(1,415,280)	(1,415,280)	(167,969)	1,247,311	(470,101)
Fund balances at beginning of year	<u>2,316,150</u>	<u>2,316,150</u>	<u>2,316,150</u>	-	<u>2,786,251</u>
Fund balances at end of year	<u>\$ 900,870</u>	<u>\$ 900,870</u>	<u>\$ 2,148,181</u>	<u>\$ 1,247,311</u>	<u>\$ 2,316,150</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Capital Projects
Comparative Balance Sheets
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 733,599	\$ 3,933,133
Receivables:		
Interest	4,365	18,613
<i>Total assets</i>	<u>\$ 737,964</u>	<u>\$ 3,951,746</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable	\$ -	\$ 664,231
Contracts and retainage payable	341,197	704,531
<i>Total liabilities</i>	<u>341,197</u>	<u>1,368,762</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	396,767	2,582,984
Total fund balance	<u>396,767</u>	<u>2,582,984</u>
Total liabilities and fund balance	<u>\$ 737,964</u>	<u>\$ 3,951,746</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive(Negative)	2005
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ 1,440,734	\$ 1,440,734	\$ 1,422,812
Earnings on investments	20,000	20,000	59,971	39,971	216,118
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>1,500,705</u>	<u>1,480,705</u>	<u>1,638,930</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	-	-	325	(325)	12,678
Design and engineering:					
Engineering & contractual services	-	-	89,311	(89,311)	168,664
Construction and equipment	866,810	866,810	3,597,286	(2,730,476)	9,406,253
<i>Total expenditures</i>	<u>866,810</u>	<u>866,810</u>	<u>3,686,922</u>	<u>(2,820,112)</u>	<u>9,587,595</u>
Net change in fund balance	(846,810)	(846,810)	(2,186,217)	(1,339,407)	(7,948,665)
Fund balances at beginning of year	<u>2,582,984</u>	<u>2,582,984</u>	<u>2,582,984</u>	<u>-</u>	<u>10,531,649</u>
Fund balances at end of year	<u>\$ 1,736,174</u>	<u>\$ 1,736,174</u>	<u>\$ 396,767</u>	<u>\$ (1,339,407)</u>	<u>\$ 2,582,984</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Capital Projects
Balance Sheet
September 30, 2006

	<u>2006</u>
ASSETS:	
Cash and investments	\$ 376,656
Receivables:	
Interest	<u>2,241</u>
<i>Total assets</i>	<u><u>\$ 378,897</u></u>
FUND BALANCE:	
Fund Balances:	
Fund balances unreserved:	
Designated for capital outlays	<u>378,897</u>
Total liabilities and fund balance	<u><u>\$ 378,897</u></u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive(Negative)
	Original	Final	Actual GAAP Basis	
REVENUES:				
Earnings on investments	\$ -	\$ -	\$ 40,064	\$ 40,064
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>40,064</u>	<u>40,064</u>
EXPENDITURES:				
Administration:				
Salaries and fringe benefits	-	-	77	(77)
Design and engineering:				
Engineering & contractual services	-	-	8,355	(8,355)
Construction and equipment	1,500,000	1,500,000	1,152,735	347,265
<i>Total expenditures</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,161,167</u>	<u>338,833</u>
OTHER FINANCING SOURCES:				
Bond Proceeds	1,500,000	1,500,000	1,500,000	-
<i>Total Other Financing Sources</i>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Net change in fund balance	-	-	378,897	378,897
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 378,897</u></u>	<u><u>\$ 378,897</u></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 **Arbor Fund** is used to account for transactions related to the Town's Parks Foundation, a Texas non-profit corporation organized to promote the public park system and parks and recreation programs of the Town through donations and gifts from the public, as well as, recycling revenue recovered from the Town's businesses and residents. This fund represents a blended component unit of the Town.

The **Public Safety Fund** accounts for awards of monies or property by the courts relating to cases that involve the Addison Police Department. In prior years, this fund was classified as an expendable trust fund.

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Town of Addison, Texas
Non-Major Governmental Funds

Non-Major Governmental Funds
Combining Balance Sheet
September 30, 2006

	Municipal Court	Public Safety	Arbor	Total Non- Major Governmental Funds
ASSETS:				
Cash and investments	\$ 291,150	\$ 108,431	\$ 84,333	\$ 483,914
Receivables:				
Interest	1,732	627	502	2,861
<i>Total assets</i>	<u>\$ 292,882</u>	<u>\$ 109,058</u>	<u>\$ 84,835</u>	<u>\$ 486,775</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 186,330	\$ 7,135	\$ -	\$ 193,465
<i>Total liabilities</i>	<u>186,330</u>	<u>7,135</u>	<u>-</u>	<u>193,465</u>
Fund Balances:				
Fund balances reserved:				
Reserved for court technology	53,057	-	-	53,057
Reserved for building security	53,495	-	-	53,495
Fund balances unreserved:				
Unreserved - undesignated	-	101,923	84,835	186,758
Total fund balance	<u>106,552</u>	<u>101,923</u>	<u>84,835</u>	<u>293,310</u>
Total liabilities and fund balance	<u>\$ 292,882</u>	<u>\$ 109,058</u>	<u>\$ 84,835</u>	<u>\$ 486,775</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, 2006

	Municipal Court Fund	Public Safety	Arbor	Total Non-Major Governmental Funds
REVENUES:				
Recycling proceeds	\$ -	\$ -	\$ 29,311	\$ 29,311
Contributions	-	-	10,115	10,115
Court awards	-	62,767	-	62,767
Court security fees	22,183	-	-	22,183
Court technology fees	28,519	-	-	28,519
Earnings on investments and other	14,147	3,622	3,808	21,577
<i>Total revenues</i>	<u>64,849</u>	<u>66,389</u>	<u>43,234</u>	<u>174,472</u>
EXPENDITURES:				
Salaries and fringe benefits	15,458	-	-	15,458
Supplies	3,515	-	-	3,515
Maintenance and materials	1,088	-	37,540	38,628
Contractual services	-	2,620	8,196	10,816
Capital outlay	24,753	-	-	24,753
<i>Total expenditures</i>	<u>44,814</u>	<u>2,620</u>	<u>45,736</u>	<u>93,170</u>
Net change in fund balance	20,035	63,769	(2,502)	81,302
Fund balances at beginning of year	<u>86,517</u>	<u>38,154</u>	<u>87,337</u>	<u>212,008</u>
Fund balances at end of year	<u>\$ 106,552</u>	<u>\$ 101,923</u>	<u>\$ 84,835</u>	<u>\$ 293,310</u>

Town of Addison, Texas
Non-Major Governmental Funds - Municipal Court Fund

Municipal Court Fund
Comparative Balance Sheet
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 291,150	\$ 182,107
Receivables:		
Interest	1,732	1,017
<i>Total assets</i>	<u>\$ 292,882</u>	<u>\$ 183,124</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 186,330	\$ 96,607
<i>Total liabilities</i>	<u>186,330</u>	<u>96,607</u>
Fund Balances:		
Fund balances reserved:		
Reserved for court technology	53,057	41,369
Reserved for building security	53,495	45,148
Total fund balance	<u>106,552</u>	<u>86,517</u>
Total liabilities and fund balance	<u>\$ 292,882</u>	<u>\$ 183,124</u>

Town of Addison, Texas
Non-Major Governmental Funds - Municipal Court Fund

Municipal Court Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Court security fees	\$ 15,000	\$ 15,000	\$ 22,183	\$ 7,183	\$ 15,821
Court technology fees	20,000	20,000	28,519	8,519	21,123
Earnings on investments and other	5,000	5,000	14,147	9,147	4,401
<i>Total revenues</i>	<u>40,000</u>	<u>40,000</u>	<u>64,849</u>	<u>24,849</u>	<u>41,345</u>
EXPENDITURES:					
Salaries and fringe benefits	20,000	20,000	15,458	4,542	16,413
Supplies	-	-	3,515	(3,515)	-
Maintenance and materials	-	-	1,088	(1,088)	-
Contractual services	-	-	-	-	528
Capital outlay	25,000	25,000	24,753	247	23,460
<i>Total expenditures</i>	<u>45,000</u>	<u>45,000</u>	<u>44,814</u>	<u>186</u>	<u>40,401</u>
Net change in fund balance	(5,000)	(5,000)	20,035	25,035	944
Fund balances at beginning of year	<u>86,517</u>	<u>86,517</u>	<u>86,517</u>	<u>-</u>	<u>85,573</u>
Fund balances at end of year	<u>\$ 81,517</u>	<u>\$ 81,517</u>	<u>\$ 106,552</u>	<u>\$ 25,035</u>	<u>\$ 86,517</u>

Town of Addison, Texas
Non-Major Governmental Funds - Public Safety Fund

Public Safety Fund
Comparative Balance Sheet
September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS:		
Cash and investments	\$ 108,431	\$ 44,016
Receivables:		
Interest	627	233
<i>Total assets</i>	<u>\$ 109,058</u>	<u>\$ 44,249</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 7,135	\$ 6,095
<i>Total liabilities</i>	<u>7,135</u>	<u>6,095</u>
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	101,923	38,154
Total fund balance	<u>101,923</u>	<u>38,154</u>
Total liabilities and fund balance	<u>\$ 109,058</u>	<u>\$ 44,249</u>

Town of Addison, Texas
Non-Major Governmental Funds - Public Safety Fund

Public Safety Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Court awards	\$ 5,000	\$ 5,000	\$ 62,767	\$ 57,767	\$ 13,133
Earnings on investments and other	1,000	1,000	3,622	2,622	694
<i>Total revenues</i>	<u>6,000</u>	<u>6,000</u>	<u>66,389</u>	<u>60,389</u>	<u>13,827</u>
EXPENDITURES:					
Supplies	5,000	5,000	-	5,000	-
Contractual services	5,000	5,000	2,620	2,380	4,595
<i>Total expenditures</i>	<u>10,000</u>	<u>10,000</u>	<u>2,620</u>	<u>7,380</u>	<u>4,595</u>
Net change in fund balance	(4,000)	(4,000)	63,769	67,769	9,232
Fund balances at beginning of year	<u>38,154</u>	<u>38,154</u>	<u>38,154</u>	<u>-</u>	<u>28,922</u>
Fund balances at end of year	<u>\$ 34,154</u>	<u>\$ 34,154</u>	<u>\$ 101,923</u>	<u>\$ 67,769</u>	<u>\$ 38,154</u>

Town of Addison, Texas
Non-Major Governmental Funds - Arbor Fund

Arbor Fund
Comparative Balance Sheet
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Cash and investments	\$ 84,333	\$ 103,213
Receivables:		
Interest	502	494
<i>Total assets</i>	\$ 84,835	\$ 103,707
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 16,370
<i>Total liabilities</i>	-	16,370
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	84,835	87,337
Total fund balance	84,835	87,337
Total liabilities and fund balance	\$ 84,835	\$ 103,707

Town of Addison, Texas
Non-Major Governmental Funds - Arbor Fund

Arbor Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2006
With Comparative Totals for 2005

	2006			Variance with Final Budget Positive (Negative)	2005
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Recycling proceeds	\$ 12,000	\$ 12,000	\$ 29,311	\$ 17,311	\$ 26,768
Contributions	5,000	5,000	10,115	5,115	7,425
Earnings on investments	2,000	2,000	3,808	1,808	1,489
<i>Total revenues</i>	<u>19,000</u>	<u>19,000</u>	<u>43,234</u>	<u>24,234</u>	<u>35,682</u>
EXPENDITURES:					
Maintenance	25,000	40,000	37,540	2,460	25,695
Contractual services	6,500	6,500	8,196	(1,696)	-
<i>Total expenditures</i>	<u>31,500</u>	<u>46,500</u>	<u>45,736</u>	<u>764</u>	<u>25,695</u>
Net change in fund balance	(12,500)	(27,500)	(2,502)	24,998	9,987
Fund balances at beginning of year	<u>87,337</u>	<u>87,337</u>	<u>87,337</u>	<u>-</u>	<u>77,350</u>
Fund balances at end of year	<u><u>\$ 74,837</u></u>	<u><u>\$ 59,837</u></u>	<u><u>\$ 84,835</u></u>	<u><u>\$ 24,998</u></u>	<u><u>\$ 87,337</u></u>

PROPRIETARY FUNDS

Enterprise Funds:

Enterprise funds account for operations that are financed and operated in a manner similar to private business system enterprises. The intent is to finance or recover the costs of providing goods or services to the general public on a continuing basis through user charges.

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. In prior years Airport fund transactions had been classified and reported as a special revenue 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 collection.

Internal Service Funds:

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

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

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

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Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Net Assets
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Current Assets:		
Cash and investments	\$ 3,009,893	\$ 3,952,838
Interest receivable	17,767	22,128
Accounts receivable	76,189	446,613
Inventories, at cost	147,778	-
<i>Total current assets</i>	3,251,627	4,421,579
Restricted cash and investments:		
Deferred charges	34,869	37,360
<i>Total restricted assets</i>	34,869	37,360
Noncurrent assets:		
Capital assets:		
Land	8,497,665	8,497,666
Buildings	1,386,047	1,386,047
Improvements other than buildings	16,938,923	15,981,413
Machinery and equipment	1,123,764	1,185,559
Accumulated depreciation	(11,502,779)	(10,897,695)
Total capital assets, net of accumulated depreciation	16,443,620	16,152,990
Construction in progress	3,644,507	3,114,539
<i>Net property, plant, and equipment</i>	20,088,127	19,267,529
<i>Total assets</i>	23,374,623	23,726,468
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 841,415	\$ 829,004
Current maturities of general obligation bonds	225,000	215,000
Accrued interest payable	20,395	20,865
Customer deposits	183,310	176,266
<i>Total current liabilities</i>	1,270,120	1,241,135
Long-term debt, net of current portion:		
General obligation bonds payable	3,960,000	4,185,000
Total long-term debt	3,960,000	4,185,000
<i>Total liabilities</i>	5,230,120	5,426,135
NET ASSETS:		
Invested in capital assets, net of related debt	15,937,996	16,463,920
Unrestricted	2,206,507	1,836,413
Total net assets	\$ 18,144,503	\$ 18,300,333

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2006 and 2005

	2006	2005
OPERATING REVENUES:		
Fuel flowage fees	\$ 1,025,291	\$ 1,064,775
Customs agent fees	30,416	43,783
Rental charges	3,002,820	3,097,322
Other income	3,871	9,400
<i>Total operating revenues</i>	4,062,398	4,215,280
OPERATING EXPENSES:		
Salaries and fringe benefits	255,466	217,931
Supplies	10,833	6,024
Maintenance and materials	1,580,489	1,190,182
Contractual services	1,593,356	1,559,740
Depreciation	741,258	764,184
<i>Total operating expenses</i>	4,181,402	3,738,061
OPERATING INCOME (LOSS)	(119,004)	477,219
NONOPERATING REVENUES:		
Investment Income	178,317	107,068
Intergovernmental - aviation capital grants	30,000	61,948
Refund of fees collected in prior years	(76,200)	(423,800)
Interest expense	(166,452)	(128,018)
Amortization expense	(2,491)	(2,669)
<i>Total nonoperating revenues</i>	(36,826)	(385,471)
NET INCOME (LOSS)	(155,830)	91,748
Net assets at the beginning of the year	18,300,333	18,208,585
<i>Net assets at end of year</i>	\$ 18,144,503	\$ 18,300,333

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 4,363,666	\$ 4,072,899
Payments to suppliers	(3,320,045)	(2,449,259)
Payments to employees for services	(255,466)	(227,943)
<i>Net cash provided by operating activities</i>	788,155	1,395,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Bond issuance costs incurred	-	(40,029)
Bond proceeds	-	4,400,000
Acquisition and construction of capital assets	(1,561,856)	(3,396,963)
Principal paid on general obligation bonds	(215,000)	-
Interest paid on general obligation bonds	(166,922)	(107,153)
Intergovernmental - aviation capital grants	30,000	61,948
<i>Net cash provided by (used by) capital and related financing activities</i>	(1,913,778)	917,803
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	182,678	89,652
<i>Net increase (decrease) in cash and investments</i>	(942,945)	2,403,152
Cash and investments, October 1	3,952,838	1,549,686
Cash and investments, September 30	\$ 3,009,893	\$ 3,952,838
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (119,004)	\$ 477,219
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	741,258	764,184
Refund of fees collected in prior years	(76,200)	(423,800)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	370,424	(152,855)
(Increase) decrease in inventories	(147,778)	
Increase (decrease) in customer deposits	7,044	10,474
Increase (decrease) in accounts payable	12,411	720,475
Net cash provided by operating activities	\$ 788,155	\$ 1,395,697

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Net Assets
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Current Assets:		
Cash and investments	\$ 4,650,161	\$ 3,281,116
Interest receivable	29,751	16,730
Accounts receivable	2,101,238	1,319,412
Prepaid items	99,902	-
<i>Total current assets</i>	6,881,052	4,617,258
Noncurrent assets:		
Deferred charges	254,268	284,027
Capital assets:		
Land	1,312,064	1,312,064
Buildings	1,728,905	1,728,905
Improvements other than buildings	39,113,155	38,758,800
Machinery and equipment	1,841,855	2,199,300
Accumulated depreciation	(16,362,690)	(15,704,190)
Total capital assets, net of accumulated depreciation	27,633,289	28,294,879
Construction in progress	-	34,529
<i>Net property, plant, and equipment</i>	27,633,289	28,329,408
Investment in joint venture	7,564,267	7,495,301
<i>Total assets</i>	42,332,876	40,725,994
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 654,536	\$ 364,510
Current maturities of general obligation bonds	1,682,142	1,627,142
Accrued interest payable	75,827	82,955
Customer deposits	679,520	673,185
<i>Total current liabilities</i>	3,092,025	2,747,792
Long-term debt, net of current portion:		
General obligation bonds payable	13,862,821	15,544,963
Total long-term debt	13,862,821	15,544,963
<i>Total liabilities</i>	16,954,846	18,292,755
NET ASSETS:		
Invested in capital assets, net of related debt	19,906,861	18,936,631
Unrestricted	5,471,169	3,496,608
<i>Total net assets</i>	\$ 25,378,030	\$ 22,433,239

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2006 and 2005

	2006	2005
OPERATING REVENUES:		
Water	\$ 5,697,631	\$ 3,430,830
Sewer	5,022,160	3,840,540
Penalties	51,752	50,222
Water and sewer taps	6,300	3,185
<i>Total operating revenues</i>	<u>10,777,843</u>	<u>7,324,777</u>
OPERATING EXPENSES:		
Salaries and fringe benefits	1,078,923	1,021,685
Supplies	87,730	75,190
Maintenance and materials	237,595	212,735
Contractual services	662,881	407,771
Water purchases	2,562,592	2,234,209
Wastewater purchases	1,807,619	1,783,286
Bad debts expense	-	2,196
<i>Total operating expenses (excluding depreciation)</i>	<u>6,437,340</u>	<u>5,737,072</u>
Depreciation	1,037,114	1,003,495
Total operating expenses	<u>7,474,454</u>	<u>6,740,567</u>
OPERATING INCOME (LOSS)	<u>3,303,389</u>	<u>584,210</u>
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	157,511	64,723
Rental Income	2,529	1,338
Other Income	74,024	17,877
Joint venture expenses	-	(82,051)
Interest expense	(627,996)	(695,563)
Amortization expense	(79,508)	(79,508)
Fiscal fees	(518)	(27,970)
<i>Total nonoperating revenues (expenses)</i>	<u>(473,958)</u>	<u>(801,154)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,829,431	(216,944)
Capital contributions	115,360	-
CHANGE IN NET ASSETS	<u>2,944,791</u>	<u>(216,944)</u>
Net assets at the beginning of the year	<u>22,433,239</u>	<u>22,650,183</u>
<i>Net assets at end of year</i>	<u>\$ 25,378,030</u>	<u>\$ 22,433,239</u>

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 10,002,352	\$ 7,094,094
Payments to suppliers	(5,168,293)	(4,852,833)
Payments to employees for services	(1,078,923)	(1,021,685)
<i>Net cash provided by operating activities</i>	3,755,136	1,219,576
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(340,995)	(586,887)
Principal paid on revenue and general obligation bonds	(1,627,142)	(1,469,003)
Interest paid on revenue, certificates of obligation, and general obligation bonds	(684,873)	(826,779)
Capital Contribution	115,360	-
Other	4,540	(26,986)
<i>Net cash used in capital and related financing activities</i>	(2,533,110)	(2,909,655)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	144,490	62,196
Cash received from equipment rental	2,529	1,338
<i>Net cash provided by investing activities</i>	147,019	63,534
Net decrease in cash	1,369,045	(1,626,545)
Cash and cash investments, October 1	3,281,116	4,907,661
Cash and cash investments, September 30	\$ 4,650,161	\$ 3,281,116
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 3,303,389	\$ 584,210
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,037,114	1,003,945
Change in assets and liabilities:		
(Increase) decrease in account receivables	(781,826)	(245,897)
(Increase) decrease in prepaid items	(99,902)	-
Increase (decrease) in accounts payable and accrued liabilities	290,026	(140,092)
Increase (decrease) in customer deposits	6,335	17,410
<i>Net cash provided by operating activities</i>	\$ 3,755,136	\$ 1,219,576

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statements of Net Assets
September 30, 2006

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
ASSETS:			
Current Assets:			
Cash and investments	\$ 2,885,667	\$ 2,145,859	\$ 5,031,526
Interest receivable	17,169	12,768	29,937
Inventory	-	950	950
<i>Total current assets</i>	<u>2,902,836</u>	<u>2,159,577</u>	<u>5,062,413</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	6,393,154	7,739,387	14,132,541
Accumulated depreciation	<u>(3,536,568)</u>	<u>(7,289,189)</u>	<u>(10,825,757)</u>
Total capital assets, net of accumulated depreciation	<u>2,856,586</u>	<u>450,198</u>	<u>3,306,784</u>
<i>Total assets</i>	<u>5,759,422</u>	<u>2,609,775</u>	<u>8,369,197</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued liabilities	<u>\$ 230</u>	<u>\$ 28,113</u>	<u>\$ 28,343</u>
<i>Total current liabilities</i>	<u>230</u>	<u>28,113</u>	<u>28,343</u>
NET ASSETS:			
Invested in capital assets, net of related debt	2,856,586	450,198	3,306,784
Unrestricted	<u>2,902,606</u>	<u>2,131,464</u>	<u>5,034,070</u>
Total net assets	<u>\$ 5,759,192</u>	<u>\$ 2,581,662</u>	<u>\$ 8,340,854</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statements of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2006

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES:			
Department contributions	\$ 692,622	\$ 413,730	\$ 1,106,352
<i>Total operating revenues</i>	<u>692,622</u>	<u>413,730</u>	<u>1,106,352</u>
OPERATING EXPENSES:			
Contractual services	1,248	1,247	2,495
Depreciation	<u>535,340</u>	<u>396,568</u>	<u>931,908</u>
<i>Total operating expenses</i>	<u>536,588</u>	<u>397,815</u>	<u>934,403</u>
OPERATING INCOME	<u>156,034</u>	<u>15,915</u>	<u>171,949</u>
NONOPERATING REVENUES:			
Investment Income	117,142	89,420	206,562
Sale of assets	<u>103,079</u>	<u>-</u>	<u>103,079</u>
<i>Total nonoperating revenues</i>	<u>220,221</u>	<u>89,420</u>	<u>309,641</u>
NET INCOME	376,255	105,335	481,590
Net assets at the beginning of the year	<u>5,382,937</u>	<u>2,476,327</u>	<u>7,859,264</u>
<i>Net assets at end of year</i>	<u>\$ 5,759,192</u>	<u>\$ 2,581,662</u>	<u>\$ 8,340,854</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statements of Cash Flows
Year Ended September 30, 2006

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Department contributions	\$ 692,622	\$ 413,730	\$ 1,106,352
Payments to suppliers	(75,295)	26,086	(49,209)
<i>Net cash provided by operating activities</i>	<u>617,327</u>	<u>439,816</u>	<u>1,057,143</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(122,469)	(56,447)	(178,916)
Proceeds from the sale of capital assets	103,079	-	103,079
<i>Net cash used in capital and related financing activities</i>	<u>(19,390)</u>	<u>(56,447)</u>	<u>(75,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on cash and investments	111,939	86,192	198,131
<i>Net cash provided by investing activities</i>	<u>111,939</u>	<u>86,192</u>	<u>198,131</u>
Net increase in cash and cash investments	709,876	469,561	1,179,437
Cash and cash investments, October 1	2,175,791	1,676,298	3,852,089
Cash and cash investments, September 30	<u>\$ 2,885,667</u>	<u>\$ 2,145,859</u>	<u>\$ 5,031,526</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating Income	\$ 156,034	\$ 15,915	\$ 171,949
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	535,340	396,568	931,908
Change in assets and liabilities:			
Increase (decrease) in accounts payable and accrued liabilities	(74,047)	27,333	(46,714)
Net cash provided by operating activities	<u>\$ 617,327</u>	<u>\$ 439,816</u>	<u>\$ 1,057,143</u>

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Net Assets
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,885,667	\$ 2,175,791
Interest receivable	17,169	11,966
<i>Total current assets</i>	2,902,836	2,187,757
Noncurrent assets:		
Capital assets:		
Machinery and equipment	6,393,154	6,975,323
Accumulated depreciation	(3,536,568)	(3,705,866)
Total capital assets, net of accumulated depreciation	2,856,586	3,269,457
<i>Total assets</i>	5,759,422	5,457,214
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 230	\$ 74,277
<i>Total current liabilities</i>	230	74,277
NET ASSETS:		
Invested in capital assets	2,856,586	3,269,457
Unrestricted	2,902,606	2,113,480
Total net assets	\$ 5,759,192	\$ 5,382,937

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Year Ended September 30, 2006 and 2005

	2006	2005
OPERATING REVENUES:		
Department contributions	\$ 692,622	\$ 632,662
<i>Total operating revenues</i>	692,622	632,662
OPERATING EXPENSES:		
Contractual services	1,248	1,334
Depreciation	535,340	696,651
<i>Total operating expenses</i>	536,588	697,985
OPERATING INCOME (LOSS)	156,034	(65,323)
NONOPERATING REVENUES:		
Investment Income	117,142	35,447
Sale of assets	103,079	87,470
<i>Total nonoperating revenues</i>	220,221	122,917
NET INCOME	376,255	57,594
Net assets at the beginning of the year	5,382,937	5,325,343
<i>Net assets at end of year</i>	\$ 5,759,192	\$ 5,382,937

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department contributions	\$ 692,622	\$ 632,662
Payments to suppliers	(75,295)	51,879
<i>Net cash provided by operating activities</i>	617,327	684,541
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(122,469)	(460,435)
Proceeds from the sale of capital assets	103,079	87,470
<i>Net cash used by capital and related financing activities</i>	(19,390)	(372,965)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	111,939	29,308
<i>Net increase provided by investing activities</i>	111,939	29,308
Net increase (decrease) in cash and cash investments	709,876	340,884
Cash and cash investments, October 1	2,175,791	1,834,907
Cash and cash investments, September 30	\$ 2,885,667	\$ 2,175,791
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 156,034	\$ (65,323)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	535,340	696,651
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	(74,047)	53,213
Net cash provided by operating activities	\$ 617,327	\$ 684,541

Town of Addison, Texas
Proprietary Funds - Information Technology Replacement Fund

Information Technology Replacement Fund
Comparative Statement of Net Assets
September 30, 2006 and 2005

	2006	2005
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,145,859	\$ 1,676,298
Interest receivable	12,768	9,540
Inventory	950	950
<i>Total current assets</i>	<i>2,159,577</i>	<i>1,686,788</i>
Noncurrent assets:		
Capital assets:		
Machinery and equipment	7,739,387	7,682,940
Accumulated depreciation	(7,289,189)	(6,892,621)
Total capital assets, net of accumulated depreciation	450,198	790,319
<i>Total assets</i>	<i>2,609,775</i>	<i>2,477,107</i>
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 28,113	\$ 780
<i>Total current liabilities</i>	<i>28,113</i>	<i>780</i>
NET ASSETS:		
Invested in capital assets	450,198	790,319
Unrestricted	2,131,464	1,686,008
Total net assets	\$ 2,581,662	\$ 2,476,327

Town of Addison, Texas
Proprietary Funds - Information Technology Replacement Fund

Information Technology Replacement Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Year Ended September 30, 2006 and 2005

	2006	2005
OPERATING REVENUES:		
Department contributions	\$ 413,730	\$ 564,410
<i>Total operating revenues</i>	413,730	564,410
OPERATING EXPENSES:		
Contractual services	1,247	2,115
Depreciation	396,568	488,851
<i>Total operating expenses</i>	397,815	490,966
OPERATING INCOME	15,915	73,444
NONOPERATING REVENUES:		
Investment Income	89,420	23,231
Sale of assets	-	2,291
<i>Total nonoperating revenues</i>	89,420	25,522
NET INCOME	105,335	98,966
Net assets at the beginning of the year	2,476,327	2,377,361
<i>Net assets at end of year</i>	\$ 2,581,662	\$ 2,476,327

Town of Addison, Texas
Proprietary Funds - Information Technology Replacement Fund

Information Technology Replacement Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department contributions	\$ 413,730	\$ 564,410
Payments to suppliers	26,086	(1,694)
<i>Net cash provided by operating activities</i>	<u>439,816</u>	<u>562,716</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(56,447)	(86,367)
Proceeds from the sale of capital assets	-	2,291
<i>Net cash used by capital and related financing activities</i>	<u>(56,447)</u>	<u>(84,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	86,192	17,456
<i>Net cash provided by investing activities</i>	<u>86,192</u>	<u>17,456</u>
Net increase in cash and cash investments	469,561	496,096
Cash and cash investments, October 1	1,676,298	1,180,202
Cash and cash investments, September 30	<u>\$ 2,145,859</u>	<u>\$ 1,676,298</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 15,915	\$ 73,444
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	396,568	488,851
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	27,333	421
Net cash provided by operating activities	<u>\$ 439,816</u>	<u>\$ 562,716</u>

Addison!®

Capital Assets Used in Operations of Governmental Funds

Addison!®

Town of Addison, Texas
Capital Assets Used in Operations by Governmental Funds

COMPARATIVE SCHEDULES OF CAPITAL ASSETS
BY SOURCE

September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
GENERAL FIXED ASSETS:		
Property and equipment in service:		
Land	\$ 64,155,723	\$ 63,829,186
Buildings	21,409,464	21,409,464
Improvements other than buildings	121,634,333	91,990,718
Equipment	<u>1,559,410</u>	<u>2,962,246</u>
<i>Total property and equipment in service</i>	208,758,930	180,191,614
Construction in progress	<u>1,138,156</u>	<u>25,811,029</u>
 <i>Total fixed assets</i>	 <u><u>\$ 209,897,086</u></u>	 <u><u>\$ 206,002,643</u></u>
 INVESTMENT IN GENERAL FIXED ASSETS		
BY SOURCE:		
Capital projects funds:		
General obligation bonds	\$ 83,597,123	\$ 84,773,418
Certificates of obligation bonds	11,803,679	8,994,718
Revenue bonds	5,165,573	5,165,573
DART grant	14,996,322	11,399,036
State grant	530,821	530,821
Contributions by developers	58,839,880	59,916,616
Property owners participation	1,026,857	2,700,927
Other governments	1,138,021	1,138,021
General fund:		
Revenues	19,778,464	21,311,393
State grants	-	28,244
Special revenue funds	11,755,740	9,512,671
Debt service fund	30,893	30,893
Donations	<u>1,233,713</u>	<u>500,312</u>
 <i>Total investment in general fixed assets</i>	 <u><u>\$ 209,897,086</u></u>	 <u><u>\$ 206,002,643</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

Town of Addison, Texas
Capital Assets Used in Operations by Governmental Funds

**SCHEDULES OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY**

September 30, 2006

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT:					
City manager	\$ 881,309	\$ 441,699	\$ 16,705	\$ 10,080	\$ 1,349,793
Financial & strategic services	663,561	653,868	-	51,445	1,368,874
Building and fleet services	-	829,974	5,499	110,063	945,536
Municipal court	-	-	-	65,819	65,819
Human resources	-	202,433	5,499	9,887	217,819
Council projects	-	-	-	1,623	1,623
<i>Total general government</i>	<u>1,544,870</u>	<u>2,127,974</u>	<u>27,703</u>	<u>248,917</u>	<u>3,949,464</u>
PUBLIC SAFETY:					
Police	-	2,239,994	76,209	382,811	2,699,014
Fire	-	2,341,735	74,476	251,538	2,667,749
<i>Total public safety</i>	<u>-</u>	<u>4,581,729</u>	<u>150,685</u>	<u>634,349</u>	<u>5,366,763</u>
URBAN DEVELOPMENT					
	<u>-</u>	<u>161,946</u>	<u>10,998</u>	<u>10,212</u>	<u>183,156</u>
STREETS					
	<u>52,078,036</u>	<u>302,616</u>	<u>98,696,682</u>	<u>72,612</u>	<u>151,149,946</u>
PARKS AND RECREATION:					
Parks	3,971,374	531,800	13,019,986	77,657	17,600,817
Recreation	-	8,015,919	1,106,378	56,517	9,178,814
<i>Total parks & recreation</i>	<u>3,971,374</u>	<u>8,547,719</u>	<u>14,126,364</u>	<u>134,174</u>	<u>26,779,631</u>
VISITOR SERVICES:					
Visitor services	-	179,388	12,928	34,037	226,353
Conference centre/theatre	2,680,636	5,508,092	8,608,973	417,965	17,215,666
Special events	3,880,807	-	-	7,144	3,887,951
<i>Total visitor services</i>	<u>6,561,443</u>	<u>5,687,480</u>	<u>8,621,901</u>	<u>459,146</u>	<u>21,329,970</u>
<i>Balance at end of year</i>	<u>\$ 64,155,723</u>	<u>\$ 21,409,464</u>	<u>\$ 121,634,333</u>	<u>\$ 1,559,410</u>	<u>\$ 208,758,930</u>
Construction in progress					<u>1,138,156</u>
<i>Total general fixed assets</i>					<u>\$ 209,897,086</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

Town of Addison, Texas
Capital Assets Used in Operations by Governmental Funds

**SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY**

For the fiscal year ended September 30, 2006

<u>Function and Activity</u>	<u>Balance 9/30/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 9/30/2006</u>
GENERAL GOVERNMENT:					
City manager	\$ 1,361,877	\$ -	\$ (12,084)	\$ -	\$ 1,349,793
Financial & strategic services	1,430,542	-	(61,668)	-	1,368,874
Building and fleet services	1,064,013	6,121	(124,598)	-	945,536
Municipal court	90,294	24,753	(49,228)	-	65,819
Human resources	229,672	-	(11,853)	-	217,819
Council projects	3,568	-	(1,945)	-	1,623
<i>Total general government</i>	<u>4,179,966</u>	<u>30,874</u>	<u>(261,376)</u>	<u>-</u>	<u>3,949,464</u>
PUBLIC SAFETY:					
Police	3,102,879	25,025	(428,890)	-	2,699,014
Fire	2,969,276	-	(301,527)	-	2,667,749
<i>Total public safety</i>	<u>6,072,155</u>	<u>25,025</u>	<u>(730,417)</u>	<u>-</u>	<u>5,366,763</u>
URBAN DEVELOPMENT					
	<u>195,397</u>	<u>-</u>	<u>(12,241)</u>	<u>-</u>	<u>183,156</u>
STREETS					
	<u>121,968,134</u>	<u>4,718,266</u>	<u>(87,043)</u>	<u>24,550,589</u>	<u>151,149,946</u>
PARKS AND RECREATION:					
Parks	17,000,967	373,497	(93,091)	319,444	17,600,817
Recreation	9,246,562	-	(67,748)	-	9,178,814
<i>Total parks & recreation</i>	<u>26,247,529</u>	<u>373,497</u>	<u>(160,839)</u>	<u>319,444</u>	<u>26,779,631</u>
VISITOR SERVICES:					
Visitor Services	267,154	-	(40,801)	-	226,353
Conference Centre/Theatre	17,364,764	164,617	(313,715)	-	17,215,666
Special events	3,896,515	-	(8,564)	-	3,887,951
<i>Total visitor services</i>	<u>21,528,433</u>	<u>164,617</u>	<u>(363,080)</u>	<u>-</u>	<u>21,329,970</u>
<i>Total general fixed assets allocated by function</i>	<u>180,191,614</u>	<u>5,312,279</u>	<u>(1,614,996)</u>	<u>24,870,033</u>	<u>208,758,930</u>
Construction in progress	<u>25,811,029</u>	<u>197,160</u>	<u>-</u>	<u>(24,870,033)</u>	<u>1,138,156</u>
<i>Total general fixed assets</i>	<u>\$ 206,002,643</u>	<u>\$ 5,509,439</u>	<u>\$ (1,614,996)</u>	<u>\$ -</u>	<u>\$ 209,897,086</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

Addison!®

Long Term Debt Schedules

Addison!®

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2000
BONDS OUTSTANDING: \$2,690,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	615,000.00	76,977.50	691,977.50	
August	2007	-	58,527.50	58,527.50	750,505.00
February	2008	655,000.00	58,527.50	713,527.50	
August	2008	-	38,877.50	38,877.50	752,405.00
February	2009	690,000.00	38,877.50	728,877.50	
August	2009	-	20,075.00	20,075.00	748,952.50
February	2010 *	730,000.00	20,075.00	750,075.00	
August	2010	-	-	-	750,075.00
<i>Total</i>		\$ <u>2,690,000.00</u>	\$ <u>311,937.50</u>	\$ <u>3,001,937.50</u>	\$ <u>3,001,937.50</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
BONDS OUTSTANDING: \$12,820,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	820,000.00	286,186.25	1,106,186.25	
August	2007	-	269,786.25	269,786.25	1,375,972.50
February	2008	2,085,000.00	269,786.25	2,354,786.25	
August	2008	-	217,661.25	217,661.25	2,572,447.50
February	2009	2,285,000.00	217,661.25	2,502,661.25	
August	2009	-	169,105.00	169,105.00	2,671,766.25
February	2010	3,420,000.00	169,105.00	3,589,105.00	
August	2010	-	100,705.00	100,705.00	3,689,810.00
February	2011	2,910,000.00	100,705.00	3,010,705.00	
August	2011	-	27,955.00	27,955.00	3,038,660.00
February	2012 *	640,000.00	27,955.00	667,955.00	
August	2012	-	14,355.00	14,355.00	682,310.00
February	2013	660,000.00	14,355.00	674,355.00	
August	2013	-	-	-	674,355.00
<i>Total</i>		<u>\$ 12,820,000.00</u>	<u>\$ 1,885,321.25</u>	<u>\$ 14,705,321.25</u>	<u>\$ 14,705,321.25</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$5,440,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	5,000.00	120,873.75	125,873.75	
August	2007	-	120,773.75	120,773.75	246,647.50
February	2008	1,125,000.00	120,773.75	1,245,773.75	
August	2008	-	92,648.75	92,648.75	1,338,422.50
February	2009	1,175,000.00	92,648.75	1,267,648.75	
August	2009	-	67,680.00	67,680.00	1,335,328.75
February	2010	1,230,000.00	67,680.00	1,297,680.00	
August	2010	-	43,080.00	43,080.00	1,340,760.00
February	2011	605,000.00	43,080.00	648,080.00	
August	2011	-	27,955.00	27,955.00	676,035.00
February	2012	640,000.00	27,955.00	667,955.00	
August	2012	-	14,355.00	14,355.00	682,310.00
February	2013	660,000.00	14,355.00	674,355.00	
August	2013	-	-	-	674,355.00
<i>Total</i>		<u>\$ 5,440,000.00</u>	<u>\$ 853,858.75</u>	<u>\$ 6,293,858.75</u>	<u>\$ 6,293,858.75</u>

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
BONDS OUTSTANDING: \$20,135,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	1,795,000.00	360,631.25	2,155,631.25	
August	2007	-	338,193.75	338,193.75	2,493,825.00
February	2008	1,995,000.00	338,193.75	2,333,193.75	
August	2008	-	310,762.51	310,762.51	2,643,956.26
February	2009	1,945,000.00	310,762.51	2,255,762.51	
August	2009	-	281,587.51	281,587.51	2,537,350.02
February	2010	975,000.00	281,587.51	1,256,587.51	
August	2010	-	265,743.76	265,743.76	1,522,331.27
February	2011	1,190,000.00	265,743.76	1,455,743.76	
August	2011	-	245,662.51	245,662.51	1,701,406.27
February	2012 *	3,635,000.00	245,662.51	3,880,662.51	
August	2012	-	182,050.01	182,050.01	4,062,712.52
February	2013	3,770,000.00	182,050.01	3,952,050.01	
August	2013	-	113,718.75	113,718.75	4,065,768.76
February	2014	1,125,000.00	113,718.75	1,238,718.75	
August	2014	-	92,625.00	92,625.00	1,331,343.75
February	2015	1,175,000.00	92,625.00	1,267,625.00	
August	2015	-	63,250.00	63,250.00	1,330,875.00
February	2016	1,235,000.00	63,250.00	1,298,250.00	
August	2016	-	32,375.00	32,375.00	1,330,625.00
February	2017	1,295,000.00	32,375.00	1,327,375.00	
August	2017	-	-	-	1,327,375.00
<i>Total</i>		\$ <u>20,135,000.00</u>	\$ <u>4,212,568.85</u>	\$ <u>24,347,568.85</u>	\$ <u>24,347,568.85</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$11,709,768.93

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	895,000.00	222,637.45	1,117,637.45	
August	2007	-	211,449.95	211,449.95	1,329,087.40
February	2008	924,768.93	211,449.95	1,136,218.88	
August	2008	-	198,734.38	198,734.38	1,334,953.26
February	2009	945,000.00	198,734.38	1,143,734.38	
August	2009	-	184,559.38	184,559.38	1,328,293.76
February	2010	975,000.00	184,559.38	1,159,559.38	
August	2010	-	168,715.63	168,715.63	1,328,275.01
February	2011	1,010,000.00	168,715.63	1,178,715.63	
August	2011	-	151,671.88	151,671.88	1,330,387.51
February	2012 *	1,045,000.00	151,671.88	1,196,671.88	
August	2012	-	133,384.38	133,384.38	1,330,056.26
February	2013	1,085,000.00	133,384.38	1,218,384.38	
August	2013	-	113,718.75	113,718.75	1,332,103.13
February	2014	1,125,000.00	113,718.75	1,238,718.75	
August	2014	-	92,625.00	92,625.00	1,331,343.75
February	2015	1,175,000.00	92,625.00	1,267,625.00	
August	2015	-	63,250.00	63,250.00	1,330,875.00
February	2016	1,235,000.00	63,250.00	1,298,250.00	
August	2016	-	32,375.00	32,375.00	1,330,625.00
February	2017	1,295,000.00	32,375.00	1,327,375.00	
August	2017	-	-	-	1,327,375.00
<i>Total</i>		\$ <u>11,709,768.93</u>	\$ <u>2,923,606.15</u>	\$ <u>14,633,375.08</u>	\$ <u>14,633,375.08</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SUPPORTED BY HOTEL FUND
SERIES 2003
BONDS OUTSTANDING: \$7,085,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	480,000.00	116,956.25	596,956.25	
August	2007	-	109,756.25	109,756.25	706,712.50
February	2008	500,000.00	109,756.25	609,756.25	
August	2008	-	102,256.25	102,256.25	712,012.50
February	2009	515,000.00	102,256.25	617,256.25	
August	2009	-	94,531.25	94,531.25	711,787.50
February	2010	535,000.00	94,531.25	629,531.25	
August	2010	-	86,506.25	86,506.25	716,037.50
February	2011	555,000.00	86,506.25	641,506.25	
August	2011	-	78,181.25	78,181.25	719,687.50
February	2012	575,000.00	78,181.25	653,181.25	
August	2012	-	68,837.50	68,837.50	722,018.75
February	2013	595,000.00	68,837.50	663,837.50	
August	2013	-	58,425.00	58,425.00	722,262.50
February	2014 *	620,000.00	58,425.00	678,425.00	
August	2014	-	48,350.00	48,350.00	726,775.00
February	2015	640,000.00	48,350.00	688,350.00	
August	2015	-	37,550.00	37,550.00	725,900.00
February	2016	665,000.00	37,550.00	702,550.00	
August	2016	-	25,912.50	25,912.50	728,462.50
February	2017	690,000.00	25,912.50	715,912.50	
August	2017	-	13,406.25	13,406.25	729,318.75
February	2018	715,000.00	13,406.25	728,406.25	
August	2018	-	-	-	728,406.25
<i>Total</i>		\$ <u>7,085,000.00</u>	\$ <u>1,564,381.25</u>	\$ <u>8,649,381.25</u>	\$ <u>8,649,381.25</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2004
BONDS OUTSTANDING: \$9,660,000.00

Payment		Principal	Interest	Payment Total	Fiscal Year Total
Month	Year				
February	2007	555,000.00	188,856.25	743,856.25	
August	2007	-	179,143.75	179,143.75	923,000.00
February	2008	580,000.00	179,143.75	759,143.75	
August	2008	-	168,993.75	168,993.75	928,137.50
February	2009	610,000.00	168,993.75	778,993.75	
August	2009	-	158,318.75	158,318.75	937,312.50
February	2010	640,000.00	158,318.75	798,318.75	
August	2010	-	147,118.75	147,118.75	945,437.50
February	2011	670,000.00	147,118.75	817,118.75	
August	2011	-	135,393.75	135,393.75	952,512.50
February	2012	700,000.00	135,393.75	835,393.75	
August	2012	-	123,143.75	123,143.75	958,537.50
February	2013	730,000.00	123,143.75	853,143.75	
August	2013	-	109,456.25	109,456.25	962,600.00
February	2014	765,000.00	109,456.25	874,456.25	
August	2014	-	95,112.50	95,112.50	969,568.75
February	2015 *	805,000.00	95,112.50	900,112.50	
August	2015	-	79,012.50	79,012.50	979,125.00
February	2016	840,000.00	79,012.50	919,012.50	
August	2016	-	62,212.50	62,212.50	981,225.00
February	2017	880,000.00	62,212.50	942,212.50	
August	2017	-	42,412.50	42,412.50	984,625.00
February	2018	920,000.00	42,412.50	962,412.50	
August	2018	-	21,712.50	21,712.50	984,125.00
February	2019	965,000.00	21,712.50	986,712.50	
August	2019	-	-	-	986,712.50
Total		\$ 9,660,000.00	\$ 2,832,918.75	\$ 12,492,918.75	\$ 12,492,918.75

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2005
BONDS OUTSTANDING: \$7,225,000.00

Payment		Principal	Interest	Payment Total	Fiscal Year Total
Month	Year				
February	2007	1,185,000.00	136,362.50	1,321,362.50	
August	2007	-	112,662.50	112,662.50	1,434,025.00
February	2008	135,000.00	112,662.50	247,662.50	
August	2008	-	110,300.00	110,300.00	357,962.50
February	2009	135,000.00	110,300.00	245,300.00	
August	2009	-	107,937.50	107,937.50	353,237.50
February	2010	145,000.00	107,937.50	252,937.50	
August	2010	-	105,400.00	105,400.00	358,337.50
February	2011	915,000.00	105,400.00	1,020,400.00	
August	2011	-	89,387.50	89,387.50	1,109,787.50
February	2012	945,000.00	89,387.50	1,034,387.50	
August	2012	-	72,850.00	72,850.00	1,107,237.50
February	2013 *	980,000.00	72,850.00	1,052,850.00	
August	2013	-	55,700.00	55,700.00	1,108,550.00
February	2014	1,020,000.00	55,700.00	1,075,700.00	
August	2014	-	35,300.00	35,300.00	1,111,000.00
February	2015	1,060,000.00	35,300.00	1,095,300.00	
August	2015	-	14,100.00	14,100.00	1,109,400.00
February	2016	105,000.00	14,100.00	119,100.00	
August	2016	-	12,000.00	12,000.00	131,100.00
February	2017	110,000.00	12,000.00	122,000.00	
August	2017	-	9,800.00	9,800.00	131,800.00
February	2018	115,000.00	9,800.00	124,800.00	
August	2018	-	7,500.00	7,500.00	132,300.00
February	2019	120,000.00	7,500.00	127,500.00	
August	2019	-	5,100.00	5,100.00	132,600.00
February	2020	125,000.00	5,100.00	130,100.00	
August	2020	-	2,600.00	2,600.00	132,700.00
February	2021	130,000.00	2,600.00	132,600.00	
February	2021	-	-	-	132,600.00
Total		\$ 7,225,000.00	\$ 1,617,637.50	\$ 8,842,637.50	\$ 8,842,637.50

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2006 to Maturity

**GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS
FOR GOVERNMENTAL ACTIVITIES****

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3,735,000.00	1,654,977.40	5,389,977.40
2008	3,919,768.93	1,504,124.33	5,423,893.26
2009	4,070,000.00	1,344,912.51	5,414,912.51
2010	4,255,000.00	1,183,922.51	5,438,922.51
2011	3,755,000.00	1,033,410.01	4,788,410.01
2012	3,905,000.00	895,160.01	4,800,160.01
2013	4,050,000.00	749,870.63	4,799,870.63
2014	3,530,000.00	608,687.50	4,138,687.50
2015	3,680,000.00	465,300.00	4,145,300.00
2016	2,845,000.00	326,412.50	3,171,412.50
2017	2,975,000.00	198,118.75	3,173,118.75
2018	1,750,000.00	94,831.25	1,844,831.25
2019	1,085,000.00	34,312.50	1,119,312.50
2020	125,000.00	7,700.00	132,700.00
2021	130,000.00	2,600.00	132,600.00
<i>Total</i>	\$ <u>43,809,768.93</u>	\$ <u>10,104,339.90</u>	\$ <u>53,914,108.83</u>

** Exclusive of portions of debt supported by the Airport, and Water and Sewer funds.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$7,380,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	815,000.00	165,312.50	980,312.50	
August	2007		149,012.50	149,012.50	1,129,325.00
February	2008	960,000.00	149,012.50	1,109,012.50	
August	2008		125,012.50	125,012.50	1,234,025.00
February	2009	1,110,000.00	125,012.50	1,235,012.50	
August	2009		101,425.00	101,425.00	1,336,437.50
February	2010	2,190,000.00	101,425.00	2,291,425.00	
August	2010		57,625.00	57,625.00	2,349,050.00
February	2011	2,305,000.00	57,625.00	2,362,625.00	
August	2011	-	-	-	2,362,625.00
<i>Total</i>		\$ <u>7,380,000.00</u>	\$ <u>1,031,462.50</u>	\$ <u>8,411,462.50</u>	\$ <u>8,411,462.50</u>

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$8,425,231.07

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	900,000.00	137,993.80	1,037,993.80	
August	2007	-	126,743.80	126,743.80	1,164,737.60
February	2008	1,070,231.07	126,743.80	1,196,974.87	
August	2008	-	112,028.13	112,028.13	1,309,003.00
February	2009	1,000,000.00	112,028.13	1,112,028.13	
August	2009	-	97,028.13	97,028.13	1,209,056.26
February	2010	-	97,028.13	97,028.13	
August	2010	-	97,028.13	97,028.13	194,056.26
February	2011	180,000.00	97,028.13	277,028.13	
August	2011	-	93,990.63	93,990.63	371,018.76
February	2012 *	2,590,000.00	93,990.63	2,683,990.63	
August	2012	-	48,665.63	48,665.63	2,732,656.26
February	2013	2,685,000.00	48,665.63	2,733,665.63	
August	2013	-	-	-	2,733,665.63
<i>Total</i>		<u>\$ 8,425,231.07</u>	<u>\$ 1,288,962.70</u>	<u>\$ 9,714,193.77</u>	<u>\$ 9,714,193.77</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2006 to Maturity

WATER AND SEWER FUND*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,715,000.00	\$ 579,062.60	\$ 2,294,062.60
2008	2,030,231.07	512,796.93	2,543,028.00
2009	2,110,000.00	435,493.76	2,545,493.76
2010	2,190,000.00	353,106.26	2,543,106.26
2011	2,485,000.00	248,643.76	2,733,643.76
2012	2,590,000.00	142,656.26	2,732,656.26
2013	<u>2,685,000.00</u>	<u>48,665.63</u>	<u>2,733,665.63</u>
<i>Total</i>	<u>\$ 15,805,231.07</u>	<u>\$ 2,320,425.20</u>	<u>\$ 18,125,656.27</u>

* Includes general obligation and certificates of obligation bonds.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2004
SUPPORTED BY AIRPORT FUND
BONDS OUTSTANDING: \$4,185,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2007	225,000.00	81,580.00	306,580.00	
August	2007	-	77,642.50	77,642.50	384,222.50
February	2008	235,000.00	77,642.50	312,642.50	
August	2008	-	73,530.00	73,530.00	386,172.50
February	2009	245,000.00	73,530.00	318,530.00	
August	2009	-	69,242.50	69,242.50	387,772.50
February	2010	255,000.00	69,242.50	324,242.50	
August	2010	-	64,780.00	64,780.00	389,022.50
February	2011	265,000.00	64,780.00	329,780.00	
August	2011	-	60,142.50	60,142.50	389,922.50
February	2012	275,000.00	60,142.50	335,142.50	
August	2012	-	54,642.50	54,642.50	389,785.00
February	2013	290,000.00	54,642.50	344,642.50	
August	2013	-	48,842.50	48,842.50	393,485.00
February	2014	300,000.00	48,842.50	348,842.50	
August	2014	-	42,842.50	42,842.50	391,685.00
February	2015 *	315,000.00	42,842.50	357,842.50	
August	2015	-	36,542.50	36,542.50	394,385.00
February	2016	325,000.00	36,542.50	361,542.50	
August	2016	-	30,042.50	30,042.50	391,585.00
February	2017	340,000.00	30,042.50	370,042.50	
August	2017	-	23,242.50	23,242.50	393,285.00
February	2018	355,000.00	23,242.50	378,242.50	
August	2018	-	15,965.00	15,965.00	394,207.50
February	2019	370,000.00	15,965.00	385,965.00	
August	2019	-	8,287.50	8,287.50	394,252.50
February	2020	390,000.00	8,287.50	398,287.50	
August	2020	-	-	-	398,287.50
<i>Total</i>		\$ <u>4,185,000.00</u>	\$ <u>1,293,070.00</u>	\$ <u>5,478,070.00</u>	\$ <u>5,478,070.00</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**
From September 30, 2006 to Maturity

DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1,940,000.00	738,285.10	2,678,285.10
2008	2,265,231.07	663,969.43	2,929,200.50
2009	2,355,000.00	578,266.26	2,933,266.26
2010	2,445,000.00	487,128.76	2,932,128.76
2011	2,750,000.00	373,566.26	3,123,566.26
2012	2,865,000.00	257,441.26	3,122,441.26
2013	2,975,000.00	152,150.63	3,127,150.63
2014	300,000.00	91,685.00	391,685.00
2015	315,000.00	79,385.00	394,385.00
2016	325,000.00	66,585.00	391,585.00
2017	340,000.00	53,285.00	393,285.00
2018	355,000.00	39,207.50	394,207.50
2019	370,000.00	24,252.50	394,252.50
2020	390,000.00	8,287.50	398,287.50
<i>Total</i>	<u>\$ 19,990,231.07</u>	<u>\$ 3,613,495.20</u>	<u>\$ 23,603,726.27</u>

* Includes general obligation and certificates of obligation bonds issued for water/sewer and airport purposes.

Town of Addison, Texas
Long-Term Debt Schedules

SUMMARY OF DEBT SERVICE
From September 30, 2006 to Maturity

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Tax and Revenue Certificates of Obligation</u>	<u>Total Requirements</u>
2007	6,977,327.50	1,090,935.00	8,068,262.50
2008	7,254,908.76	1,098,185.00	8,353,093.76
2009	7,248,618.77	1,099,560.00	8,348,178.77
2010	7,265,991.27	1,105,060.00	8,371,051.27
2011	6,802,366.27	1,109,610.00	7,911,976.27
2012	6,810,797.52	1,111,803.75	7,922,601.27
2013	6,811,273.76	1,115,747.50	7,927,021.26
2014	3,411,912.50	1,118,460.00	4,530,372.50
2015	3,419,400.00	1,120,285.00	4,539,685.00
2016	2,442,950.00	1,120,047.50	3,562,997.50
2017	2,443,800.00	1,122,603.75	3,566,403.75
2018	1,116,425.00	1,122,613.75	2,239,038.75
2019	1,119,312.50	394,252.50	1,513,565.00
2020	132,700.00	398,287.50	530,987.50
2021	132,600.00		132,600.00
	<u>63,390,383.85</u>	<u>14,127,451.25</u>	<u>77,517,835.10</u>
Less amounts representing interest	<u>10,860,383.85</u>	<u>2,857,451.25</u>	<u>13,717,835.10</u>
<i>Total Principal</i>	<u>\$ 52,530,000.00</u>	<u>\$ 11,270,000.00</u>	<u>\$ 63,800,000.00</u>

Town of Addison, Texas
Long-Term Debt Schedules

**SUMMARY OF TAX SUPPORTED
DEBT REQUIREMENTS**
From September 30, 2006 to Maturity

Fiscal Year	General Obligation Debt Service Requirements	Certificates of Obligation Debt Service Requirements	Less Amount Supported by Hotel Fund ⁽¹⁾	Less Amount Supported by Airport Fund ⁽¹⁾	Less Amount Supported by Water and Sewer Fund ⁽¹⁾	Net Tax Supported Debt Service Requirements ⁽²⁾
2007	6,977,327.50	1,090,935.00	706,712.50	384,222.50	2,294,062.60	4,683,264.90
2008	7,254,908.76	1,098,185.00	712,012.50	386,172.50	2,543,028.00	4,711,880.76
2009	7,248,618.77	1,099,560.00	711,787.50	387,772.50	2,545,493.76	4,703,125.01
2010	7,265,991.27	1,105,060.00	716,037.50	389,022.50	2,543,106.26	4,722,885.01
2011	6,802,366.27	1,109,610.00	719,687.50	389,922.50	2,733,643.76	4,068,722.51
2012	6,810,797.52	1,111,803.75	722,018.75	389,785.00	2,732,656.26	4,078,141.26
2013	6,811,273.76	1,115,747.50	722,262.50	393,485.00	2,733,665.63	4,077,608.13
2014	3,411,912.50	1,118,460.00	726,775.00	391,685.00	-	3,411,912.50
2015	3,419,400.00	1,120,285.00	725,900.00	394,385.00	-	3,419,400.00
2016	2,442,950.00	1,120,047.50	728,462.50	391,585.00	-	2,442,950.00
2017	2,443,800.00	1,122,603.75	729,318.75	393,285.00	-	2,443,800.00
2018	1,116,425.00	1,122,613.75	728,406.25	394,207.50	-	1,116,425.00
2019	1,119,312.50	394,252.50	-	394,252.50	-	1,119,312.50
2020	132,700.00	398,287.50	-	398,287.50	-	132,700.00
2021	132,600.00	-	-	-	-	132,600.00
Total	\$ 63,390,383.85	\$ 14,127,451.25	\$ 8,649,381.25	\$ 5,478,070.00	\$ 18,125,656.27	\$ 45,264,727.58

⁽¹⁾ By ordinance, all General Obligation Bond debt is backed by the ad valorem taxing power of the Town. By budget, the debt for certain specified refunded bonds and certificates will continue to be paid by using funds derived from other sources which are listed below:

Water and Sewer Improvements - Debt paid by operations revenue of the Water and Sewer fund.
Arts and Event District Improvements - Debt paid by operations revenue of the Hotel fund.
Addison Airport Improvements - Debt paid by operations revenue of the Airport fund.

⁽²⁾ The Net Tax Supported Debt Service Requirements show the actual ad valorem tax burden placed on the taxpayers, most of which are commercial businesses rather than resident citizens.

**STATISTICAL
SECTION
(Unaudited)**

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Addison!®

STATISTICAL SECTION

(Unaudited)

The Town of Addison's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the Town's most significant local revenue source, the property tax.	5-7
Debt Capacity	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	8-11
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	12-13
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	14-16

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Net Assets by component
Last five fiscal years
(acruial basis of accounting)

	2002	2003	2004	2005	2006
Governmental activities					
Invested in Capital Assets, net of related debt	\$ 109,193,571	\$ 108,172,454	\$ 114,752,714	\$ 117,007,853	\$ 117,537,709
Restricted for Debt Service	1,881,494	2,113,424	1,574,618	1,408,795	1,578,392
Unrestricted	<u>16,219,767</u>	<u>16,955,351</u>	<u>15,551,534</u>	<u>17,758,209</u>	<u>20,148,886</u>
Total Governmental activities Net Assets	<u>\$ 127,294,832</u>	<u>\$ 127,241,229</u>	<u>\$ 131,878,866</u>	<u>\$ 136,174,857</u>	<u>\$ 139,264,987</u>
Business-type Activities					
Invested in Capital Assets, net of related debt	\$ 24,206,957	\$ 26,664,196	\$ 34,664,102	\$ 35,400,551	\$ 35,844,857
Unrestricted	<u>16,286,081</u>	<u>14,276,388</u>	<u>6,194,666</u>	<u>5,333,021</u>	<u>7,677,676</u>
Total Business-type activities Net Assets	<u>\$ 40,493,038</u>	<u>\$ 40,940,584</u>	<u>\$ 40,858,768</u>	<u>\$ 40,733,572</u>	<u>\$ 43,522,533</u>
Primary Government					
Invested in Capital Assets, net of related debt	\$ 133,400,528	\$ 134,836,650	\$ 149,416,816	\$ 152,408,404	\$ 153,382,566
Restricted for Debt Service	1,881,494	2,113,424	1,574,618	1,408,795	1,578,392
Unrestricted	<u>32,505,848</u>	<u>31,231,739</u>	<u>21,746,200</u>	<u>23,091,230</u>	<u>27,826,562</u>
Total Primary Government Net Assets	<u>\$ 167,787,870</u>	<u>\$ 168,181,813</u>	<u>\$ 172,737,634</u>	<u>\$ 176,908,429</u>	<u>\$ 182,787,520</u>

Note: Governmental activities Net Assets, restricted for debt service, was restated for fiscal years 2002, 2003, and 2004 for comparative purposes.

Town of Addison, Texas
Statistical Section

Table 2

Changes in net assets
for the last five fiscal years
(accrual basis of accounting)

Expenses	2002	2003	2004	2005	2006
Governmental Activities:					
General government	\$ 5,729,867	\$ 5,177,758	\$ 5,771,545	\$ 5,929,812	\$ 6,251,658
Public safety	11,895,570	10,982,315	11,434,040	12,136,999	12,641,284
Development services	524,227	489,613	502,033	553,651	549,107
Streets	4,879,415	4,897,731	4,047,277	3,873,029	4,562,905
Parks and recreation	3,852,873	3,633,439	3,719,576	4,084,150	4,305,515
Visitors services	5,639,658	5,117,318	5,223,648	5,524,971	6,151,819
Interest on Long-term Debt	1,835,831	1,998,762	2,211,265	1,960,226	1,755,697
Total governmental activities	<u>34,357,441</u>	<u>32,296,936</u>	<u>32,909,384</u>	<u>34,062,838</u>	<u>36,217,985</u>
Business-type activities:					
Airport	3,573,316	3,492,184	4,125,194	4,292,548	4,426,545
Utilities	7,543,644	7,324,758	7,495,051	7,624,573	8,182,476
Total business-type activities	<u>11,116,960</u>	<u>10,816,942</u>	<u>11,620,245</u>	<u>11,917,121</u>	<u>12,609,021</u>
Total primary government expenses	<u>\$ 45,474,401</u>	<u>\$ 43,113,878</u>	<u>\$ 44,529,629</u>	<u>\$ 45,979,959</u>	<u>\$ 48,827,006</u>
Program revenues					
Governmental Activities:					
Charges for services					
General government	\$ 1,591,654	\$ 1,742,925	\$ 1,844,636	\$ 652,602	\$ 100,957
Public safety	833,977	828,794	782,561	1,601,127	2,424,249
Development services	-	-	-	4,325	651,408
Streets	-	-	-	193,071	206,134
Parks and recreation	17,531	12,864	20,046	91,047	100,564
Visitors services	1,110,588	1,254,871	1,375,623	1,559,282	1,657,987
Interest on Long-term Debt	-	-	-	-	-
Operating grants and contributions	159,270	520,882	4,185,029	3,218,659	1,440,734
Total governmental activities	<u>3,713,020</u>	<u>4,360,336</u>	<u>8,207,895</u>	<u>7,320,113</u>	<u>6,582,033</u>
Business-type activities:					
Airport	4,068,911	4,039,109	4,066,085	4,215,280	4,062,398
Utilities	6,871,539	7,126,331	7,426,268	7,326,015	10,777,843
Operating grants and contributions	-	-	170,037	61,948	145,360
Total business-type activities	<u>10,940,450</u>	<u>11,165,440</u>	<u>11,662,390</u>	<u>11,603,243</u>	<u>14,985,601</u>
Total primary government program revenues	<u>\$ 14,653,470</u>	<u>\$ 15,525,776</u>	<u>\$ 19,870,285</u>	<u>\$ 18,923,356</u>	<u>\$ 21,567,634</u>
Net (Expense) Revenue					
Governmental Activities	\$ (30,644,421)	\$ (27,936,600)	\$ (24,701,489)	\$ (26,742,725)	\$ (29,635,952)
Business -type activities	(176,510)	348,498	42,145	(313,878)	2,376,580
Total primary government net expense	<u>\$ (30,820,931)</u>	<u>\$ (27,588,102)</u>	<u>\$ (24,659,344)</u>	<u>\$ (27,056,603)</u>	<u>\$ (27,259,372)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	\$ 12,064,301	\$ 11,594,844	\$ 12,018,231	\$ 12,830,522	\$ 13,297,948
Sales taxes	9,897,640	9,660,644	10,225,550	10,597,327	10,936,530
Franchise taxes	3,169,378	2,314,536	2,706,204	2,564,683	2,146,225
Hotel motel taxes	3,563,372	3,346,197	3,447,058	4,038,131	4,679,099
Interest on investments	980,882	677,618	595,916	765,850	1,354,575
Miscellaneous	356,572	289,158	124,557	242,203	311,705
Transfer	-	-	221,610	-	-
Total general revenues	<u>30,032,145</u>	<u>27,882,997</u>	<u>29,339,126</u>	<u>31,038,716</u>	<u>32,726,082</u>
Business-type activities:					
Interest on investments	216,715	99,048	80,758	171,791	335,828
Miscellaneous	-	-	16,891	16,891	76,553
Transfer	-	-	(221,610)	-	-
Total business-type activities	<u>216,715</u>	<u>99,048</u>	<u>(123,961)</u>	<u>188,682</u>	<u>412,381</u>
Change in Net Assets					
Governmental Activities	(612,276)	(53,603)	4,637,637	4,295,991	3,090,130
Business -type activities	40,205	447,546	(81,816)	(125,196)	2,788,961
Total primary government	<u>\$ (572,071)</u>	<u>\$ 393,943</u>	<u>\$ 4,555,821</u>	<u>\$ 4,170,795</u>	<u>\$ 5,879,091</u>

Town of Addison, Texas

Statistical Section

Table 3

Fund Balances, Governmental Funds

Last five fiscal years

(modified accrual basis of accounting)

	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 86,168	\$ 168,743	\$ 89,973	\$ 127,088	\$ 101,836
Unreserved	8,489,491	7,845,899	7,209,812	6,923,417	8,073,344
Total general fund	<u>\$ 8,575,659</u>	<u>\$ 8,014,642</u>	<u>\$ 7,299,785</u>	<u>\$ 7,050,505</u>	<u>\$ 8,175,180</u>
All Other Governmental Funds					
Reserved	\$ 126,201	\$ 187,653	\$ 1,660,191	\$ 1,488,509	\$ 1,755,980
Unreserved, reported in:					
Special revenue funds	80,867	95,828	106,272	125,491	186,758
Capital project funds	7,757,645	15,561,134	22,414,425	9,224,315	7,553,427
Debt service funds	2,126,937	2,731,398	765,623	778,627	810,936
Hotel Fund	6,232,181	5,248,751	4,699,920	4,617,539	4,639,050
Total all other governmental funds	<u>\$ 24,899,490</u>	<u>\$ 31,839,406</u>	<u>\$ 36,946,216</u>	<u>\$ 23,284,986</u>	<u>\$ 23,121,331</u>

Changes in fund balances
Governmental Funds
Last five fiscal years
(modified accrual basis)

	2002	2003	2004	2005	2006
REVENUES:					
Ad Valorem Taxes	\$ 12,155,577	\$ 12,176,518	\$ 11,883,632	\$ 12,765,636	\$ 13,293,707
Non-Property Taxes	13,285,717	13,042,476	13,643,147	14,594,219	15,586,851
Franchise Fees	3,169,378	2,450,145	2,674,701	2,563,797	2,681,263
Licenses and Permits	340,388	386,824	455,089	479,239	651,408
Intergovernmental	159,270	520,882	4,063,307	2,223,779	1,440,734
Service Fees	1,935,092	2,018,592	2,157,156	2,157,963	2,414,454
Special Events	-	-	-	-	-
Fuel flowage fees	-	-	-	-	-
Fines and Forfeitures	833,977	828,794	782,561	862,839	1,185,093
Building maintenance	-	-	-	-	-
Earnings on Investments	900,250	598,025	536,699	707,240	1,148,087
Contributions	-	-	-	-	-
Rental Charges	483,114	544,601	532,636	667,577	656,988
Recycling proceeds	11,769	12,864	20,046	26,768	29,311
Other	17,950	129,244	45,240	120,964	194,943
<i>Total revenues</i>	<u>\$ 33,292,482</u>	<u>\$ 32,708,965</u>	<u>\$ 36,794,214</u>	<u>\$ 37,170,021</u>	<u>\$ 39,282,839</u>
EXPENDITURES:					
Current:					
General Government	\$ 5,400,331	\$ 4,916,867	\$ 5,406,092	\$ 5,799,332	\$ 6,138,990
Public Safety	11,528,376	11,082,467	11,930,745	12,286,885	12,745,195
Development Services	503,924	485,810	520,215	553,651	563,271
Streets	1,659,910	1,504,349	1,425,047	1,276,489	1,421,464
Parks and recreation	3,106,036	3,114,382	3,296,846	3,519,130	3,671,919
Visitor Services	6,274,822	4,971,996	4,774,003	5,015,755	5,801,404
Debt Service:					
Principal Retirement	3,008,551	2,510,522	3,645,076	3,178,542	3,570,000
Interest and fiscal charges	3,805,446	4,204,999	3,322,316	3,605,378	1,747,186
Debt issuance costs	-	-	85,000	-	114,666
Capital Projects:					
Administration:					
Salaries and fringe benefits	-	228,162	200,541	144,444	50,461
Supplies	-	55	-	-	2,340
Design and engineering:					
Engineering and contractual services	1,007,800	2,253,876	1,265,921	1,135,319	449,930
Construction and equipment	6,176,176	13,590,564	6,564,077	14,316,326	4,796,080
<i>Total expenditures</i>	<u>\$ 42,471,372</u>	<u>\$ 48,864,049</u>	<u>\$ 42,435,879</u>	<u>\$ 50,831,251</u>	<u>\$ 41,072,906</u>
Excess(deficiency) of revenues over expenditures	<u>(9,178,890)</u>	<u>(16,155,084)</u>	<u>(5,641,665)</u>	<u>(13,661,230)</u>	<u>(1,790,067)</u>
OTHER FINANCING SOURCES(USES):					
Proceeds from refunding bonds issued	5,602,016	-	-	-	6,355,000
Payment to refunded bond escrow agent	(5,553,675)	-	-	-	(6,228,588)
Proceeds from bond issued	-	23,095,000	10,695,000	-	1,500,000
Premium on issuance of bonds	-	-	53,475	-	-
Transfers In	469,537	2,413,496	1,456,770	704,610	968,890
Transfers Out	(969,537)	(2,413,496)	(1,456,770)	(704,610)	(968,890)
<i>Total Other Financing Sources(Uses)</i>	<u>(451,659)</u>	<u>23,095,000</u>	<u>10,748,475</u>	<u>-</u>	<u>1,626,412</u>
Net change in fund balance	\$ (9,630,549)	\$ 6,939,916	\$ 5,106,810	\$ (13,661,230)	\$ (163,655)
Debt service as a percentage of noncapital expenditures	23.9%	25.8%	25.4%	23.8%	17.5%

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

Fiscal Year	Real Property Assessed Value ^{(1) (2)}	Personal Property Assessed Value ⁽²⁾	Less Tax-Exempt Property Assessed Value ⁽²⁾	Total Taxable Value	Total Direct Tax Rate ⁽³⁾
1997	\$ 1,503,662,257	\$ 536,733,980	\$ (155,893,000)	\$ 1,884,503,237	\$ 0.4550
1998	1,727,123,328	559,530,680	(168,538,860)	2,118,115,148	0.4475
1999	2,070,633,153	574,415,100	(180,710,557)	2,464,337,696	0.4000
2000	2,447,316,465	539,716,360	(213,371,219)	2,773,661,606	0.3846
2001	2,632,271,991	695,858,170	(229,813,296)	3,098,316,865	0.3810
2002	2,730,337,944	706,267,000	(241,909,314)	3,194,695,630	0.3848
2003	2,598,035,207	748,577,450	(259,709,659)	3,086,902,998	0.3999
2004	2,453,576,988	692,547,030	(259,882,104)	2,886,241,914	0.4228
2005	2,358,157,460	605,585,490	(267,252,593)	2,696,490,357	0.4760
2006	2,431,288,850	635,155,220	(273,069,618)	2,793,374,452	0.4760

Notes:

⁽¹⁾ Assessed value is 100% of estimated market value.

⁽²⁾ Values for each fiscal year reflect the tax rolls of the previous year (i.e., 1992 fiscal year reflects 1991 tax roll). See Note 3 in the Notes to the Financial Statements for more information.

⁽³⁾ Per \$100 of valuation.

Source: Dallas Central Appraisal District

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

Fiscal Year	City Direct Rates ⁽²⁾		Overlapping Rates ⁽¹⁾					Total Ad valorem Rate ⁽³⁾
	Operating General Rates	General Obligation Debt Service	Dallas County	Community College District	Dallas ISD	Carrollton/ Farmers Branch ISD	Dallas County Hospital District	
1997	\$ 0.1562	\$ 0.2988	\$ 0.2164	\$ 0.0521	\$ 1.4605	\$ 1.4619	\$ 0.1941	\$ 2.3781
1998	0.1532	0.2943	0.2073	0.0500	1.4605	1.4961	0.1858	2.3511
1999	0.1488	0.2512	0.2032	0.0500	1.4605	1.5377	0.1799	2.2936
2000	0.1582	0.2264	0.2017	0.0500	1.4605	1.6137	0.1960	2.2928
2001	0.1662	0.2148	0.2017	0.0500	1.5475	1.6737	0.2540	2.4342
2002	0.1804	0.2044	0.2015	0.0600	1.5475	1.7242	0.2540	2.4478
2003	0.1890	0.2109	0.2015	0.0600	1.5875	1.7224	0.2540	2.5029
2004	0.2201	0.2027	0.2094	0.0778	1.6395	1.7358	0.2540	2.6035
2005	0.2597	0.2163	0.2094	0.0803	1.6694	1.7824	0.2540	2.6891
2006	0.3060	0.1700	0.2192	0.0816	1.6884	1.8259	0.2540	2.7192

Source: Dallas Central Appraisal District

⁽¹⁾ 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.

⁽²⁾ The Town's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the 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.

⁽³⁾ Does not include Carrollton/ Farmer's Branch ISD since the school districts do not overlap each other.

Town of Addison, Texas

Statistical Section

Table 7

Property Tax Levies and collections

Last Ten Years

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
1997	1996	\$ 8,574,490	\$ 8,506,660	99.2%	\$ 20,658	\$ 8,527,318	99.45%
1998	1997	9,478,565	9,429,899	99.5%	24,481	9,454,380	99.74%
1999	1998	9,857,351	9,827,270	99.7%	(228,895)	9,598,375	97.37%
2000	1999	10,667,502	10,601,242	99.4%	(414,138)	10,187,104	95.50%
2001	2000	11,804,587	11,735,452	99.4%	12,226	11,747,678	99.52%
2002	2001	12,293,190	12,085,620	98.3%	15,934	12,101,554	98.44%
2003	2002	12,344,525	12,083,669	97.9%	37,901	12,121,570	98.19%
2004	2003	12,203,031	11,880,084	97.4%	(54,256)	11,825,828	96.91%
2005	2004	12,835,294	12,587,375	98.1%	84,329	12,671,704	98.73%
2006	2005	13,296,460	13,197,440	99.3%	23,531	13,220,971	99.43%

RATIO OF OUTSTANDING DEBT BY TYPE
 LAST TEN YEARS

Fiscal Year	Governmental		Business-Type			Total Primary Government	Per Capita
	General Obligation Bonds	Certificates of Obligation	General Obligation Bonds	Water and Sewer Refunding Bonds	Certificates of Obligation		
1997	\$ 23,177,188	\$ -	\$ 1,175,184	\$ 7,575,000	\$ 15,890,000	\$ 47,817,372	\$ 4,122
1998	18,518,610	10,000,000	868,762	7,160,000	15,890,000	52,437,372	4,388
1999	13,964,256	9,000,000	558,116	6,720,000	15,890,000	46,132,372	3,522
2000	18,997,556	8,000,000	224,815	6,270,000	15,890,000	49,382,371	3,486
2001	17,117,690	6,990,000	155,782	5,800,000	15,890,000	45,953,472	3,147
2002	18,894,139	2,305,000	10,505,168	5,290,000	5,510,000	42,504,307	2,931
2003	31,643,386	9,890,000	20,030,859	-	-	61,564,245	4,174
2004	39,133,311	9,450,000	18,934,234	-	-	67,517,545	4,788
2005	36,864,769	8,540,000	17,465,231	-	4,400,000	67,270,000	4,655
2006	36,724,769	7,085,000	15,805,231	-	4,185,000	63,800,000	4,282

⁽¹⁾ By ordinance, all General Obligation Bond debt is backed by the ad valorem taxing power of the Town by budget, the debt for certain specified refunded bonds and certificates will continue to be paid by using funds derived from other sources which are listed below.

Water and Sewer Improvements - Debt paid by operations revenue of the Water and Sewer fund.
 Arts and Event District Improvements - Debt paid by operations revenue of the Hotel fund.
 Addison Airport Improvements - Debt paid by operations revenue of the Airport fund.

⁽²⁾ The Net Tax Supported Debt Service Requirements show the actual ad valorem tax burden placed on the taxpayers, most of which are commercial businesses rather than resident citizens.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 Year Ended September 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Carrollton-Farmers Branch			
Independent School District	\$ 381,557,994	0.96	\$ 3,662,957
Dallas County	213,606,039	2.06	4,400,284
Dallas County Community College District	100,380,000	2.06	2,067,828
Dallas Independent School District	1,511,489,288	4.23	63,935,997
<i>Subtotal, overlapping debt</i>	<u>\$ 2,207,033,321</u>		<u>\$ 74,067,066</u>
Town of Addison(direct debt)	<u>42,160,341</u> ⁽¹⁾	100.00	<u>42,160,341</u>
<i>Total direct and overlapping debt</i>	<u><u>\$ 2,249,193,662</u></u>		<u><u>\$ 116,227,407</u></u>

Notes:

⁽¹⁾ Total general obligation (G.O.) bonded debt shown for the Town of Addison excludes self-supporting Water and Sewer G.O. and C.O. debt, and amount available for repayment in the Debt Service fund.

Source: First Southwest Company.

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

<u>Fiscal Year</u>	<u>Net Revenue Available for Debt Service</u>			<u>Debt Service Requirements ⁽²⁾</u>			<u>Revenue Bond Coverage ⁽³⁾</u>
	<u>Gross Revenue</u>	<u>Expense ⁽¹⁾</u>	<u>Net Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1997	\$ 7,359,161	\$ 3,980,422	\$ 3,378,739	\$ 395,000	\$ 407,383	\$ 802,383	4.2
1998	8,005,338	4,304,180	3,701,158	415,000	382,978	797,978	4.6
1999	7,584,171	4,822,200	2,761,971	440,000	365,340	805,340	3.4
2000	7,846,701	5,504,086	2,342,615	450,000	345,980	795,980	2.9
2001	7,443,173	4,764,366	2,678,807	470,000	325,280	795,280	3.4
2002	6,937,714	5,565,524	1,372,190	510,000	302,955	812,955	1.7
2003	6,862,799	5,685,179	1,177,620	-	-	-	NA
2004	7,501,174	5,738,577	1,762,597	-	-	-	NA
2005	7,408,715	5,926,601	1,482,114	-	-	-	NA
2006	11,011,907	7,145,362	3,866,545	-	-	-	NA

Notes:

- ⁽¹⁾ Includes "Operating expenses excluding depreciation" and "Nonoperating Other expenses."
- ⁽²⁾ Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.
- ⁽³⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest. NA is not applicable.

SCHEDULE OF REVENUE BOND COVERAGE
HOTEL FUND
Last Ten Fiscal Years

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage ⁽²⁾
	Gross Revenue	Expenditure ⁽¹⁾	Net Revenue	Principal	Interest	Total	
1997	\$ 5,002,812	\$ 446,562	\$ 4,556,250	\$ 300,000	\$ 174,850	\$ 474,850	9.6
1998	5,242,401	594,924	4,647,477	300,000	154,000	454,000	10.2
1999	5,571,946	559,455	5,012,491	300,000	97,947	397,947	12.6
2000	6,027,690	621,357	5,406,333	385,000	62,415	447,415	12.1
2001	5,639,540	697,900	4,941,640	375,000	48,548	423,548	11.7
2002	4,875,734	806,536	4,069,198	360,000	34,770	394,770	10.3
2003	4,681,695	721,460	3,960,235	350,000	21,105	371,105	10.6
2004	4,895,842	839,410	4,056,432	340,000	274,883	614,883	6.6
2005	5,676,622	850,326	4,826,296	450,000	254,613	704,613	6.8
2006	6,539,634	1,118,079	5,421,555	465,000	240,887	705,887	7.7

Notes:

- ⁽¹⁾ Hotel Revenue bond covenants require only Conference centre expenditures be considered when calculating bond coverage.
- ⁽²⁾ Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS

As of September 30, 2006

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Valuations</u>	<u>Labor Force</u>	<u>Unemployment</u> ⁽²⁾	<u>Unemployment Rate</u> ⁽²⁾
1997	11,600	\$ 1,884,503,207	7,784	250	3.2%
1998	11,950	2,118,115,148	7,933	222	2.8%
1999	13,100	2,464,337,696	7,954	225	2.8%
2000	14,166 ⁽³⁾	2,773,661,606	8,217	223	2.7%
2001	14,600 ⁽¹⁾	3,098,316,865	8,318	401	4.8%
2002	14,500 ⁽¹⁾	3,194,695,630	8,252	516	6.2%
2003	14,750 ⁽¹⁾	3,159,748,731	8,350	493	5.9%
2004	14,100 ⁽¹⁾	2,886,241,914	8,171	401	4.9%
2005	14,450 ⁽¹⁾	2,696,490,357	2,026,997 ⁽⁴⁾	104,741 ⁽⁴⁾	5.2% ⁽⁴⁾
2006	14,900 ⁽¹⁾	2,793,374,452	2,093,468 ⁽⁴⁾	96,437 ⁽⁴⁾	4.6% ⁽⁴⁾

⁽¹⁾ NCTCOG estimate

⁽²⁾ Texas Workforce Commission

⁽³⁾ 2000 Census

⁽⁴⁾ Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented for September 2005 forward represents the Dallas Workforce Development Area (WDA).

PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	2006			1997		
		<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>
EOP Colonnade of Dallas	Land, Office Buildings	\$ 153,529,460	1	5.50%	\$ -	-	-
Post Apartment Homes	Mixed Development	104,889,740	2	3.75%	-	-	-
MBNA Texas Properties	Land, Office Buildings	71,893,480	3	2.57%	-	-	-
FSP Addison Cir LTD PS	Office Buildings	60,158,710	4	2.15%	-	-	-
VOP Belt Line LTD PS	Land, Office Buildings	57,963,140	5	2.08%	-	-	-
Richmont Properties dba Mary Kay Inc.	Land, Office Buildings	55,368,630	6	1.98%	59,133,140	1	3.14%
Spectrum Center Partners	Office Buildings	55,353,470	7	1.98%	42,839,300	4	2.27%
RREEF Millennium LP	Office Buildings	50,989,630	8	1.83%	-	-	-
Crescent Real Estate	Land, Office Buildings	45,499,990	9	1.63%	38,002,260	6	2.02%
DBSI One Hanover LLC ETAL	Office Buildings	41,113,820	10	1.47%	-	-	-
MEPC Quorum Properties Registry Dallas Associates dba The InterContinental	Land, Office Buildings				51,661,690	2	2.74%
Marriott Corporation	Land, Hotel				48,133,220	3	2.55%
Glenhurst Properties	Hotel				41,711,830	5	2.21%
Carter Crowley Properties Inc.	Land, Office Buildings				36,897,100	7	1.96%
R S Folsom Investments Company	Land, Office Buildings, Apartments, and Shopping Center				30,485,600	8	1.62%
Addison Village Partners Properties Inc.	Shopping Center				29,168,500	9	1.55%
					26,250,600	10	1.39%
		<u>\$ 696,760,070</u>		<u>24.94%</u>	<u>\$ 404,283,240</u>		<u>21.45%</u>

**Town of Addison, Texas
Statistical Section**

Table 14

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

Function/Program	2002	2003	2004	2005	2006
General Government					
City Manager's Office	9.5	9.5	10.0	10.0	10.0
Economic Development					
Financial & Strategic Services	11.0	11.5	12.0	12.0	11.0
Municipal Court	4.1	4.5	4.7	4.7	4.7
General Services	8.4	8.4	9.0	9.0	9.0
Human Resources	4.3	4.3	4.3	4.7	4.7
Information Technology	6.0	6.0	6.0	6.0	6.0
Subtotal	43.3	44.2	46.0	46.4	45.4
Public Safety					
Police	85.1	84.8	84.8	83.8	81.8
Fire	55.0	55.0	55.0	55.0	55.0
Subtotal	140.1	139.8	139.8	138.8	136.8
Development Services	6.0	6.0	6.0	6.0	6.0
Public Works					
Streets	6.4	6.4	6.0	6.0	6.0
Utilities	13.4	15.4	18.0	18.0	18.0
Subtotal	19.8	21.8	24.0	24.0	24.0
Parks and Recreation					
Parks	20.0	20.0	20.0	20.0	20.0
Recreation	12.4	15.4	17.9	17.9	17.2
Subtotal	32.4	35.4	37.9	37.9	37.2
Visitor Services					
Visitor Services	4.0	3.0	3.0	3.0	3.0
Conference Centre	7.5	7.0	7.5	7.5	7.5
Special Events	3.0	2.0	3.0	3.0	4.0
Marketing	0.0	1.0	1.0	0.0	0.0
Performing Arts	0.5	0.0	0.0	0.0	0.0
Subtotal	15.0	13.0	14.5	13.5	14.5
Airport Fund	3.2	3.2	2.0	2.0	2.0
Other					
Public Safety Fund	0.0	0.2	0.0	0.0	0.0
Street Capital Project Fund	2.1	2.1	0.0	0.0	0.0
2002 Capital Project Fund	0.0	0.5	0.0	0.0	0.0
Information Technology Fund	0.0	0.0	0.0	0.0	0.0
Subtotal	2.1	2.8	0.0	0.0	0.0
TOTAL	261.9	266.2	270.2	268.6	265.9

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Five Fiscal Years

Function/Program	2002	2003	2004	2005	2006
Police					
Calls for Service	18,060	17,636	18,288	17,504	19,414
Fire					
Calls for Service - Fire	1,374	1,164	1,105	1,165	1,063
Calls for Service - EMS	1,446	1,534	1,457	1,588	1,442
Recreation					
Number of Users	111,552	107,304	130,615	131,625	134,444
Active Athletic Club Members	3,500	3,515	3,426	3,506	3,757
Airport					
Airport Operations (Takeoffs/Landings)	158,954	150,465	136,695	130,135	130,800
Avg. Value of Corporate Aircraft	\$ 546,395	\$ 489,565	\$ 360,398	\$ 478,441	\$ 455,005
Utilities					
Water Usage - Peak (thousands of gallons)	8,880	9,682	8,845	9,682	9,901
Water Usage - Average (thousand of gallons)	7,626	5,496	5,246	5,091	6,124

Town of Addison, Texas
Statistical Section

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last ten fiscal years

Function/Program	1997	1998	1999	2000	2001
<u>Public Safety</u>					
Police Stations	1	1	1	1	1
Fire Stations	2	2	2	2	2
<u>Public Works</u>					
Streets - Paved (miles)	37.9	39	39	39	39
Lane miles	115.8	118	118	118	118
Traffic signals	28	28	30	30	30
<u>Parks and Recreation</u>					
Acres Maintained	129	130	133	134	135
Parks	9	9	10	12	12
Playgrounds	3	4	4	4	4
Soccer/football fields	1	1	1	1	1
Community centers	2	2	2	2	2
<u>Water</u>					
Water mains (miles)	85	86.5	86.7	92.3	92.3
Fire Hydrants	900	950	962	979	979
<u>Wastewater</u>					
Miles of sanitary sewers	75	75.5	75.8	81.5	81.5
Miles of storm sewers	17.5	18.5	18.5	18.5	18.5

Table 16

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1	1	1	1	1
2	2	2	2	2
39.2	39.2	39.2	39.2	39.2
118.6	118.6	118.6	118.6	119
31	33	33	33	34
136	138	142	151	149.5
12	13	13	15	15
4	3	3	3	3
1	1	1	1	1
2	2	2	2	2
93	93	96	96	98
1050	983	1030	1030	1040
86	86	86	86	87
18.5	18.5	18.5	18.5	22