

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

For The Year Ended September 30, 2007

**Prepared by the**  
**Department of Financial & Strategic Services**  
Randolph C. Moravec, CGFO, Director  
Brian Hogan, CPA, Financial Services Manager  
Mushtaq Ali, Accountant

**City Council**

	Expiration of Term
Joe Chow, Mayor	May 2009
Gregory S. Hirsch, Mayor Pro Tempore	May 2009
Tom Braun, Deputy Mayor Pro Tempore	May 2008
Dennis Kraft, Councilmember	May 2008
Todd Meier, Councilmember	May 2009
Roger S. Mellow, Councilmember	May 2008
Jimmy Niemann, Councilmember	May 2009

**City Manager**

Ron Whitehead



**Town of Addison, Texas**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2007

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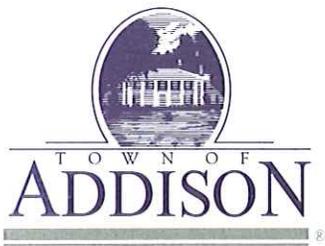
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**INTRODUCTORY  
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Addison!®



DEPARTMENT OF FINANCIAL & STRATEGIC SERVICES

Facsimile (972) 450-7096

P.O. Box 9010

5350 Belt Line Road  
Addison, Texas 75001

February 28, 2008

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

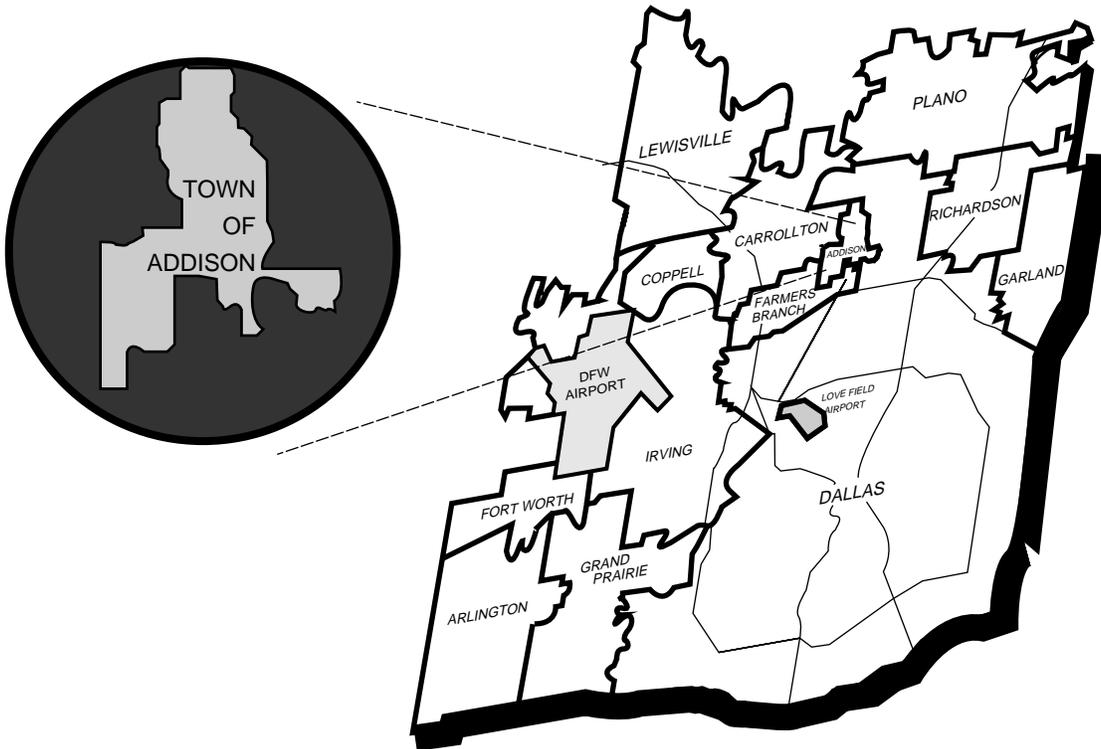
The Department of Financial & Strategic Services of the Town of Addison is pleased to submit the Comprehensive Annual Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2007. The purpose of the report is to provide the council, management, staff, the public and other 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 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 15,250 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.<sup>1</sup> 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.

<sup>1</sup> Financial policies can be located beginning on page 101 of the Town of Addison Annual Budget 2007-08 document.

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 51.

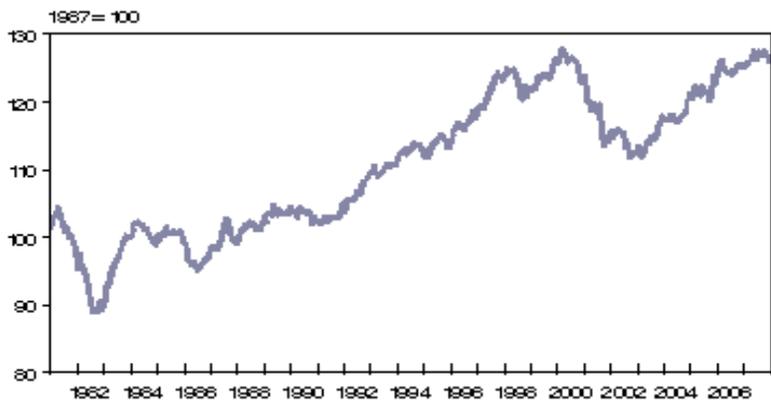
## FACTORS AFFECTING FINANCIAL CONDITION

### 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 1.3% in 2007<sup>2</sup>. The growth is attributed to an employment base that expanded 3.1% in 2007.

### TEXAS INDEX OF LEADING INDICATORS

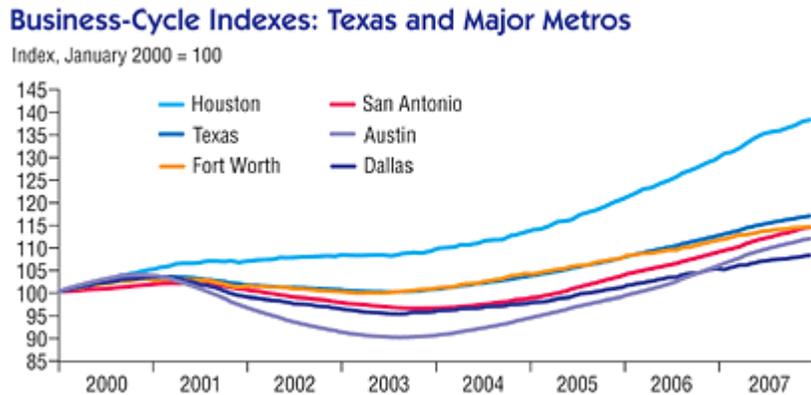
MONTHLY, SEASONALLY ADJUSTED, 1987=100



LAST DATA ENTRY DECEMBER 2007

<sup>2</sup> Source: Federal Reserve Bank of Dallas, December 2007 Data

The Dallas area economy also expanded at a modest 3.4% in 2007 with declines in the homebuilding industry offset by job growth in the trade, transportation, professional and medical sectors. The prospects for the economy are positive with Dallas FRB economists acknowledging that while Texas has not been immune to the decline in homebuilding, the negative effects have been much less in Texas than the rest of the nation.<sup>3</sup>



Because Addison is densely developed (there exists almost 11.4 million square feet of office space distributed over 116 buildings), much attention is given to the occupancy rates of buildings in Addison. The average occupancy rate decreased slightly and now stands at 80.2% compared to 80.8% the previous year. Addison’s rate is almost exactly that of the Dallas / Ft. Worth area average of 80.3%.<sup>4</sup> Firm office occupancy contributed to an increase in the appraised values of commercial property. Commercial improved property values in 2007 totaled \$1.5 billion compared to the 2006 valuation of \$1.2 billion.

For 2007, General fund revenues of \$27.3 million represented an increase of 5.5% over fiscal year 2006. The Town’s sales tax receipts increased 5.7%. The General fund budget for the 2008 fiscal year assumes a modest 2.1% increase in sales taxes over 2007 actual amounts. The budget also established a tax rate of 43.37¢, a 3.03¢ reduction from the 2007 rate. Even with the reduced rate, a 14.9% 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 \$28.3 million or 7.1% more than the original 2007 budget. General fund expenditures for the 2008 budget represent a 13.7% increase over the 2007 budget for a total of \$29.0 million. The General fund ending balance is projected to be \$8.2 million, or 28.3% 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 2007-08 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 department’s web site at [www.addisontx.gov/departments/financial\\_strategic/](http://www.addisontx.gov/departments/financial_strategic/).

<sup>3</sup> Source: Federal Reserve Bank of Dallas, January 2008 Regional Economic Update

<sup>4</sup> Sources: CoStar Group and Town of Addison Department of Financial & Strategic Services

**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 2007. 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
- (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 one and one-half 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 2007 fiscal year amounted to \$2,088,482 compared to \$1,690,403 in 2006. The average rate of interest earned from investments was 5.20% compared to 4.16% in 2006. The increase in investment income corresponds to the higher interest rates of the various investment instruments. As of 9/30/07, the Town's distribution of investments was as follows:

Local government investment pools	16.2 %
Commercial paper	16.1
Certificates of deposit	5.1
U.S. Government Agencies	<u>62.6</u>
Total	<u>100.0</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, 2006. 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 31 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 2007 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 20 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 publication of the document. We are grateful for the support provided us by the city manager and the city council and we affirm our pledge to be a resource to help them achieve the goals they have established for the Addison community.

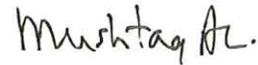
Respectfully submitted,



Randolph C. Moravec, CGFO  
Director



Brian Hogan, CPA  
Financial Services Manager



Mushtaq Ali  
Accountant

# 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, 2006

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.

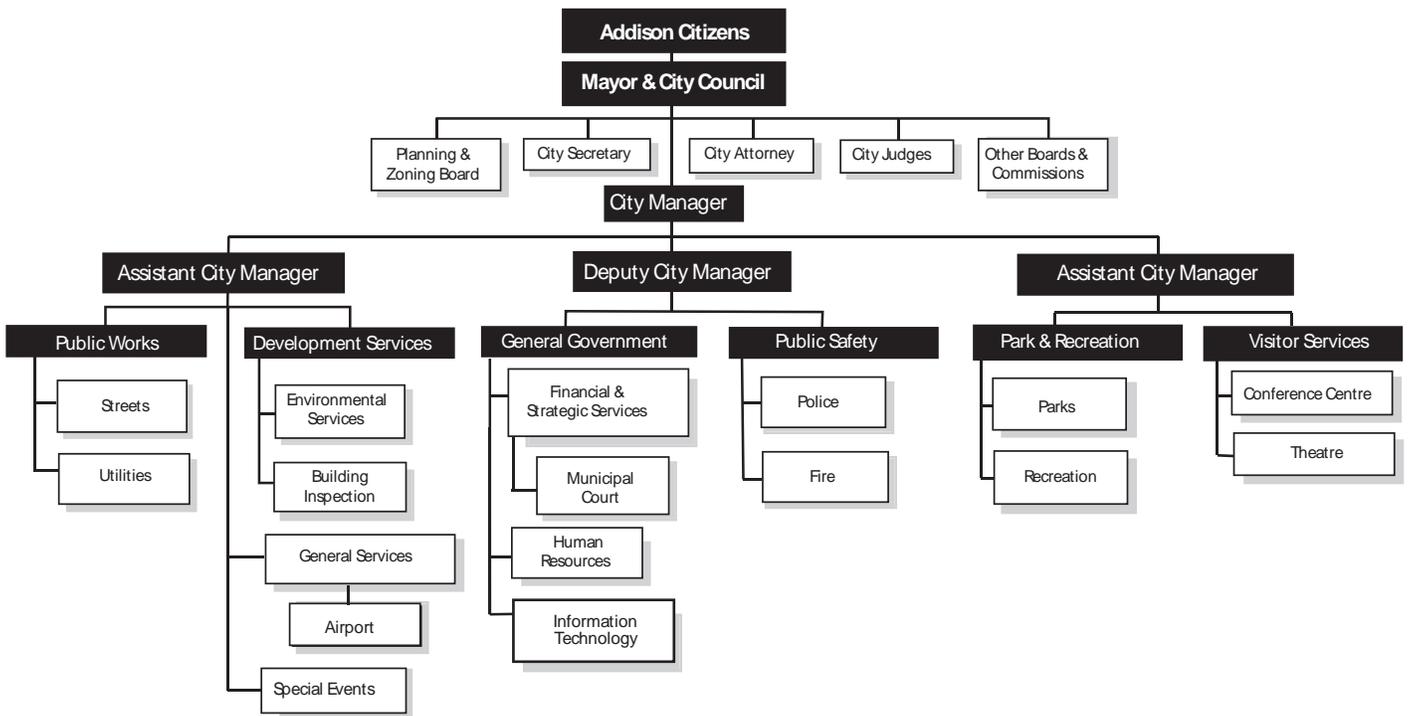


*Clare S. Cox*

President

*Jeffrey R. Emer*

Executive Director



**Town of Addison**  
**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2007**

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 .....	Passion Hayes * .....	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

\*Passion Hayes was hired as the Director of Human Resources effective January 28, 2008.

**FINANCIAL  
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The logo for the Town of Addison, Texas, featuring the word "Addison!" in a bold, black, cursive script font. A registered trademark symbol (®) is located at the end of the word.



**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

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, 2007, 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, 2007, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Hotel Fund, 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

Three Forest Plaza  
12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321

### FORT WORTH

1600 West Seventh Street  
Suite 300  
Fort Worth, Texas 76102-2506  
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F 817.429.5936

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BAKER TILLY  
INTERNATIONAL

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**WEAVER AND TIDWELL, L.L.P.**

March 4, 2008  
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, 2007. 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

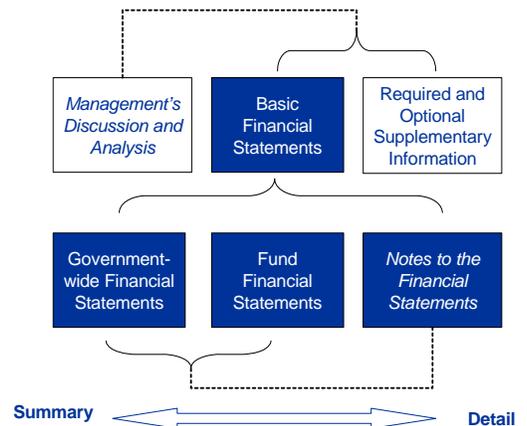
- ◆ The Town's assets exceeded its liabilities at the close of the 2007 fiscal year by \$187,720. This amount represents an increase over the previous year by \$4,933. As was the case the previous year, the growth in net assets is attributed to program revenues in the Utility fund exceeding expenses and an increase in tax revenues associated with the Town's governmental activities.
- ◆ As of September 30, 2007, the Town's governmental funds reported combined ending fund balances of \$26,020, an increase of \$2,899. The increase is primarily due to taxes and fees accounted for in the General and Hotel funds exceeding expenditures.
- ◆ At the end of the current fiscal year, fund balance for the General fund was \$10,684, or 43.1% of total fund expenditures. Fund balance increased \$2,509 during the year.
- ◆ At year-end, the Town of Addison's outstanding debt totals \$57,761, a reduction of \$5,639 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.

<b>Illustration A-2</b>			
<b>Major Features of Town of Addison's Government-wide and Fund Financial Statements</b>			
	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire Town government	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 11-12 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 22-45 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 2007 fiscal year, the Town’s net assets (assets exceeding liabilities) totaled \$187,720 (see Table A-1). Of this amount \$154,620, or 82.4%, 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 (\$1,570) 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 \$31,530. This amount is available to meet the Town’s ongoing obligations to citizens and creditors.

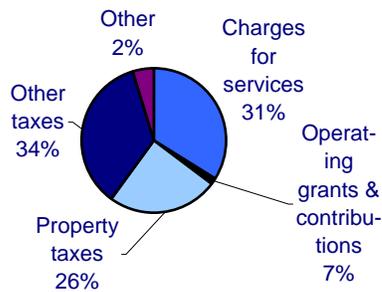
At the end of the current fiscal year, the Town of Addison is able to report positive balances in these two categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 36,658	\$ 32,943	\$ 17,483	\$ 17,986	\$ 54,141	\$ 50,929
Capital assets	150,111	153,479	47,223	47,721	197,334	201,200
<b>Total assets</b>	<b>186,769</b>	<b>186,422</b>	<b>64,706</b>	<b>65,707</b>	<b>251,475</b>	<b>252,129</b>
Long-term liabilities outstanding	39,938	44,401	17,823	19,730	57,761	64,131
Other liabilities	3,713	2,756	2,281	2,455	5,994	5,211
<b>Total liabilities</b>	<b>43,651</b>	<b>47,157</b>	<b>20,104</b>	<b>22,185</b>	<b>63,755</b>	<b>69,342</b>
Net assets:						
Invested in capital assets, net of related debt	117,447	117,538	37,173	35,845	154,620	153,383
Restricted for debt service	1,570	1,578	-	-	1,570	1,578
Unrestricted	24,101	20,149	7,429	7,677	31,530	27,826
<b>Total net assets</b>	<b>\$ 143,118</b>	<b>\$ 139,265</b>	<b>\$ 44,602</b>	<b>\$ 43,522</b>	<b>\$ 187,720</b>	<b>\$ 182,787</b>

As reflected in Table A-2, the Town’s net assets increased \$4,933, or 2.7% during the 2007 fiscal year. The increase is primarily due to the growth of revenues in property and sales taxes associated with the governmental activities.

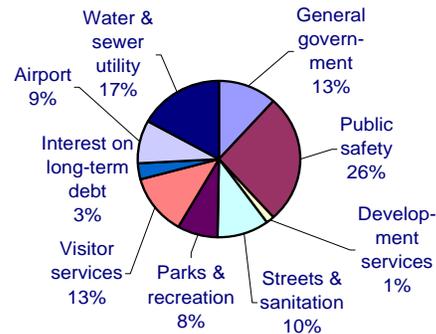
**Illustration A-3**

**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	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,462	\$ 5,141	\$ 13,255	\$ 14,840	\$ 18,717	\$ 19,981
Operating grants & contributions	370	1,441	460	145	830	1,586
General revenues:						
Property taxes	13,587	13,298	-	-	13,587	13,298
Other taxes	19,510	17,762	-	-	19,510	17,762
Other	2,075	1,666	350	412	2,425	2,078
<b>Total Revenues</b>	<b>41,004</b>	<b>39,308</b>	<b>14,065</b>	<b>15,397</b>	<b>55,069</b>	<b>54,705</b>
<b>Expenses</b>						
General government	5,770	6,252	-	-	\$ 5,770	6,252
Public safety	13,452	12,641	-	-	13,452	12,641
Development services	833	549	-	-	833	549
Streets & sanitation	5,073	4,563	-	-	5,073	4,563
Parks & recreation	4,054	4,305	-	-	4,054	4,305
Visitor services	6,370	6,152	-	-	6,370	6,152
Interest on long-term debt	1,599	1,756	-	-	1,599	1,756
Airport	-	-	4,473	4,427	4,473	4,427
Water & sewer utility	-	-	8,512	8,182	8,512	8,182
<b>Total expenses</b>	<b>37,151</b>	<b>36,218</b>	<b>12,985</b>	<b>12,609</b>	<b>50,136</b>	<b>48,827</b>
<b>Increase (decrease) in net assets</b>	<b>3,853</b>	<b>3,090</b>	<b>1,080</b>	<b>2,788</b>	<b>4,933</b>	<b>5,878</b>
Net assets - 10/01/06	139,265	136,175	43,522	40,734	182,787	176,909
Net assets - 09/30/07	\$ 143,118	\$ 139,265	\$ 44,602	\$ 43,522	\$ 187,720	\$ 182,787

**Governmental Activities**

Governmental activities increased the Town of Addison's net assets by \$3,853. 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 \$1,080 increase in net assets. A loss of \$109 in Airport activities was offset by Utility fund net income of \$1,189. The loss in the Airport fund is attributed to an 11% decline in fuel flowage fees. Operating revenue from the Utility fund declined 16% from the previous year because the 2007 fiscal year witnessed a return to a typical summer with normal water sales contrasted to the 2006 fiscal year which had a hot, dry summer that caused exceptional water sales. Despite the reduction in operating revenue, the Utility fund still posted an increase in net assets.

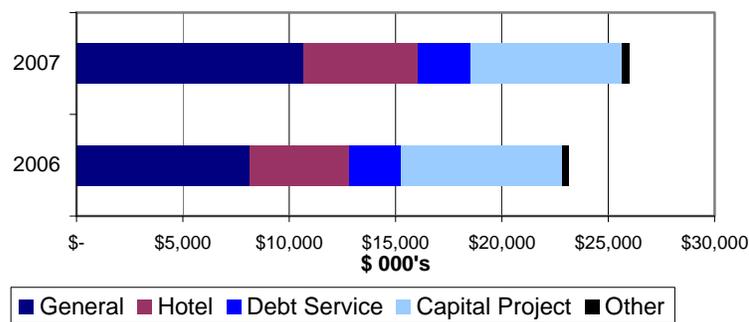
**Financial Analysis of the Government Funds**

*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, 2007, the Town’s governmental funds reported combined ending fund balances of \$26,020, an increase of \$2,899 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$15,966 or 61% 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 (\$7,115) and debt service (\$2,477). Components of the net increase of total fund balance are:

- In the General fund, expenditures totaled \$24,768 compared to revenues of \$27,277. Revenues increased \$1,442 from the previous year due in large part to a \$589 increase in ad valorem (property) tax collections and a growth of \$608 in sales and alcohol beverage taxes. The \$2,509 increase in the General fund balance compared favorably to the budgeted increase of \$1,139.
- In the Hotel fund, expenditures and transfers out to other funds totaled \$6,748 compared to revenues of \$7,491. Fund revenues increased \$951, fueled by an 11% increase in hotel occupancy tax collections. The \$743 increase in the Hotel fund balance exceeded the amended budgeted increase of \$136.
- Capital project funds recorded a net decrease of \$439 due to the planned expenditure of funds on capital projects.

**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 \$1,929 while the Utility (water & sewer) fund reported unrestricted net assets of \$5,500. 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 sales tax (\$100), municipal court fines (\$150), and interest earnings (\$150).
- Allocations to various departments were made that resulted in a net increase to appropriations of \$433. Much of the increase (\$169) was to recognize higher personnel expenditures in the human resources, emergency communications, and fire departments. Also, the Combined Services department's budget was increased by \$100 to accommodate higher legal fees.

The adjustments resulted in increasing budgeted revenue by 1.5% and increasing expenditures by less than one percent. The surplus of revenues over expenditures increased from \$910 to \$1,139. As noted earlier, fund balance actually increased by \$2,509.

## 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, 2007, totals \$197,334 (net of accumulated depreciation). This amount represents a \$3,866 decrease from the previous year and is attributed depreciation of existing assets exceeding investment in new assets. There was no capital project that was completed during the 2007 fiscal year. Projects that are in progress include the widening of Addison Road and the new fuel farm at the airport.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 64,156	\$ 64,156	\$ 10,223	\$ 9,810	\$ 74,379	\$ 73,966
Buildings	14,201	14,759	1,718	1,780	15,919	16,539
Improvements other than buildings	65,545	69,508	30,280	31,142	95,825	100,650
Machinery and equipment	4,017	3,918	1,111	1,345	5,128	5,263
Construction in progress	2,192	1,138	3,891	3,644	6,083	4,782
Total	\$ 150,111	\$ 153,479	\$ 47,223	\$ 47,721	\$ 197,334	\$ 201,200

*Long-term debt* – At the end of the 2007 fiscal year the Town of Addison had total bonded debt outstanding of \$58,125 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 33,470	\$ 36,725	\$ 14,090	\$ 15,805	\$ 47,560	\$ 52,530
Certificates of obligation	6,605	7,085	3,960	4,185	10,565	11,270
Total	\$ 40,075	\$ 43,810	\$ 18,050	\$ 19,990	\$ 58,125	\$ 63,800

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, until recently, carried ratings of "AAA" by both rating agencies. On January 31, 2008 Standard & Poor's Ratings Services downgraded the insured financial strength rating of FGIC from AAA to AA. The Town's 2001 and 2002 general obligation bonds are insured by FGIC.

### **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 December 2007 averaged 3.7% compared to 3.5% in 2006. The slight increase in unemployment rate mirrors that of Dallas County that recorded a 4.4% rate in 2007 and a 4.2% rate in 2006. The 2007 rate for the State of Texas was 4.3%.<sup>1</sup>
- Sales tax collections were 5.7% greater than the amount collected in 2006. This is the fourth consecutive increase in annual collections.
- Hotel occupancy tax increased 11.1% 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 during the 2007 fiscal year.
- In July 2007 Addison received its certified property tax roll from the Dallas Central Appraisal District. This certified roll is what Texas local governments use to levy taxes for their 2007-08 fiscal years' use. Certified taxable property values in Addison totaled \$3,481,842, which represented an 14.9% increase from the previous year and was the third consecutive increase in values.

These various factors were taken into consideration in development of the Town's 2007-08 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 2007-08 budget include:

- The property tax rate was reduced 3.03¢ to \$.4337 per \$100 appraised value. Of the 2008 budget tax rate, \$.2990 was levied for operation/maintenance and \$.1347 for debt service. This compared to the 2007 distribution of \$.3110 and \$.1530 respectively. (*Note: the preceding numbers are not reflected in \$000's of dollars*).
- The General fund balance is projected to decline \$2,202 to \$8,192. The decline is attributed to the planned \$1,500 purchase of a long-term parking lease associated with construction of a new parking garage by a private developer in order to provide additional public parking for the Addison Circle development. The projected ending fund balance is 28.2% of operating expenditures.
- The Hotel fund balance is projected to decline \$253 to \$5,025.
- The budget reflects no increases to fees for services but does include raising the rents of hangars located at Addison Airport.

### **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@addisontx.gov](mailto:rmoravec@addisontx.gov)

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<sup>1</sup> Source: Texas Workforce Commission (December 2007 and 2006 data)

# Basic Financial Statements

Addison!®

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

TOWN OF ADDISON  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2007

	Primary Government			Summarized 2006 Total
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash investments	\$ 31,593,851	\$ 7,755,196	\$ 39,349,047	\$ 35,991,925
Receivables (net of allowances for uncollectibles)	4,454,219	1,865,117	6,319,336	6,558,519
Inventory of supplies	87,244	-	87,244	242,120
Prepaid items	363,145	89,566	452,711	108,346
Deferred charges	159,453	257,055	416,508	464,005
Investment in joint venture	-	7,515,556	7,515,556	7,564,267
Capital Assets, net of accumulated depreciation				
Land	64,155,723	10,223,421	74,379,144	73,965,452
Buildings	14,201,171	1,717,461	15,918,632	16,538,291
Improvements other than buildings	65,544,317	30,280,075	95,824,392	100,650,819
Machinery and equipment	4,017,463	1,111,100	5,128,563	5,263,384
Construction in progress	2,191,994	3,891,409	6,083,403	4,782,663
Total Assets	<u>\$ 186,768,580</u>	<u>\$ 64,705,956</u>	<u>\$ 251,474,536</u>	<u>\$ 252,129,791</u>
<b>LIABILITIES AND NET ASSETS</b>				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 2,836,975	\$ 1,485,327	\$ 4,322,302	\$ 3,923,725
Compensated absences	767,013	-	767,013	731,889
Retainage payable	44,501	-	44,501	367,810
Intergovernmental payable	5,543	-	5,543	4,867
Customer deposits	59,051	795,915	854,966	914,240
Noncurrent liabilities:				
Due within one year	3,916,769	2,232,373	6,149,142	5,639,142
Due in more than one year	36,021,000	15,590,448	51,611,448	57,760,598
Total Liabilities	<u>43,650,852</u>	<u>20,104,063</u>	<u>63,754,915</u>	<u>69,342,271</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	117,446,984	37,173,256	154,620,240	153,382,566
Restricted for Debt Service	1,569,846	-	1,569,846	1,578,392
Unrestricted	24,100,898	7,428,637	31,529,535	27,826,562
Total Net Assets	<u>143,117,728</u>	<u>44,601,893</u>	<u>187,719,621</u>	<u>182,787,520</u>
Total Liabilities and Net Assets	<u>\$ 186,768,580</u>	<u>\$ 64,705,956</u>	<u>\$ 251,474,536</u>	<u>\$ 252,129,791</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, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	Total
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 5,769,960	\$ 285,301	\$ -	\$ (5,484,659)	\$ -	\$ (5,484,659)
Public safety	13,452,066	1,953,587	-	(11,498,479)	-	(11,498,479)
Development services	833,330	743,201	-	(90,129)	-	(90,129)
Streets	5,072,907	318,731	369,544	(4,384,632)	-	(4,384,632)
Parks and recreation	4,054,147	106,882	-	(3,947,265)	-	(3,947,265)
Visitors services	6,370,107	2,054,468	-	(4,315,639)	-	(4,315,639)
Interest on Long-term Debt	1,598,951	-	-	(1,598,951)	-	(1,598,951)
Total governmental activities	37,151,468	5,462,170	369,544	(31,319,754)	-	(31,319,754)
Business-type activities:						
Airport	4,473,096	4,203,815	-	-	(269,281)	(269,281)
Utilities	8,512,308	9,050,758	460,497	-	998,947	998,947
Total business-type activities	12,985,404	13,254,573	460,497	-	729,666	729,666
Total primary government	\$ 50,136,872	\$ 18,716,743	\$ 830,041	\$ (31,319,754)	\$ 729,666	\$ (30,590,088)

**GENERAL REVENUES:**

Taxes:						
Property taxes, levied for general purposes				13,587,051	-	13,587,051
Sales taxes				11,691,786	-	11,691,786
Franchise taxes				2,615,504	-	2,615,504
Hotel motel taxes				5,203,080	-	5,203,080
Interest on investments				1,700,412	388,070	2,088,482
Miscellaneous				374,662	(38,376)	336,286
Total general revenues				35,172,495	349,694	35,522,189

Change in Net Assets

1,079,360

3,852,741

4,932,101

NET ASSETS, beginning of year

182,787,520

139,264,987

43,522,533

187,719,621

NET ASSETS, end of year

\$ 187,719,621

\$ 143,117,728

\$ 44,601,893

\$ 187,719,621

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

**Governmental Funds**  
**Balance Sheet**  
**September 30, 2007**

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and investments	\$ 10,128,020	\$ 5,760,970	\$ 1,620,478	\$ 859,647	\$ 7,212,779	\$ 662,866	\$ 26,244,760
Receivables:							
Ad valorem taxes, including interest and penalties	307,664	-	138,615	-	-	-	446,279
Non-property taxes	2,058,718	478,229	-	-	-	-	2,536,947
Franchise fees	344,998	-	-	-	-	-	344,998
Service fees	709,682	-	-	-	-	-	709,682
Ambulance	143,746	-	-	-	-	-	143,746
Interest	54,451	31,483	8,831	4,684	39,307	3,596	142,352
Other	9,010	92,055	-	-	143,521	-	101,065
Prepaid items	219,624	-	-	-	-	-	363,145
Inventories, at cost	86,294	-	-	-	-	-	86,294
<b>Total assets</b>	<b>\$ 14,062,207</b>	<b>\$ 6,362,737</b>	<b>\$ 1,767,924</b>	<b>\$ 864,331</b>	<b>\$ 7,395,607</b>	<b>\$ 666,462</b>	<b>\$ 31,119,268</b>
<b>LIABILITIES AND FUND BALANCE:</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,123,555	\$ 926,145	\$ -	\$ -	\$ 236,474	\$ 304,531	\$ 2,590,705
Contracts and retainage payable	-	-	-	-	44,501	-	44,501
Deferred Revenue	2,244,175	-	154,771	-	-	-	2,398,946
Intergovernmental payable	5,543	-	-	-	-	-	5,543
Customer deposits	4,769	54,282	-	-	-	-	59,051
<b>Total liabilities</b>	<b>3,378,042</b>	<b>980,427</b>	<b>154,771</b>	<b>-</b>	<b>280,975</b>	<b>304,531</b>	<b>5,098,746</b>
Fund Balances:							
Fund balances reserved:							
Reserved for court technology	-	-	-	-	-	83,904	83,904
Reserved for building security	-	-	-	-	-	72,237	72,237
Reserved for inventories	86,294	-	-	-	-	-	86,294
Reserved for prepaid items	219,624	-	-	-	-	-	219,624
Reserved for debt service	-	-	1,613,153	-	-	-	1,613,153
Fund balances unreserved:							
Designated for debt service	-	-	-	864,331	-	-	864,331
Designated for capital outlay	-	-	-	-	7,114,632	-	7,114,632
Unreserved - undesignated	10,378,247	5,382,310	-	-	-	-	15,760,557
Unreserved - undesignated - Public Safety	-	-	-	-	-	74,835	74,835
Unreserved - undesignated - Arbor	-	-	-	-	-	130,955	130,955
<b>Total fund balance</b>	<b>10,684,165</b>	<b>5,382,310</b>	<b>1,613,153</b>	<b>864,331</b>	<b>7,114,632</b>	<b>361,931</b>	<b>26,020,522</b>
<b>Total liabilities and fund balance</b>	<b>\$ 14,062,207</b>	<b>\$ 6,362,737</b>	<b>\$ 1,767,924</b>	<b>\$ 864,331</b>	<b>\$ 7,395,607</b>	<b>\$ 666,462</b>	<b>\$ 31,119,268</b>

See accompanying notes to basic financial statements.

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

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TOWN OF ADDISON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<b>Total Fund Balances - Governmental Funds</b>	\$ 26,020,522
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.	8,658,183
Capital assets used in governmental activities, including infrastructure, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$211,592,678 net of accumulated depreciation of \$64,809,194 exclusive of the capital assets of internal service funds with a net carrying values of \$3,327,184 included above increased net assets in the government-wide financial statements.	146,783,484
Debt issue costs have been reflected net of amortization on the government wide financial statements.	159,453
Bonds payable and contractual obligations and related premium and deferred refunding amounts, have not been included in the fund financial statements.	(39,937,769)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(767,013)
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.	(198,078)
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.	590,215
Revenue recognized at government-wide financial statements not recognized as revenue in the fund financial statements for sales taxes and franchise fees.	<u>1,808,731</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 143,117,728</u></u>

See accompanying notes to basic financial statements.

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

**Governmental Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2007**

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Funds	Other Governmental Funds	Total Governmental
<b>REVENUES:</b>							
Ad Valorem Taxes	\$ 9,136,052	-	\$ 4,493,744	\$ -	\$ -	\$ -	\$ 13,629,796
Non-Property Taxes	11,515,956	5,203,080	-	-	-	-	16,719,036
Franchise Fees	2,615,504	-	-	-	-	-	2,615,504
Licenses and Permits	743,201	-	-	-	-	-	743,201
Intergovernmental	-	-	-	-	185,297	-	185,297
Service Fees	1,229,291	1,419,562	-	-	-	-	2,648,853
Fines and Forfeitures	1,181,508	-	-	-	-	58,365	1,239,873
Earnings on Investments	568,276	233,339	126,716	53,397	405,092	29,229	1,416,049
Rental Charges	147,363	529,200	-	-	-	-	676,563
Recycling proceeds	-	-	-	-	-	32,703	32,703
Developer Contributions	-	-	-	-	184,247	-	184,247
Other	139,638	105,706	-	-	72,847	14,814	333,005
<b>Total revenues</b>	<b>27,276,789</b>	<b>7,490,887</b>	<b>4,620,460</b>	<b>53,397</b>	<b>847,483</b>	<b>135,111</b>	<b>40,424,127</b>
<b>EXPENDITURES:</b>							
Current:							
General Government	5,699,206	-	-	-	-	-	5,699,206
Public Safety	13,259,037	-	-	-	-	59,881	13,318,918
Development Services	770,557	-	-	-	-	-	770,557
Streets	1,476,582	-	-	-	-	-	1,476,582
Parks and recreation	3,562,422	-	-	-	-	6,609	3,569,031
Visitor Services	-	6,040,917	-	-	-	-	6,040,917
Debt Service:							
Principal Retirement	-	-	3,255,000	480,000	-	-	3,735,000
Interest and fiscal charges	-	-	1,401,735	226,712	-	-	1,628,447
Capital Projects:							
Administration:							
Salaries and fringe benefits	-	-	-	-	52,304	-	52,304
Design and engineering:							
Engineering and contractual services	-	-	-	-	123,695	-	123,695
Construction and equipment	-	-	-	-	1,110,279	-	1,110,279
<b>Total expenditures</b>	<b>24,767,804</b>	<b>6,040,917</b>	<b>4,656,735</b>	<b>706,712</b>	<b>1,286,278</b>	<b>66,490</b>	<b>37,524,936</b>
Excess(deficiency) of revenues over expenditures	2,508,985	1,449,970	(36,275)	(653,315)	(438,795)	68,621	2,899,191
<b>OTHER FINANCING SOURCES(USES):</b>							
Transfers In	-	-	-	706,710	-	-	706,710
Transfers Out	-	(706,710)	-	-	-	-	(706,710)
<b>Total Other Financing Sources(Uses)</b>	<b>-</b>	<b>(706,710)</b>	<b>-</b>	<b>706,710</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	2,508,985	743,260	(36,275)	53,395	(438,795)	68,621	2,899,191
Fund balances at beginning of year	8,175,180	4,639,050	1,649,428	810,936	7,553,427	293,310	23,121,331
Fund balances at end of year	\$ 10,684,165	\$ 5,382,310	\$ 1,613,153	\$ 864,331	\$ 7,114,632	\$ 361,931	\$ 26,020,522

See accompanying notes to basic financial statements.

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

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TOWN OF ADDISON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS SCHEDULE OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 2,899,191
<p>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 fund. 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.</p>	317,329
<p>Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2006 capital outlays is to increase net assets.</p>	1,695,592
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.</p>	(5,084,462)
<p>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.</p>	(15,416)
<p>Amortization of premiums and deferred 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.</p>	(3,046)
<p>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.</p>	3,735,000
<p>Increase in compensated absences liability are not shown in the fund financial statements. The net effect of the current year's decrease is to decrease net assets.</p>	(35,124)
<p>Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the change in accrued interest is to increase net assets.</p>	47,958
<p>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.</p>	<u>295,719</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 3,852,741</u></u>

See accompanying notes to basic financial statements.

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

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**

	Budget		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive(Negative)
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 9,408,480	\$ 9,408,480	\$ 9,136,052	\$ (272,428)
Non-Property Taxes	11,148,820	11,248,820	11,515,956	267,136
Franchise Fees	2,691,660	2,691,660	2,615,504	(76,156)
Licenses and Permits	524,900	524,900	743,201	218,301
Service Fees	1,201,270	1,201,270	1,229,291	28,021
Fines and Forfeitures	893,000	1,043,000	1,181,508	138,508
Earnings on Investments	340,000	490,000	568,276	78,276
Rental Charges	144,000	144,000	147,363	3,363
Other	37,500	37,500	139,638	102,138
<i>Total revenues</i>	<u>26,389,630</u>	<u>26,789,630</u>	<u>27,276,789</u>	<u>487,159</u>
<b>EXPENDITURES:</b>				
General Government	5,670,390	5,670,390	5,699,206	(28,816)
Public Safety	13,481,430	13,637,430	13,259,037	378,393
Development Services	783,720	783,720	770,557	13,163
Streets	1,689,200	1,704,200	1,476,582	227,618
Parks and Recreation	3,854,440	3,854,440	3,562,422	292,018
<i>Total expenditures</i>	<u>25,479,180</u>	<u>25,650,180</u>	<u>24,767,804</u>	<u>882,376</u>
Excess (deficiency) of revenues over expenditures	910,450	1,139,450	2,508,985	1,369,535
Fund balances at beginning of year	<u>8,175,180</u>	<u>8,175,180</u>	<u>8,175,180</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,085,630</u>	<u>\$ 9,314,630</u>	<u>\$ 10,684,165</u>	<u>\$ 1,369,535</u>

See accompanying notes to basic financial statements.

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

**Hotel Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**

	Budget		Actual GAAP Basis	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>REVENUES:</b>				
Hotel/motel occupancy taxes	\$ 4,672,500	\$ 4,972,500	\$ 5,203,080	\$ 230,580
Proceeds from special events	1,122,400	1,222,400	1,419,562	197,162
Conference centre rental	500,000	500,000	465,720	(34,280)
Theatre centre rental	81,000	81,000	63,480	(17,520)
Earnings on Investments	168,300	168,300	233,339	65,039
Other	99,000	99,000	105,706	6,706
<i>Total revenues</i>	<u>6,643,200</u>	<u>7,043,200</u>	<u>7,490,887</u>	<u>447,687</u>
<b>EXPENDITURES:</b>				
Visitor Services	829,920	879,920	801,919	78,001
Conference centre	955,150	960,150	942,884	17,266
Marketing	1,077,440	1,077,440	986,684	90,756
Special events	2,561,760	2,703,760	2,726,306	(22,546)
Performing arts	625,780	578,780	583,124	(4,344)
Capital projects	-	-	-	-
<i>Total expenditures</i>	<u>6,050,050</u>	<u>6,200,050</u>	<u>6,040,917</u>	<u>159,133</u>
Excess(deficiency) of revenues over expenditures	593,150	843,150	1,449,970	606,820
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers Out	<u>(706,710)</u>	<u>(706,710)</u>	<u>(706,710)</u>	<u>-</u>
Net change in fund balance	(113,560)	136,440	743,260	606,820
Fund balances at beginning of year	<u>4,639,050</u>	<u>4,639,050</u>	<u>4,639,050</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,525,490</u>	<u>\$ 4,775,490</u>	<u>\$ 5,382,310</u>	<u>\$ 606,820</u>

See accompanying notes to basic financial statements.

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

**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2007**

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
<b>ASSETS:</b>				
Current Assets:				
Cash and investments	\$ 2,423,876	\$ 5,331,320	\$ 7,755,196	\$ 5,349,091
Interest receivable	13,239	29,566	42,805	29,150
Accounts receivable	350,406	1,471,906	1,822,312	-
Prepaid items	-	89,566	89,566	-
Inventory	-	-	-	950
<i>Total current assets</i>	<u>2,787,521</u>	<u>6,922,358</u>	<u>9,709,879</u>	<u>5,379,191</u>
Noncurrent Assets:				
Deferred charges	32,545	224,510	257,055	-
Capital assets:				
Land	8,911,357	1,312,064	10,223,421	-
Buildings	1,386,047	1,728,905	3,114,952	-
Improvements other than buildings	16,985,154	39,745,423	56,730,577	-
Machinery and equipment	1,136,339	1,868,400	3,004,739	14,894,149
Accumulated depreciation	(12,276,387)	(17,465,245)	(29,741,632)	(11,566,965)
Total capital assets, net of accumulated depreciation	16,142,510	27,189,547	43,332,057	3,327,184
Construction in progress	3,891,409	-	3,891,409	-
<i>Net property, plant, and equipment</i>	<u>20,033,919</u>	<u>27,189,547</u>	<u>47,223,466</u>	<u>3,327,184</u>
Investment in joint venture	-	7,515,556	7,515,556	-
<i>Total assets</i>	<u>22,853,985</u>	<u>41,851,971</u>	<u>64,705,956</u>	<u>8,706,375</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	669,949	727,029	1,396,978	48,192
Current maturities of general obligation bonds	235,000	1,997,373	2,232,373	-
Accrued interest payable	19,410	68,939	88,349	-
Customer deposits	169,659	626,256	795,915	-
<i>Total current liabilities</i>	<u>1,094,018</u>	<u>3,419,597</u>	<u>4,513,615</u>	<u>48,192</u>
Long-term debt, net of current portion:				
General obligation bonds payable	3,725,000	11,865,448	15,590,448	-
<i>Total long-term debt</i>	<u>3,725,000</u>	<u>11,865,448</u>	<u>15,590,448</u>	<u>-</u>
<i>Total liabilities</i>	<u>4,819,018</u>	<u>15,285,045</u>	<u>20,104,063</u>	<u>48,192</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	16,106,464	21,066,792	37,173,256	3,327,184
Unrestricted	1,928,503	5,500,134	7,428,637	5,330,999
<i>Total net assets</i>	<u>\$ 18,034,967</u>	<u>\$ 26,566,926</u>	<u>\$ 44,601,893</u>	<u>\$ 8,658,183</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, 2007**

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
<b>OPERATING REVENUES:</b>				
Water	\$ -	\$ 4,249,522	\$ 4,249,522	\$ -
Sewer	-	4,658,814	4,658,814	-
Penalties	-	133,522	133,522	-
Water and sewer taps	-	8,900	8,900	-
Fuel flowage fees	910,186	-	910,186	-
Customs agent fees	38,074	-	38,074	-
Rental charges	3,242,816	-	3,242,816	-
Other income	12,739	-	12,739	-
Department contributions	-	-	-	1,087,336
<i>Total operating revenues</i>	<u>4,203,815</u>	<u>9,050,758</u>	<u>13,254,573</u>	<u>1,087,336</u>
<b>OPERATING EXPENSES:</b>				
Salaries and fringe benefits	258,772	1,168,331	1,427,103	-
Supplies	16,560	111,994	128,554	-
Maintenance and materials	1,709,320	317,096	2,026,416	3,505
Contractual services	1,554,274	523,604	2,077,878	2,088
Water purchases	-	2,467,321	2,467,321	-
Wastewater transmission and treatment	-	2,168,904	2,168,904	-
<i>Total operating expenses (excluding depreciation)</i>	<u>3,538,926</u>	<u>6,757,250</u>	<u>10,296,176</u>	<u>5,593</u>
Depreciation	773,608	1,102,555	1,876,163	899,948
<i>Total operating expenses</i>	<u>4,312,534</u>	<u>7,859,805</u>	<u>12,172,339</u>	<u>905,541</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(108,719)</u>	<u>1,190,953</u>	<u>1,082,234</u>	<u>181,795</u>
<b>NONOPERATING REVENUES AND (EXPENSES):</b>				
Investment Income	159,745	228,325	388,070	284,363
Rental income	-	1,925	1,925	-
Other income	-	(40,300)	(40,300)	7,290
Interest expense	(158,238)	(572,175)	(730,413)	-
Amortization expense	(2,324)	(79,508)	(81,832)	-
Other expenses	-	(821)	(821)	(156,119)
<i>Total nonoperating revenues (expenses)</i>	<u>(817)</u>	<u>(462,554)</u>	<u>(463,371)</u>	<u>135,534</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<u>(109,536)</u>	<u>728,399</u>	<u>618,863</u>	<u>317,329</u>
Capital contributions	-	460,497	460,497	-
<b>CHANGE IN NET ASSETS</b>	<u>(109,536)</u>	<u>1,188,896</u>	<u>1,079,360</u>	<u>317,329</u>
Net assets at the beginning of the year	<u>18,144,503</u>	<u>25,378,030</u>	<u>43,522,533</u>	<u>8,340,854</u>
<i>Net assets at end of year</i>	<u>\$ 18,034,967</u>	<u>\$ 26,566,926</u>	<u>\$ 44,601,893</u>	<u>\$ 8,658,183</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, 2007**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 3,915,947	\$ 9,626,826	\$ 13,542,773	\$ -
Department contributions	-	-	-	1,087,336
Payments to suppliers	(3,303,842)	(5,506,090)	(8,809,932)	14,256
Payments to employees for services	(258,772)	(1,168,331)	(1,427,103)	-
<i>Net cash provided by operating activities</i>	<u>353,333</u>	<u>2,952,405</u>	<u>3,305,738</u>	<u>1,101,592</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(719,400)	(198,315)	(457,218)	(1,069,177)
Principal paid on revenue and general obligation bonds	(225,000)	(1,682,142)	(1,907,142)	-
Proceeds from the sales of assets	-	-	-	-
Interest paid on bonds	(159,223)	(628,813)	(788,036)	-
Other	-	7,589	7,589	-
<i>Net cash used by capital and related financing activities</i>	<u>(1,103,623)</u>	<u>(2,501,681)</u>	<u>(3,144,807)</u>	<u>(1,069,177)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on cash and investments	164,273	228,510	392,783	285,150
Cash received from equipment rental	-	1,925	1,925	-
<i>Net cash provided by investment activities</i>	<u>164,273</u>	<u>230,435</u>	<u>394,708</u>	<u>285,150</u>
<i>Net increase (decrease) in cash and cash investments</i>	(586,017)	681,159	555,639	317,565
Cash and cash investments, October 1	3,009,893	4,650,161	7,660,054	5,031,526
Cash and cash investments, September 30	<u>\$ 2,423,876</u>	<u>\$ 5,331,320</u>	<u>\$ 7,755,196</u>	<u>\$ 5,349,091</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital Contribution	-	460,497	460,497	-
Gain / (Loss) of joint venture	-	(48,711)	(48,711)	-
<i>Net noncash items from capital and related financing activities</i>	<u>\$ -</u>	<u>\$ 411,786</u>	<u>\$ 411,786</u>	<u>\$ -</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:				
Operating income (loss)	\$ (108,719)	\$ 1,190,953	\$ 1,082,234	\$ 181,795
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation expense	773,608	1,102,555	1,876,163	899,948
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(274,217)	629,332	355,115	-
(Increase) decrease in inventories	147,778	-	147,778	-
(Increase) decrease in prepaid items	-	10,336	10,336	-
Increase (decrease) in customer deposits	(13,651)	72,493	58,842	-
Increase (decrease) in accounts payable and accrued liabilities	(171,466)	(53,264)	(53,264)	-
			(171,466)	19,849
<b>Net cash provided by operating activities</b>	<u>\$ 353,333</u>	<u>\$ 2,952,405</u>	<u>\$ 3,305,738</u>	<u>\$ 1,101,592</u>

See accompanying notes to the basic financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2007

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Town of Addison, Texas ("Town"), relating to the funds included in the accompanying financial statements conform to the generally accepted accounting principles applicable to state and local governments. The following represent the more significant accounting and reporting policies and practices used by the Town:

A. Reporting Entity

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's Charter was 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.

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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,

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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.

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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, 2007 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 \$99,643.

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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 capital 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 capital assets:

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

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

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.

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**  
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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, 2007.

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) 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 statements for the year ended September 30, 2007, 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 1<sup>st</sup> 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.

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September 30, 2007

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- 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 \$400,000 due to an increase in court fine collections (\$150,000), increased interest earnings (\$150,000), and increased sales tax collections (\$100,000). General Fund expenses were increased \$433,000 primarily for additional legal expense, overtime for the Fire department due to vacancies, and various additional repair and maintenance costs. In the Hotel Fund, revenues were increased by \$400,000 for an increase in hotel occupancy taxes (\$300,000) and increased attendance for Taste Addison (\$100,000). Hotel Fund expenses were increased by \$125,000 primarily for the Taste Addison event and a promotional video for the Addison hotels. In the Airport fund, expenses were increased \$140,000 for unanticipated additional litigation costs.

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.

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2007. At year-end, the carrying amount of the Town's deposits was a credit balance of \$715,106 primarily consisting of outstanding checks and the respective bank balance totaled \$436,547. 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 \$336,547 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, 2007 were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

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.

JPMorgan Fleming Asset Management (USA), ("JPMFAM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMFAM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2007, the Town held the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Agency Securities	\$ 25,077,593	326
Commercial Paper	6,428,401	80
Certificate of Deposit	<u>2,051,039</u>	918
<i>Total investment in securities</i>	<u>33,557,033</u>	
Investment in Pools		
TexStar	4,285,043	1
TexPool	<u>2,202,776</u>	1
<i>Total investment in pools</i>	<u>6,487,819</u>	
<i>Total Investments</i>	<u>\$ 40,044,852</u>	263

*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) 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.
- b) Prime commercial paper with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least:
  - A-1 by Standard & Poors
  - P-1 by Moodys or
  - D-1 by Duff & Phelps
  - (1) At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.
  - (2) If more than two (2) of the above rated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

**NOTES TO FINANCIAL STATEMENTS**  
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- (3) If the commercial paper issuer has senior debt\* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:
- A-1 by Moodys
  - A+ by Standard and Poors
  - A+ Duff and Phelps
- \*senior debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a "plus (+) rating", the maximum maturity of two hundred seventy (270) days or less will be allowed.

- c) Time Certificates of Deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch in the state of Texas. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of the Town.
- d) 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 and TexSTAR are both currently rated AAA 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 applicable limits on the Town's current investments are Instrumentality Securities (70%) of which the Town's portfolio is currently at 62.62%, Commercial Paper (30%) of which the Town's portfolio is currently at 16.05%, Certificates of Deposit (30%) of which the Town's portfolio is currently at 5.12%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 16.20%.

**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, 2006, upon which the fiscal 2007 levy is based, was \$3,029,605,430.

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, 2007 was \$.4640 per \$100 of which \$.3110 was allocated for general government and \$.1530 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, 2007 were 97.1% of the tax levy.

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

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2007 was \$99,643.

**C. Receivables**

As of September 30, 2007, 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	\$ 376,358	\$	\$ 169,564	\$	\$	\$	\$ 545,922
Non Property Taxes	2,058,718	478,229					2,536,947
Franchise Fees	344,998						344,998
Service Fees	1,951,717						1,951,717
Ambulance	308,702						308,702
Interest	54,450	31,483	8,831	4,684	39,307	32,746	171,501
Other	<u>9,010</u>	<u>92,055</u>					<u>101,065</u>
Gross Receivables	\$ 5,103,953	\$ 601,767	\$ 178,395	\$ 4,684	\$ 39,307	\$ 32,746	\$ 5,960,852
Less: Allowance for Uncollectibles	<u>1,475,684</u>		<u>30,949</u>				<u>1,506,633</u>
Net Receivables	<u>\$ 3,628,269</u>	<u>\$ 601,767</u>	<u>\$ 147,446</u>	<u>\$ 4,684</u>	<u>\$ 39,307</u>	<u>\$ 32,746</u>	<u>\$ 4,454,219</u>

The allowance for uncollectible accounts represents reserves for ambulance (\$164,956), court warrant (\$1,242,034), and property tax receivables (\$99,643).

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2007

**D. Capital Assets**

Capital Asset activity for the year ended September 30, 2007 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	\$ 64,155,723	\$	\$	\$	\$ 64,155,723
Construction in progress	<u>1,138,156</u>	<u>1,053,838</u>			<u>2,191,994</u>
<i>Total Capital Assets, not being depreciated</i>	<u>65,293,879</u>	<u>1,053,838</u>			<u>66,347,717</u>
Capital Assets, being depreciated:					
Buildings	21,409,464				21,409,464
Improvements other than buildings	121,634,333	405,862			122,040,195
Machinery and equipment	<u>15,691,950</u>	<u>1,156,242</u>	<u>(158,740)</u>		<u>16,689,452</u>
<i>Total Capital Assets, being depreciated</i>	<u>158,735,747</u>	<u>1,562,104</u>	<u>(158,740)</u>		<u>160,139,111</u>
Less Accumulated Depreciation for:					
Buildings	(6,650,933)	(557,360)			(7,208,293)
Improvements other than buildings	(52,126,230)	(4,369,648)			(56,495,878)
Machinery and equipment	<u>(11,773,270)</u>	<u>(1,057,459)</u>	<u>158,740</u>		<u>(12,671,989)</u>
<i>Total Accumulated Depreciation</i>	<u>(70,550,433)</u>	<u>(5,984,467)</u>	<u>158,740</u>		<u>(76,376,160)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>88,185,314</u>	<u>(422,363)</u>			<u>83,762,951</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 153,479,193</u>	<u>\$ (3,368,525)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 150,110,668</u>
Business-type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 9,809,729	\$ 413,692	\$	\$	\$ 10,223,421
Construction in progress	<u>3,644,507</u>	<u>246,902</u>			<u>3,891,409</u>
<i>Total Capital Assets, not being depreciated</i>	<u>13,454,236</u>	<u>660,594</u>			<u>14,114,830</u>
Capital Assets, being depreciated:					
Buildings	3,114,952				3,114,952
Improvements other than buildings	56,052,078	678,499			56,730,577
Machinery and equipment	<u>2,965,619</u>	<u>39,120</u>			<u>3,004,739</u>
<i>Total Capital Assets, being depreciated</i>	<u>62,132,649</u>	<u>717,619</u>			<u>62,850,268</u>
Less Accumulated Depreciation for:					
Buildings	(1,335,192)	(62,299)			(1,397,491)
Improvements other than buildings	(24,909,362)	(1,541,140)			(26,450,502)
Machinery and equipment	<u>(1,620,915)</u>	<u>(272,724)</u>			<u>(1,893,639)</u>
<i>Total Accumulated Depreciation</i>	<u>(27,865,469)</u>	<u>(1,876,163)</u>			<u>(29,741,632)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>34,267,180</u>	<u>(1,158,544)</u>			<u>33,108,636</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 47,721,416</u>	<u>\$ (497,950)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 47,223,466</u>

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

Governmental Activities	
General Government	\$ 265,784
Public Safety	850,791
Development Services	1,175
Visitor Services	517,362
Streets	3,632,342
Parks and Recreation	<u>717,013</u>
<i>Total Depreciation Expense-governmental activities</i>	<u>\$ 5,984,467</u>
Business type activities	
Airport Fund	\$ 773,608
Utility Fund	<u>1,102,555</u>
<i>Total Depreciation Expense-business type activities</i>	<u>\$ 1,876,163</u>

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2007:

Project	Estimated Commitments	Less Expenditures To Date	Total Unfinished Commitments
Airport Fuel Farm	\$ 4,041,795	\$ 3,672,030	\$ 369,765
Addison Road Widening	<u>2,144,550</u>	<u>656,683</u>	<u>1,487,867</u>
Total	<u>\$ 6,186,345</u>	<u>\$ 4,328,713</u>	<u>\$ 1,857,632</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 \$7,653,329. 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.

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F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>General Obligation Bonds Series of 2000</b>		
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. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; MBIA insured	2,075,000	
<b>General Obligation Bonds Series of 2001</b>		
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. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG insured	5,435,000	6,565,000
<b>General Obligation Refunding Bonds Series of 2002</b>		
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. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG Insured	10,814,769	7,525,231

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>Combination Tax and Revenue Certificates of Obligation Series of 2003</b>		
<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 &amp; Poor's "AAA"; AMBAC Insured</p>	6,605,000	
<b>General Obligation Bonds Series of 2004</b>		
<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 &amp; Poor's "AAA"; AMBAC Insured</p>	9,105,000	
<b>Combination Tax and Revenue Certificates of Obligation Series of 2004</b>		
<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 &amp; Poor's "AAA"; AMBAC Insured</p>		3,960,000

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>General Obligation Refunding and Improvement Bonds Series of 2005</b>		
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>6,040,000</u>	<u>                    </u>
<b>Total</b>	<b>\$ <u>40,074,769</u></b>	<b>\$ <u>18,050,231</u></b>

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Changes in long-term liabilities:

A summary of long-term liability activity for the year ended September 30, 2007 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>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 36,725	\$	\$ (3,255)	\$ 33,470	\$ 3,420
Certificates of Obligation	7,085		(480)	6,605	500
Premium on general obligation refunding bonds	256		(32)	224	32
Deferred loss on refunding amount on General obligation bonds	(396)		35	(361)	(35)
<i>Governmental activity long-term liabilities</i>	<u>\$ 43,670</u>	<u>\$ -</u>	<u>\$ (3,732)</u>	<u>\$ 39,938</u>	<u>\$ 3,917</u>
<b>Proprietary Funds:</b>					
General obligation bonds (Payable from utility system revenues)	15,805		(1,715)	14,090	2,030
Premium on general obligation refunding bonds	84		(17)	67	17
Discount on general obligation refunding bonds	(71)		7	(64)	(8)
Deferred loss on refunding amount on General obligation bonds	(274)		43	(231)	(43)
Combination tax and revenue certificates of obligation (Payable from levy of ad valorem tax)	4,185		(225)	3,960	235
<i>Business-type activity long-term liabilities</i>	<u>\$ 19,729</u>	<u>\$ -</u>	<u>\$ (1,907)</u>	<u>\$ 17,822</u>	<u>\$ 2,231</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 \$1,613,153 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, 2007.

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

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds				
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><u>33,469,769</u></u>	\$ <u><u>7,111,694</u></u>	\$ <u><u>14,090,231</u></u>	\$ <u><u>1,741,362</u></u>
Certificates of Obligation				
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><u>6,605,000</u></u>	\$ <u><u>1,337,668</u></u>	\$ <u><u>3,960,000</u></u>	\$ <u><u>1,133,847</u></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, 2007.

2008	140,000
2009	140,000
2010	140,000
2011 and thereafter	<u>233,333</u>
Total	\$ <u><u>653,333</u></u>

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H. Interfund Transfers

Transfers between funds during the year ended September 30, 2007 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
Hotel Fund	\$	\$ 706,710	For payment of debt service
Hotel Debt Service Fund	706,710		For payment of debt service
<i>Total Transfers</i>	\$ 706,710	\$ 706,710	

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 2007, 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, 2007 there remained one open claim that represents a possible exposure to the Town of \$6,569 for future claim payments.

<u>Workers Compensation Claims</u>	<u>2007</u>	<u>2006</u>
Claims payable at beginning of year	\$ 28,709	\$ 45,286
Claims incurred and change in estimate	-	(1,000)
Claims paid	(22,140)	(15,577)
Claims payable at end of year	\$ 6,569	\$ 28,709

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**  
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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, 2005, valuation is effective for rates beginning January, 2007).

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The Town of Addison is one of 821 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, 2006 valuations are contained in the 2006 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		
	2004	2005	2006
Actuarial valuation date			
Actuarial value of assets	\$ 43,276,488	\$ 44,500,440	\$ 45,023,526
Actuarial accrued liability	52,145,929	54,187,138	55,786,598
Percentage funded	83.0%	82.1%	80.7%
Unfunded actuarial accrued liability (UAAL)	8,869,441	9,686,698	10,763,072
Annual covered payroll	13,021,715	13,330,709	13,753,045
UAAL as a percentage of covered payroll	68.1%	72.7%	78.3%

	September 30		
	2004	2005	2006
Net pension obligation (NPO) at beginning of period	\$ -	\$ -	\$ -
Annual pension cost	-	-	-
Annual required contribution (ARC)	1,872,450	1,885,203	1,884,965
Contributions made	1,872,450	1,885,203	1,884,965
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

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Funding Issues and Future Changes in Actuarial and Amortization Methods

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions will be included in the December 31, 2007 TMRS Comprehensive Annual Financial Report that will be published by June 2008.

Since its inception, TMRS has used the traditional Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date but does not project the potential future liability of provisions adopted by a city. The Town, as well as the majority of cities participating in TMRS, has adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be "committed" benefits (or likely to be guaranteed); as such, the TMRS Board has adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the PUC method will be used.

In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result in higher required contributions and lower funded ratios. To assist in this transition to higher rates, the Board also approved an optional eight-year phase-in period, which would allow cities the opportunity to increase their contributions gradually to their full, or required contribution, rate.

Using demographic data from the 12/31/06 valuation, TMRS's actuary made calculations with the new actuarial assumptions. For cities with annually repeating benefits, those calculations resulted in estimated higher contribution rates, increased unfunded actuarial liabilities, and lower funded ratios. The Town adopted the Updated Service Credit provision in 1994, on a repeating basis. The Town also adopted annuity increases for its retirees on a repeating basis in 1994 equal to 70% of the change in the consumer price index. In a letter from TMRS dated February 1, 2008, the Town was informed of its estimated contributions for the 2009 calendar year under the various options described above. If the Town were to make no changes to its retirement plan, the full contribution rate for 2009 would be 20.49% of eligible payroll. This rate compares to the 2008 rate of 13.83%. If the Town were to elect to extend the amortization period to 30 years, the 2009 rate would be reduced to 19.61%. If the Town selected the eight-year phased option, the 2009 rate would be 14.55%. Finally, if the Town chose to drop the annually repeating benefits under the 30-year amortization period, the rate would drop to 11.52%.

The Town will be reviewing this information during development of its 2008-09 budget to ascertain the extent to which the higher contribution rates will impact the Town's operating fund budgets. The Town will evaluate the various plan benefits and determine whether the plan should be modified in context of the 2008-09 budget. Because of the magnitude of the changes proposed by TMRS, the Town is considering hiring an independent actuary to verify the assumptions made by TMRS.

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C. Contingencies

**THROUGH-THE-FENCE AIRPORT ACCESS**

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.

The parties entered into a Compromise Settlement Agreement in June 2007 and Dallas Court of Appeals granted the parties' joint motion to vacate judgment and dismiss cause pursuant to settlement. In July of 2007 the Town paid \$218,000 to settle the lawsuit.

There is still one lawsuit remaining related to the through-the-fence access. The case was tried in March 2007 and the court entered a final judgment in favor of the Town in November. The Plaintiff filed a motion with the court in December 2007 for a new trial. To date, the court has not ruled on the motion and a notice of appeal has not been filed.

**ADDISON AIRPORT FUEL FARM**

A lawsuit was filed seeking compensation from the Town regarding work performed on the Bulk Fuel Storage Facility at the Addison Airport. The Plaintiff is suing to recover compensation in connection with the construction. The Town maintains that the work performed did not meet expected operational standards and that compensation sought was in excess of the contract amount. The Town has not yet been served with the lawsuit.

As of September 30, 2007, 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. Subsequent Events

On January 31, 2008, Standard and Poor's Rating Services ("S&P") downgraded the Insured Financial Strength rating of FGIC from AAA to AA.

The Issuer's underlying rating is "Aa3" and "AA" by Moody's Investors Service and S&P, respectively.

Issue(s): \$16,065,000 General Obligation Refunding Bonds, Series 2001  
\$25,375,000 General Obligation Refunding and Improvement Bonds, Series 2002

E. 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.

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F. Statement of Working Capital

Schedules of Working Capital for proprietary funds for the year ended September 30, 2007 are as follows:

SUMMARY OF CHANGES IN WORKING CAPITAL FOR PROPRIETARY FUNDS

	<u>2007</u>	<u>2006</u>
<u>AIRPORT FUND</u>		
Net income (excluding depreciation)	\$ 664,072	\$ 585,428
Net additions to capital assets	(719,400)	(1,561,856)
Net decrease to long term debt	(225,000)	(215,000)
Net increase (decrease) of restricted assets	(10,000)	(10,000)
Net increase (decrease) in other	2,324	2,491
Working capital at the beginning of the year	<u>1,981,507</u>	<u>3,180,444</u>
Working capital at the end of the year	<u>\$ 1,693,503</u>	<u>\$ 1,981,507</u>
 <u>UTILITY FUND</u>		
Net income (excluding depreciation)	\$ 2,291,451	\$ 3,981,905
Net additions to capital assets	(658,813)	(340,995)
Net retirement of long term debt	(1,997,373)	(1,682,142)
Net increase (decrease) of restricted assets	53,264	6,335
Net reduction of payables from restricted assets	(53,264)	(6,335)
Net increase in other	78,469	(39,207)
Working capital at the beginning of the year	<u>3,789,027</u>	<u>1,869,466</u>
Working capital at the end of the year	<u>\$ 3,502,761</u>	<u>\$ 3,789,027</u>
 <u>CAPITAL REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 822,859	\$ 911,595
Net additions to capital assets	(745,094)	(122,469)
Working capital at the beginning of the year	<u>2,902,606</u>	<u>2,113,480</u>
Working capital at the end of the year	<u>\$ 2,980,371</u>	<u>\$ 2,902,606</u>
 <u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 394,418	\$ 501,903
Net additions to capital assets	(175,254)	(56,447)
Working capital at the beginning of the year	<u>2,131,464</u>	<u>1,686,008</u>
Working capital at the end of the year	<u>\$ 2,350,628</u>	<u>\$ 2,131,464</u>



## Required Supplementary Information

Addison!®

**Town of Addison, Texas**  
**Required Supplementary Information**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
Texas Municipal Retirement System  
Analysis of Funding Progress (Unaudited)  
September 30, 2007

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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)		
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
2007	31-Dec-06	45,023,526	55,786,598	80.71%	10,763,072	13,753,045	78.26%	1,884,965	1,884,965

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 2002-2007. This information can be referred to in separately issued financial reports of the pension fund.

Addison!®

# Major Governmental Funds

Addison!®

## 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.

Addison!®

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 10,128,020	\$ 7,901,927
Receivables:		
Ad valorem taxes, including interest and penalties	307,664	327,793
Non-property taxes	2,058,718	1,983,305
Franchise fees	344,998	255,794
Service fees	709,682	701,899
Ambulance	143,746	63,831
Interest	54,451	47,737
Other	9,010	30,143
Prepaid Items	219,624	8,444
Inventories, at cost	86,294	93,392
<i>Total assets</i>	<u><u>\$ 14,062,207</u></u>	<u><u>\$ 11,414,265</u></u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,123,555	\$ 1,302,642
Deferred Revenue	2,244,175	1,928,229
Intergovernmental payable	5,543	4,867
Customer deposits	4,769	3,347
<i>Total liabilities</i>	<u>3,378,042</u>	<u>3,239,085</u>
Fund Balances:		
Fund balances reserved:		
Reserved for inventories	86,294	93,392
Reserved for prepaid items	219,624	8,444
Fund balances unreserved:		
Unreserved - undesignated	<u>10,378,247</u>	<u>8,073,344</u>
Total fund balance	<u>10,684,165</u>	<u>8,175,180</u>
Total liabilities and fund balance	<u><u>\$ 14,062,207</u></u>	<u><u>\$ 11,414,265</u></u>

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Ad Valorem Taxes	\$ 9,408,480	\$ 9,408,480	\$ 9,136,052	\$ (272,428)	\$ 8,546,522
Non-Property Taxes	11,148,820	11,248,820	11,515,956	267,136	10,907,752
Franchise Fees	2,691,660	2,691,660	2,615,504	(76,156)	2,681,263
Licenses and Permits	524,900	524,900	743,201	218,301	651,408
Service Fees	1,201,270	1,201,270	1,229,291	28,021	1,296,693
Fines and Forfeitures	893,000	1,043,000	1,181,508	138,508	1,071,624
Earnings on Investments	340,000	490,000	568,276	78,276	378,492
Rental Charges	144,000	144,000	147,363	3,363	122,622
Other	37,500	37,500	139,638	102,138	178,968
<i>Total revenues</i>	<u>26,389,630</u>	<u>26,789,630</u>	<u>27,276,789</u>	<u>487,159</u>	<u>25,835,344</u>
<b>EXPENDITURES:</b>					
General Government	5,670,390	5,932,390	5,699,206	233,184	6,138,990
Public Safety	13,481,430	13,637,430	13,259,037	378,393	12,697,761
Development Services	783,720	783,720	770,557	13,163	563,271
Streets	1,689,200	1,704,200	1,476,582	227,618	1,421,464
Parks and Recreation	3,854,440	3,854,440	3,562,422	292,018	3,626,183
<i>Total expenditures</i>	<u>25,479,180</u>	<u>25,912,180</u>	<u>24,767,804</u>	<u>1,144,376</u>	<u>24,447,669</u>
Excess (deficiency) of revenues over expenditures	910,450	877,450	2,508,985	1,631,535	1,387,675
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers Out	-	-	-	-	(263,000)
Net change in fund balance	910,450	877,450	2,508,985	1,631,535	1,124,675
Fund balances at beginning of year	<u>8,175,180</u>	<u>8,175,180</u>	<u>8,175,180</u>	<u>-</u>	<u>7,050,505</u>
Fund balances at end of year	<u>\$ 9,085,630</u>	<u>\$ 9,052,630</u>	<u>\$ 10,684,165</u>	<u>\$ 1,631,535</u>	<u>\$ 8,175,180</u>

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>Taxes:</b>					
Ad Valorem Taxes:					
Current	\$ 9,374,970	\$ 9,374,970	\$ 9,173,157	\$ (201,813)	\$ 8,484,631
Delinquent	10,050	10,050	(91,991)	(102,041)	15,128
Penalties and Interest	23,460	23,460	54,886	31,426	46,763
Total Ad Valorem	<u>9,408,480</u>	<u>9,408,480</u>	<u>9,136,052</u>	<u>(272,428)</u>	<u>8,546,522</u>
Non-Property Taxes:					
Sales Tax	10,221,820	10,321,820	10,508,257	186,437	9,941,386
Alcoholic Beverage Tax	927,000	927,000	1,007,699	80,699	966,366
Total Non-Property Taxes	<u>11,148,820</u>	<u>11,248,820</u>	<u>11,515,956</u>	<u>267,136</u>	<u>10,907,752</u>
Total Taxes	<u>20,557,300</u>	<u>20,657,300</u>	<u>20,652,008</u>	<u>(5,292)</u>	<u>19,454,274</u>
<b>Franchise Fees:</b>					
Electric franchise	1,668,010	1,668,010	1,599,517	(68,493)	1,563,239
Gas franchise	225,000	225,000	228,325	3,325	241,378
Telephone franchise	665,000	665,000	657,617	(7,383)	720,807
Cable franchise	110,650	110,650	113,717	3,067	130,128
Street rental franchise	8,000	8,000	6,883	(1,117)	7,236
Wireless network franchise	15,000	15,000	9,445	(5,555)	18,475
Total franchise fees	<u>2,691,660</u>	<u>2,691,660</u>	<u>2,615,504</u>	<u>(76,156)</u>	<u>2,681,263</u>
<b>Licenses and Permits:</b>					
Business licenses and permits	151,070	151,070	169,967	18,897	159,589
Building and construction permits	373,830	373,830	573,234	199,404	491,819
Total licenses and permits	<u>524,900</u>	<u>524,900</u>	<u>743,201</u>	<u>218,301</u>	<u>651,408</u>
<b>Service Fees:</b>					
General government	900	900	1,152	252	432
Public safety	690,460	690,460	663,562	(26,898)	767,114
Urban development	4,690	4,690	5,685	995	8,840
Streets and sanitation	271,250	271,250	318,731	47,481	282,654
Recreation	68,960	68,960	75,149	6,189	71,253
Interfund	165,010	165,010	165,012	2	166,400
Total service fees	<u>1,201,270</u>	<u>1,201,270</u>	<u>1,229,291</u>	<u>28,021</u>	<u>1,296,693</u>
<b>Fines and Forfeitures:</b>					
	893,000	1,043,000	1,181,508	138,508	1,071,624
<b>Earnings on Investments:</b>					
	340,000	490,000	568,276	78,276	378,492
<b>Rental Charges:</b>					
	144,000	144,000	147,363	3,363	122,622
<b>Other:</b>					
	37,500	37,500	139,638	102,138	178,968
<i>Total revenues</i>	<u>\$ 26,389,630</u>	<u>\$ 26,789,630</u>	<u>\$ 27,276,789</u>	<u>\$ 487,159</u>	<u>\$ 25,835,344</u>

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>General Government:</b>					
City Manager's Office:					
Salaries and fringe benefits	\$ 858,730	\$ 903,730	\$ 901,800	\$ 1,930	\$ 987,115
Supplies	18,650	18,650	26,148	(7,498)	31,074
Maintenance and materials	23,500	38,500	32,927	5,573	20,900
Contractual services	202,500	215,500	214,650	850	229,262
Capital replacement	14,800	14,800	14,800	-	13,710
<i>Total City Manager's Office</i>	<u>1,118,180</u>	<u>1,191,180</u>	<u>1,190,325</u>	<u>855</u>	<u>1,282,061</u>
Financial & Strategic Services:					
Salaries and fringe benefits	712,110	712,110	584,904	127,206	717,945
Supplies	35,360	35,360	27,906	7,454	49,802
Maintenance and materials	26,040	26,040	48,008	(21,968)	17,925
Contractual services	172,290	172,290	190,270	(17,980)	206,813
Capital replacement	15,810	15,810	15,812	(2)	13,710
Capital outlay	-	-	6,990	(6,990)	-
<i>Total Financial &amp; Strategic Services</i>	<u>961,610</u>	<u>961,610</u>	<u>873,890</u>	<u>87,720</u>	<u>1,006,195</u>
General Services:					
Salaries and fringe benefits	562,670	562,670	560,261	2,409	533,663
Supplies	26,430	26,430	28,597	(2,167)	24,643
Maintenance and materials	76,370	101,370	85,733	15,637	130,172
Contractual services	66,990	66,990	70,944	(3,954)	80,882
Capital replacement	20,610	20,610	20,604	6	24,554
Capital outlay	-	-	-	-	6,121
<i>Total General Services</i>	<u>753,070</u>	<u>778,070</u>	<u>766,139</u>	<u>11,931</u>	<u>800,035</u>
Municipal Court:					
Salaries and fringe benefits	348,780	348,780	361,554	(12,774)	329,677
Supplies	8,070	10,670	11,282	(612)	26,435
Maintenance and materials	2,400	2,400	1,003	1,397	2,519
Contractual services	55,910	53,310	40,718	12,592	37,785
Capital replacement	10,460	10,460	10,451	9	11,241
<i>Total Municipal Court</i>	<u>425,620</u>	<u>425,620</u>	<u>425,008</u>	<u>612</u>	<u>407,657</u>
Human Resources:					
Salaries and fringe benefits	331,580	334,580	332,507	2,073	305,868
Supplies	12,300	12,300	12,009	291	10,825
Maintenance and materials	700	700	-	700	487
Contractual services	36,350	52,350	48,096	4,254	36,968
Capital replacement	6,540	6,540	6,540	-	6,100
<i>Total Human Resources</i>	<u>387,470</u>	<u>406,470</u>	<u>399,152</u>	<u>7,318</u>	<u>360,248</u>

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2006
	Budget				Actual GAAP Basis
	Original	Final			
<b>Information Technology:</b>					
Salaries and fringe benefits	655,200	655,200	665,013	(9,813)	624,702
Supplies	52,000	52,000	35,432	16,568	50,309
Maintenance and materials	330,910	330,910	283,856	47,054	297,335
Contractual Services	54,950	54,950	52,968	1,982	54,533
Capital replacement	11,650	11,650	11,652	(2)	11,170
<i>Total Information Technology</i>	<u>1,104,710</u>	<u>1,104,710</u>	<u>1,048,921</u>	<u>55,789</u>	<u>1,038,049</u>
<b>Combined Services:</b>					
Salaries and fringe benefits	78,190	78,190	77,768	422	69,561
Supplies	108,590	108,590	85,909	22,681	90,980
Contractual services	458,770	580,770	535,151	45,619	659,080
<i>Total Combined Services</i>	<u>645,550</u>	<u>767,550</u>	<u>698,828</u>	<u>68,722</u>	<u>819,621</u>
<b>City Council Special Projects:</b>					
Salaries and fringe benefits	27,410	27,410	30,111	(2,701)	27,841
Supplies	35,580	48,080	46,768	1,312	19,570
Contractual services	209,220	219,720	218,092	1,628	375,743
Capital replacement	1,970	1,970	1,972	(2)	1,970
<i>Total City Council Special Projects</i>	<u>274,180</u>	<u>297,180</u>	<u>296,943</u>	<u>237</u>	<u>425,124</u>
<i>Total General Government</i>	<u>5,670,390</u>	<u>5,932,390</u>	<u>5,699,206</u>	<u>233,184</u>	<u>6,138,990</u>
<b>Public Safety:</b>					
<i>Police:</i>					
Salaries and fringe benefits	5,654,170	5,654,170	5,287,246	366,924	5,833,735
Supplies	241,900	241,900	295,326	(53,426)	273,323
Maintenance and materials	180,000	180,000	173,291	6,709	249,393
Contractual services	305,300	305,300	361,723	(56,423)	344,499
Capital replacement	483,450	483,450	483,430	20	478,456
Capital outlay	-	-	-	-	25,025
<i>Total Police</i>	<u>6,864,820</u>	<u>6,864,820</u>	<u>6,601,016</u>	<u>263,804</u>	<u>7,204,431</u>
<i>Emergency Communications:</i>					
Salaries and fringe benefits	659,160	699,160	719,736	(20,576)	-
Maintenance and materials	76,130	76,130	70,101	6,029	-
Contractual services	207,200	207,200	167,095	40,105	-
<i>Total Emergency Communications</i>	<u>942,490</u>	<u>982,490</u>	<u>956,932</u>	<u>25,558</u>	<u>-</u>

**Town of Addison, Texas**  
**Major Governmental Funds - General Fund**

**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<i>Fire:</i>					
Salaries and fringe benefits	4,749,340	4,811,340	4,758,781	52,559	4,553,853
Supplies	181,510	186,510	225,071	(38,561)	181,144
Maintenance and materials	141,210	180,210	152,387	27,823	164,215
Contractual services	220,580	230,580	183,368	47,212	210,386
Capital replacement	381,480	381,480	381,482	(2)	383,732
<i>Total Fire</i>	<u>5,674,120</u>	<u>5,790,120</u>	<u>5,701,089</u>	<u>89,031</u>	<u>5,493,330</u>
<i>Total Public Safety</i>	<u>13,481,430</u>	<u>13,637,430</u>	<u>13,259,037</u>	<u>378,393</u>	<u>12,697,761</u>
<b>Development Services:</b>					
<i>Development Services:</i>					
Salaries and fringe benefits	679,590	679,590	647,352	32,238	458,166
Supplies	18,600	18,600	19,699	(1,099)	19,290
Maintenance and materials	5,050	5,050	2,314	2,736	1,353
Contractual services	65,950	65,950	86,663	(20,713)	67,988
Capital replacement	14,530	14,530	14,529	1	16,474
<i>Total Development Services</i>	<u>783,720</u>	<u>783,720</u>	<u>770,557</u>	<u>13,163</u>	<u>563,271</u>
<b>Streets:</b>					
Salaries and fringe benefits	508,120	508,120	487,348	20,772	415,979
Supplies	20,520	20,520	26,082	(5,562)	19,658
Maintenance and materials	489,540	489,540	268,487	221,053	338,847
Contractual services	618,570	633,570	641,925	(8,355)	617,319
Capital replacement	27,450	27,450	27,452	(2)	29,661
Capital outlay	25,000	25,000	25,288	(288)	-
<i>Total Streets</i>	<u>1,689,200</u>	<u>1,704,200</u>	<u>1,476,582</u>	<u>227,618</u>	<u>1,421,464</u>
<b>Parks and Recreation:</b>					
<i>Parks:</i>					
Salaries and fringe benefits	1,208,020	1,208,020	1,118,518	89,502	1,078,671
Supplies	141,600	141,600	136,051	5,549	162,463
Maintenance and materials	290,010	290,010	385,013	(95,003)	340,725
Contractual services	615,790	615,790	453,085	162,705	695,582
Capital replacement	42,130	42,130	41,245	885	41,414
Capital outlay	274,000	274,000	163,983	110,017	53,740
<i>Total Parks</i>	<u>2,571,550</u>	<u>2,571,550</u>	<u>2,297,895</u>	<u>273,655</u>	<u>2,372,595</u>
<i>Recreation:</i>					
Salaries and fringe benefits	734,610	734,610	716,975	17,635	700,036
Supplies	75,690	75,690	88,787	(13,097)	77,233
Maintenance and materials	148,320	148,320	159,726	(11,406)	103,495
Contractual services	307,840	307,840	282,607	25,233	334,212
Capital replacement	16,430	16,430	16,432	(2)	38,612
<i>Total Recreation</i>	<u>1,282,890</u>	<u>1,282,890</u>	<u>1,264,527</u>	<u>18,363</u>	<u>1,253,588</u>
<i>Total Parks and Recreation Expenditures</i>	<u>3,854,440</u>	<u>3,854,440</u>	<u>3,562,422</u>	<u>292,018</u>	<u>3,626,183</u>
<b>Total Expenditures</b>	<u>\$ 25,479,180</u>	<u>\$ 25,912,180</u>	<u>\$ 24,767,804</u>	<u>\$ 1,144,376</u>	<u>\$ 24,447,669</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).

Addison!®

**Town of Addison, Texas**  
**Major Governmental Funds - Hotel Fund**

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**Hotel Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Cash and investments	\$ 5,760,970	\$ 4,536,608
Receivables:		
Accounts receivable	92,055	146,204
Occupancy taxes	478,229	496,070
Interest	31,483	27,058
<i>Total assets</i>	\$ 6,362,737	\$ 5,205,940
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 926,145	\$ 518,827
Customer deposits	54,282	48,063
<i>Total liabilities</i>	980,427	566,890
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	5,382,310	4,639,050
Total fund balance	5,382,310	4,639,050
Total liabilities and fund balance	\$ 6,362,737	\$ 5,205,940

**Town of Addison, Texas**  
**Major Governmental Funds - Hotel Fund**

**Hotel Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Hotel/motel occupancy taxes	\$ 4,672,500	\$ 4,972,500	\$ 5,203,080	\$ 230,580	\$ 4,679,099
Proceeds from special events	1,122,400	1,222,400	1,419,562	197,162	1,117,761
Conference centre rental	500,000	500,000	465,720	(34,280)	454,948
Theatre centre rental	81,000	81,000	63,480	(17,520)	79,418
Earnings on Investments	168,300	168,300	233,339	65,039	202,548
Other	99,000	99,000	105,706	6,706	5,860
<i>Total revenues</i>	<u>6,643,200</u>	<u>7,043,200</u>	<u>7,490,887</u>	<u>447,687</u>	<u>6,539,634</u>
<b>EXPENDITURES:</b>					
Visitor Services	829,920	879,920	801,919	78,001	718,449
Conference centre	955,150	960,150	942,884	17,266	1,118,079
Marketing	1,077,440	1,077,440	986,684	90,756	994,054
Special events	2,561,760	2,703,760	2,726,306	(22,546)	2,469,938
Performing arts	625,780	578,780	583,124	(4,344)	500,884
Capital projects	-	-	-	-	10,829
<i>Total expenditures</i>	<u>6,050,050</u>	<u>6,200,050</u>	<u>6,040,917</u>	<u>159,133</u>	<u>5,812,233</u>
Excess(deficiency) of revenues over expenditures	593,150	843,150	1,449,970	606,820	727,401
<b>OTHER FINANCING SOURCES(USES):</b>					
Transfers Out	<u>(706,710)</u>	<u>(706,710)</u>	<u>(706,710)</u>	-	<u>(705,890)</u>
Net change in fund balance	(113,560)	136,440	743,260	606,820	21,511
Fund balances at beginning of year	<u>4,639,050</u>	<u>4,639,050</u>	<u>4,639,050</u>	-	<u>4,617,539</u>
Fund balances at end of year	<u>\$ 4,525,490</u>	<u>\$ 4,775,490</u>	<u>\$ 5,382,310</u>	<u>\$ 606,820</u>	<u>\$ 4,639,050</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Hotel Fund**

**Hotel Fund**  
**Schedule of Expenditures - Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Actual Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>Visitor Services:</b>					
Salaries and fringe benefits	\$ 318,100	\$ 318,100	\$ 305,873	\$ 12,227	\$ 330,033
Supplies	26,920	26,920	6,148	20,772	9,920
Maintenance and materials	23,370	23,370	21,878	1,492	22,148
Contractual services	457,400	507,400	463,888	43,512	352,398
Capital replacement	4,130	4,130	4,132	(2)	3,950
Capital Outlay	-	-	-	-	-
<i>Total Visitor Services</i>	<u>829,920</u>	<u>879,920</u>	<u>801,919</u>	<u>78,001</u>	<u>718,449</u>
<b>Conference Centre:</b>					
Salaries and fringe benefits	481,930	481,930	477,474	4,456	461,992
Supplies	52,200	57,200	55,400	1,800	95,820
Maintenance and materials	178,630	178,630	179,050	(420)	129,649
Contractual services	230,070	230,070	215,628	14,442	273,288
Capital replacement	6,820	6,820	6,820	-	7,330
Capital outlay	5,500	5,500	8,512	(3,012)	150,000
<i>Total Conference Centre</i>	<u>955,150</u>	<u>960,150</u>	<u>942,884</u>	<u>17,266</u>	<u>1,118,079</u>
<b>Marketing:</b>					
Salaries and fringe benefits	170	170	170	-	151
Supplies	5,500	5,500	564	4,936	489
Maintenance and materials	-	-	-	-	-
Contractual services	1,071,770	1,071,770	985,950	85,820	993,414
Capital replacement	-	-	-	-	-
Capital outlay	-	-	-	-	-
<i>Total Marketing</i>	<u>1,077,440</u>	<u>1,077,440</u>	<u>986,684</u>	<u>90,756</u>	<u>994,054</u>
<b>Special Events:</b>					
Salaries and fringe benefits	670,710	670,710	684,168	(13,458)	657,168
Supplies	8,600	8,600	10,795	(2,195)	24,049
Maintenance and materials	159,700	184,700	152,626	32,074	168,643
Contractual services	1,566,290	1,683,290	1,701,683	(18,393)	1,616,408
Capital replacement	6,460	6,460	6,460	-	3,670
Capital outlay	150,000	150,000	170,574	(20,574)	-
<i>Total Special Events</i>	<u>2,561,760</u>	<u>2,703,760</u>	<u>2,726,306</u>	<u>(22,546)</u>	<u>2,469,938</u>
<b>Performing Arts:</b>					
Salaries and fringe benefits	8,380	8,380	16,016	(7,636)	12,227
Supplies	8,700	8,700	14,587	(5,887)	10,699
Maintenance and materials	61,100	61,100	54,546	6,554	51,981
Contractual services	513,150	466,150	464,496	1,654	423,537
Capital replacement	4,450	4,450	4,452	(2)	2,440
Capital outlay	30,000	30,000	29,027	973	-
<i>Total Theatre</i>	<u>625,780</u>	<u>578,780</u>	<u>583,124</u>	<u>(4,344)</u>	<u>500,884</u>
<b>Capital Projects:</b>					
Capital Outlay	-	-	-	-	10,829
<i>Total expenditures</i>	<u>\$ 6,050,050</u>	<u>\$ 6,200,050</u>	<u>\$ 6,040,917</u>	<u>\$ 159,133</u>	<u>\$ 5,812,233</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**

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**General Obligation Debt Service Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 1,620,478	\$ 1,692,337
Receivables:		
Ad valorem taxes, including interest and penalties	138,615	161,231
Interest	<u>8,831</u>	<u>8,264</u>
<i>Total assets</i>	<u><u>\$ 1,767,924</u></u>	<u><u>\$ 1,861,832</u></u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 37,406
Deferred Revenue	<u>154,771</u>	<u>174,998</u>
<i>Total liabilities</i>	<u>154,771</u>	<u>212,404</u>
Fund Balances:		
Fund balances reserved:		
Reserved for debt service	<u>1,613,153</u>	<u>1,649,428</u>
Total fund balance	<u>1,613,153</u>	<u>1,649,428</u>
Total liabilities and fund balance	<u><u>\$ 1,767,924</u></u>	<u><u>\$ 1,861,832</u></u>

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

**General Obligation Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>					
Ad Valorem Taxes:					
Current taxes	\$ 4,612,130	\$ 4,612,130	\$ 4,511,994	\$ (100,136)	\$ 4,712,807
Delinquent taxes	4,950	4,950	(45,247)	(50,197)	8,403
Penalty and interest	11,540	11,540	26,997	15,457	25,975
<i>Total ad valorem taxes</i>	<u>4,628,620</u>	<u>4,628,620</u>	<u>4,493,744</u>	<u>(134,876)</u>	<u>4,747,185</u>
Other revenues:					
Earnings on Investments	70,000	70,000	126,716	56,716	99,503
<i>Total other revenues</i>	<u>70,000</u>	<u>70,000</u>	<u>126,716</u>	<u>56,716</u>	<u>99,503</u>
<i>Total revenues</i>	<u>4,698,620</u>	<u>4,698,620</u>	<u>4,620,460</u>	<u>(78,160)</u>	<u>4,846,688</u>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal Retirement	3,255,000	3,255,000	3,255,000	-	3,105,000
Interest and fiscal charges	1,438,260	1,438,260	1,401,735	36,525	1,505,998
Bond issuance costs	-	-	-	-	114,666
<i>Total expenditures</i>	<u>4,693,260</u>	<u>4,693,260</u>	<u>4,656,735</u>	<u>36,525</u>	<u>4,725,664</u>
Excess(deficiency) of revenues over expenditures	<u>5,360</u>	<u>5,360</u>	<u>(36,275)</u>	<u>(41,635)</u>	<u>121,024</u>
<b>OTHER FINANCING SOURCES(USES):</b>					
Proceeds from refunding bonds issued	-	-	-	-	6,355,000
Payment to refunded bond escrow agent	-	-	-	-	(6,228,588)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,412</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,360	5,360	(36,275)	(41,635)	247,436
Fund balances at beginning of year	<u>1,649,428</u>	<u>1,649,428</u>	<u>1,649,428</u>	<u>-</u>	<u>1,401,992</u>
Fund balances at end of year	<u>\$ 1,654,788</u>	<u>\$ 1,654,788</u>	<u>\$ 1,613,153</u>	<u>\$ (41,635)</u>	<u>\$ 1,649,428</u>

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

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**General Obligation Debt Service Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 1,620,478	\$ 1,692,337
Receivables:		
Ad valorem taxes, including interest and penalties	138,615	161,231
Interest	<u>8,831</u>	<u>8,264</u>
<i>Total assets</i>	<u><u>\$ 1,767,924</u></u>	<u><u>\$ 1,861,832</u></u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 37,406
Deferred Revenue	<u>154,771</u>	<u>174,998</u>
<i>Total liabilities</i>	<u>154,771</u>	<u>212,404</u>
Fund Balances:		
Fund balances reserved:		
Reserved for debt service	<u>1,613,153</u>	<u>1,649,428</u>
Total fund balance	<u>1,613,153</u>	<u>1,649,428</u>
Total liabilities and fund balance	<u><u>\$ 1,767,924</u></u>	<u><u>\$ 1,861,832</u></u>

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

**Hotel Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>					
Earnings on Investments	\$ 20,000	\$ 20,000	\$ 53,397	\$ 33,397	\$ 32,607
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>53,397</u>	<u>33,397</u>	<u>32,607</u>
<b>EXPENDITURES:</b>					
Debt Service:					
Principal retirement	480,000	480,000	480,000	-	465,000
Interest and fiscal charges	<u>227,210</u>	<u>227,210</u>	<u>226,712</u>	<u>498</u>	<u>241,188</u>
<i>Total expenditures</i>	<u>707,210</u>	<u>707,210</u>	<u>706,712</u>	<u>498</u>	<u>706,188</u>
Excess(deficiency) of revenues over expenditures	(687,210)	(687,210)	(653,315)	33,895	(673,581)
<b>OTHER FINANCING SOURCES(USES):</b>					
Transfers In	<u>706,710</u>	<u>706,710</u>	<u>706,710</u>	<u>-</u>	<u>705,890</u>
Net change in fund balance	19,500	19,500	53,395	33,895	32,309
Fund balances at beginning of year	<u>810,936</u>	<u>810,936</u>	<u>810,936</u>	<u>-</u>	<u>778,627</u>
Fund balances at end of year	<u>\$ 830,436</u>	<u>\$ 830,436</u>	<u>\$ 864,331</u>	<u>\$ 33,895</u>	<u>\$ 810,936</u>

## CAPITAL PROJECT FUNDS

The Capital Project Funds 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 **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 Funds**  
**Combining Schedule of Capital Projects**  
**September 30, 2007**

	Street	Parks	2002	2004	2006	Capital Projects
<b>ASSETS:</b>						
Cash and investments	\$ 3,541,540	\$ 887,001	\$ 2,050,835	\$ 406,511	\$ 326,892	\$ 7,212,779
Receivables:						
Interest	19,300	4,834	11,176	2,215	1,782	39,307
Prepaid Items	143,521					143,521
<i>Total assets</i>	<u>\$ 3,704,361</u>	<u>\$ 891,835</u>	<u>\$ 2,062,011</u>	<u>\$ 408,726</u>	<u>\$ 328,674</u>	<u>\$ 7,395,607</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 226,272	\$ -	\$ 10,202	\$ -	\$ -	\$ 236,474
Contracts and retainage payable	44,501	-	-	-	-	44,501
<i>Total liabilities</i>	<u>270,773</u>	<u>-</u>	<u>10,202</u>	<u>-</u>	<u>-</u>	<u>280,975</u>
Fund Balances:						
Fund balances unreserved:						
Designated for capital outlays	3,433,588	891,835	2,051,809	408,726	328,674	7,114,632
<i>Total fund balance</i>	<u>3,433,588</u>	<u>891,835</u>	<u>2,051,809</u>	<u>408,726</u>	<u>328,674</u>	<u>7,114,632</u>
<i>Total liabilities and fund balance</i>	<u>\$ 3,704,361</u>	<u>\$ 891,835</u>	<u>\$ 2,062,011</u>	<u>\$ 408,726</u>	<u>\$ 328,674</u>	<u>\$ 7,395,607</u>

**Town of Addison, Texas**  
**Capital Projects**

**Capital Project Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances and Capital Projects**  
**Year Ended September 30, 2007**

	Street	Parks	2002	2004	2006	Capital Projects
<b>REVENUES:</b>						
Intergovernmental	\$ 185,297	\$ -	\$ -	\$ -	\$ -	\$ 185,297
Earnings on investments	211,936	40,682	108,578	25,444	18,452	405,092
Developer contributions	-	184,247	-	-	-	184,247
Other	-	-	-	72,847	-	72,847
<i>Total revenues</i>	<u>397,233</u>	<u>224,929</u>	<u>108,578</u>	<u>98,291</u>	<u>18,452</u>	<u>847,483</u>
<b>EXPENDITURES:</b>						
Salaries and fringe benefits	27,304	-	25,000	-	-	52,304
Engineering & contractual svcs.	33,926	-	83,050	-	6,719	123,695
Construction and equipment	891,704	(26,613)	96,900	86,332	61,956	1,110,279
<i>Total expenditures</i>	<u>952,934</u>	<u>(26,613)</u>	<u>204,950</u>	<u>86,332</u>	<u>68,675</u>	<u>1,286,278</u>
Net change in fund balance	(555,701)	251,542	(96,372)	11,959	(50,223)	(438,795)
Fund balances-beginning of yr.	3,989,289	640,293	2,148,181	396,767	378,897	7,553,427
Fund balances at end of year	<u>\$ 3,433,588</u>	<u>\$ 891,835</u>	<u>\$ 2,051,809</u>	<u>\$ 408,726</u>	<u>\$ 328,674</u>	<u>\$ 7,114,632</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Capital Projects**

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**Street Capital Projects**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Cash and investments	\$ 3,541,540	\$ 3,965,694
Receivables:		
Interest	19,300	23,595
Prepaid Items	143,521	
<i>Total assets</i>	\$ 3,704,361	\$ 3,989,289
 <b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 226,272	\$ -
Contracts and retainage payable	44,501	
<i>Total liabilities</i>	270,773	-
 Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	3,433,588	3,989,289
Total fund balance	3,433,588	3,989,289
 Total liabilities and fund balance	\$ 3,704,361	\$ 3,989,289

**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, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
DART Grants	\$ 196,000	\$ 196,000	\$ -	\$ (196,000)	\$ -
TX DOT Grants	556,000	556,000	-	(556,000)	-
Dallas County Grants	-	-	185,297	185,297	-
Earnings on investments	100,000	100,000	211,936	111,936	183,846
<i>Total revenues</i>	<u>852,000</u>	<u>852,000</u>	<u>397,233</u>	<u>(454,767)</u>	<u>183,846</u>
<b>EXPENDITURES:</b>					
Administration:					
Salaries and fringe benefits	8,000	8,000	27,304	(19,304)	21,145
Design and engineering:					
Engineering & contractual services	45,000	45,000	33,926	11,074	17,463
Construction and equipment	2,910,000	2,910,000	891,704	2,018,296	-
<i>Total expenditures</i>	<u>2,963,000</u>	<u>2,963,000</u>	<u>952,934</u>	<u>2,010,066</u>	<u>38,608</u>
Net change in fund balance	(2,111,000)	(2,111,000)	(555,701)	1,555,299	145,238
Fund balances at beginning of year	<u>3,989,289</u>	<u>3,989,289</u>	<u>3,989,289</u>	<u>-</u>	<u>3,844,051</u>
Fund balances at end of year	<u>\$ 1,878,289</u>	<u>\$ 1,878,289</u>	<u>\$ 3,433,588</u>	<u>\$ 1,555,299</u>	<u>\$ 3,989,289</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Capital Projects**

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**Parks Capital Projects**  
**Comparative Balance Sheets**  
**September 30, 2007**  
**With Comparative Totals for 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 887,001	\$ 662,961
Receivables:		
Interest	4,834	3,945
<i>Total assets</i>	<u>\$ 891,835</u>	<u>\$ 666,906</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
Contracts and retainage payable	-	26,613
<i>Total liabilities</i>	<u>-</u>	<u>26,613</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	891,835	640,293
Total fund balance	<u>891,835</u>	<u>640,293</u>
Total liabilities and fund balance	<u>\$ 891,835</u>	<u>\$ 666,906</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, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Earnings on investments	\$ 20,000	\$ 20,000	\$ 40,682	\$ 20,682	\$ 28,167
Developer contributions	-	-	184,247	184,247	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>224,929</u>	<u>204,929</u>	<u>28,167</u>
<b>EXPENDITURES:</b>					
Administration:					
Salaries and fringe benefits	-	-	-	-	1,252
Design and engineering:					
Engineering & contractual services	-	-	-	-	25,408
Construction and equipment	-	-	(26,613)	26,613	35,230
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>(26,613)</u>	<u>26,613</u>	<u>61,890</u>
Excess(deficiency) of revenues over expenditures	<u>20,000</u>	<u>20,000</u>	<u>251,542</u>	<u>231,542</u>	<u>(33,723)</u>
<b>OTHER FINANCING SOURCES:</b>					
Transfers In	-	-	-	-	263,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,000</u>
Net change in fund balance	20,000	20,000	251,542	231,542	229,277
Fund balances at beginning of year	<u>640,293</u>	<u>640,293</u>	<u>640,293</u>	<u>-</u>	<u>411,016</u>
Fund balances at end of year	<u>\$ 660,293</u>	<u>\$ 660,293</u>	<u>\$ 891,835</u>	<u>\$ 231,542</u>	<u>\$ 640,293</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Capital Projects**

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**2002 Capital Projects**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 2,050,835	\$ 2,140,509
Receivables:		
Interest	11,176	12,505
<i>Total assets</i>	<u>\$ 2,062,011</u>	<u>\$ 2,153,014</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 10,202	\$ 4,833
<i>Total liabilities</i>	<u>10,202</u>	<u>4,833</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	2,051,809	2,148,181
Total fund balance	<u>2,051,809</u>	<u>2,148,181</u>
Total liabilities and fund balance	<u>\$ 2,062,011</u>	<u>\$ 2,153,014</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, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	60,000	60,000	108,578	48,578	100,547
<i>Total revenues</i>	<u>60,000</u>	<u>60,000</u>	<u>108,578</u>	<u>48,578</u>	<u>100,547</u>
<b>EXPENDITURES:</b>					
Administration:					
Salaries and fringe benefits	25,000	25,000	25,000	-	27,309
Design and engineering:					
Engineering & contractual services	200,000	200,000	83,050	116,950	241,207
Construction and equipment	-	-	96,900	(96,900)	-
<i>Total expenditures</i>	<u>225,000</u>	<u>225,000</u>	<u>204,950</u>	<u>20,050</u>	<u>268,516</u>
Net change in fund balance	(165,000)	(165,000)	(96,372)	68,628	(167,969)
Fund balances at beginning of year	<u>2,148,181</u>	<u>2,148,181</u>	<u>2,148,181</u>	-	<u>2,316,150</u>
Fund balances at end of year	<u>\$ 1,983,181</u>	<u>\$ 1,983,181</u>	<u>\$ 2,051,809</u>	<u>\$ 68,628</u>	<u>\$ 2,148,181</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Capital Projects**

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**2004 Capital Projects**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 406,511	\$ 733,599
Receivables:		
Interest	2,215	4,365
<i>Total assets</i>	<u>\$ 408,726</u>	<u>\$ 737,964</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Contracts and retainage payable	-	341,197
<i>Total liabilities</i>	<u>-</u>	<u>341,197</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	408,726	396,767
Total fund balance	<u>408,726</u>	<u>396,767</u>
Total liabilities and fund balance	<u>\$ 408,726</u>	<u>\$ 737,964</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, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,440,734
Earnings on investments	10,000	10,000	25,444	15,444	59,971
Other	-	-	72,847	72,847	
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>98,291</u>	<u>88,291</u>	<u>1,500,705</u>
<b>EXPENDITURES:</b>					
Administration:					
Salaries and fringe benefits	-	-	-	-	325
Design and engineering:					
Engineering & contractual services	-	-	-	-	89,311
Construction and equipment	-	-	86,332	(86,332)	3,597,286
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>86,332</u>	<u>(86,332)</u>	<u>3,686,922</u>
Net change in fund balance	10,000	10,000	11,959	1,959	(2,186,217)
Fund balances at beginning of year	<u>396,767</u>	<u>396,767</u>	<u>396,767</u>	<u>-</u>	<u>2,582,984</u>
Fund balances at end of year	<u>\$ 406,767</u>	<u>\$ 406,767</u>	<u>\$ 408,726</u>	<u>\$ 1,959</u>	<u>\$ 396,767</u>

**Town of Addison, Texas**  
**Major Governmental Funds - Capital Projects**

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**2006 Capital Projects**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 326,892	\$ 376,656
Receivables:		
Interest	1,782	2,241
<i>Total assets</i>	<u>\$ 328,674</u>	<u>\$ 378,897</u>
<b>FUND BALANCE:</b>		
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	328,674	378,897
Total liabilities and fund balance	<u>\$ 328,674</u>	<u>\$ 378,897</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, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive(Negative)	2006
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
<b>REVENUES:</b>					
Earnings on investments	\$ -	\$ -	\$ 18,452	\$ 18,452	\$ 40,064
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>18,452</u>	<u>18,452</u>	<u>40,064</u>
<b>EXPENDITURES:</b>					
Administration:					
Salaries and fringe benefits	-	-	-	-	77
Design and engineering:					
Engineering & contractual services	-	-	6,719	(6,719)	8,355
Construction and equipment	-	-	61,956	(61,956)	1,152,735
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>68,675</u>	<u>(68,675)</u>	<u>1,161,167</u>
<b>OTHER FINANCING SOURCES:</b>					
Bond Proceeds	-	-	-	-	1,500,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Net change in fund balance	-	-	(50,223)	(50,223)	378,897
Fund balances at beginning of year	<u>378,897</u>	<u>378,897</u>	<u>378,897</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 378,897</u>	<u>\$ 378,897</u>	<u>\$ 328,674</u>	<u>\$ (50,223)</u>	<u>\$ 378,897</u>

## NON-MAJOR GOVERNMENTAL FUNDS

The **Municipal Court Fund** accounts for the Town's court building security and technology fees that are generated from court citation fines. According to state law, the revenue generated from these fees may only be spent on the municipal court.

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

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**Town of Addison, Texas**  
**Non-Major Governmental Funds**

**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2007**

	Municipal Court	Public Safety	Arbor	Total Non- Major Governmental Funds
<b>ASSETS:</b>				
Cash and investments	\$ 413,150	\$ 119,471	\$ 130,245	\$ 662,866
Receivables:				
Interest	2,252	634	710	3,596
<i>Total assets</i>	<u>\$ 415,402</u>	<u>\$ 120,105</u>	<u>\$ 130,955</u>	<u>\$ 666,462</u>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 259,261	\$ 45,270	\$ -	\$ 304,531
<i>Total liabilities</i>	<u>259,261</u>	<u>45,270</u>	<u>-</u>	<u>304,531</u>
Fund Balances:				
Fund balances reserved:				
Reserved for court technology	83,904	-	-	83,904
Reserved for building security	72,237	-	-	72,237
Fund balances unreserved:				
Unreserved - undesignated	-	74,835	130,955	205,790
Total fund balance	<u>156,141</u>	<u>74,835</u>	<u>130,955</u>	<u>361,931</u>
Total liabilities and fund balance	<u>\$ 415,402</u>	<u>\$ 120,105</u>	<u>\$ 130,955</u>	<u>\$ 666,462</u>

**Town of Addison, Texas**  
**Non-Major Governmental Funds**

**Non-Major Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2007**

	Municipal Court Fund	Public Safety	Arbor	Total Non-Major Governmental Funds
<b>REVENUES:</b>				
Recycling proceeds	\$ -	\$ -	\$ 32,703	\$ 32,703
Contributions	-	-	14,814	14,814
Court awards	-	5,360	-	5,360
Court security fees	22,768	-	-	22,768
Court technology fees	30,237	-	-	30,237
Earnings on investments and other	17,946	6,071	5,212	29,229
<i>Total revenues</i>	<u>70,951</u>	<u>11,431</u>	<u>52,729</u>	<u>135,111</u>
<b>EXPENDITURES:</b>				
Salaries and fringe benefits	8,990	-	-	8,990
Supplies	-	30,807	-	30,807
Maintenance and materials	2,150	-	6,609	8,759
Contractual services	1,859	7,712	-	9,571
Capital outlay	8,363	-	-	8,363
<i>Total expenditures</i>	<u>21,362</u>	<u>38,519</u>	<u>6,609</u>	<u>66,490</u>
Net change in fund balance	49,589	(27,088)	46,120	68,621
Fund balances at beginning of year	<u>106,552</u>	<u>101,923</u>	<u>84,835</u>	<u>293,310</u>
Fund balances at end of year	<u>\$ 156,141</u>	<u>\$ 74,835</u>	<u>\$ 130,955</u>	<u>\$ 361,931</u>

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

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**Municipal Court Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 413,150	\$ 291,150
Receivables:		
Interest	2,252	1,732
<i>Total assets</i>	<u>\$ 415,402</u>	<u>\$ 292,882</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 259,261	\$ 186,330
<i>Total liabilities</i>	<u>259,261</u>	<u>186,330</u>
Fund Balances:		
Fund balances reserved:		
Reserved for court technology	83,904	53,057
Reserved for building security	72,237	53,495
Total fund balance	<u>156,141</u>	<u>106,552</u>
Total liabilities and fund balance	<u>\$ 415,402</u>	<u>\$ 292,882</u>

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

**Municipal Court Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Court security fees	\$ 20,000	\$ 20,000	\$ 22,768	\$ 2,768	\$ 22,183
Court technology fees	25,000	25,000	30,237	5,237	28,519
Earnings on investments and other	7,000	7,000	17,946	10,946	14,147
<i>Total revenues</i>	<u>52,000</u>	<u>52,000</u>	<u>70,951</u>	<u>18,951</u>	<u>64,849</u>
<b>EXPENDITURES:</b>					
Salaries and fringe benefits	8,990	8,990	8,990	-	15,458
Supplies	4,000	4,000	-	4,000	3,515
Maintenance and materials			2,150	(2,150)	1,088
Contractual services	2,000	2,000	1,859	141	-
Capital outlay	-	8,500	8,363	137	24,753
<i>Total expenditures</i>	<u>14,990</u>	<u>23,490</u>	<u>21,362</u>	<u>2,128</u>	<u>44,814</u>
Net change in fund balance	37,010	28,510	49,589	21,079	20,035
Fund balances at beginning of year	<u>106,552</u>	<u>106,552</u>	<u>106,552</u>	<u>-</u>	<u>86,517</u>
Fund balances at end of year	<u>\$ 143,562</u>	<u>\$ 135,062</u>	<u>\$ 156,141</u>	<u>\$ 21,079</u>	<u>\$ 106,552</u>

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

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**Public Safety Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS:</b>		
Cash and investments	\$ 119,471	\$ 108,431
Receivables:		
Interest	634	627
<i>Total assets</i>	<u>\$ 120,105</u>	<u>\$ 109,058</u>
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 45,270	\$ 7,135
<i>Total liabilities</i>	<u>45,270</u>	<u>7,135</u>
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	74,835	101,923
Total fund balance	<u>74,835</u>	<u>101,923</u>
Total liabilities and fund balance	<u>\$ 120,105</u>	<u>\$ 109,058</u>

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

**Public Safety Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Court awards	\$ 5,000	\$ 5,000	\$ 5,360	\$ 360	\$ 62,767
Earnings on investments and other	1,000	1,000	6,071	5,071	3,622
<i>Total revenues</i>	<u>6,000</u>	<u>6,000</u>	<u>11,431</u>	<u>5,431</u>	<u>66,389</u>
<b>EXPENDITURES:</b>					
Supplies	5,000	5,000	30,807	(25,807)	-
Contractual services	15,000	15,000	7,712	7,288	2,620
Capital outlay	50,000	50,000	-	50,000	-
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>38,519</u>	<u>31,481</u>	<u>2,620</u>
Net change in fund balance	(64,000)	(64,000)	(27,088)	36,912	63,769
Fund balances at beginning of year	<u>101,923</u>	<u>101,923</u>	<u>101,923</u>	<u>-</u>	<u>38,154</u>
Fund balances at end of year	<u>\$ 37,923</u>	<u>\$ 37,923</u>	<u>\$ 74,835</u>	<u>\$ 36,912</u>	<u>\$ 101,923</u>

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

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**Arbor Fund**  
**Comparative Balance Sheets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Cash and investments	\$ 130,245	\$ 84,333
Receivables:		
Interest	710	502
<i>Total assets</i>	\$ 130,955	\$ 84,835
<b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ -
<i>Total liabilities</i>	-	-
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	130,955	84,835
Total fund balance	130,955	84,835
Total liabilities and fund balance	\$ 130,955	\$ 84,835

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

**Arbor Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2007**  
**With Comparative Totals for 2006**

	2007			Variance with Final Budget Positive (Negative)	2006
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Recycling proceeds	\$ 20,000	\$ 20,000	\$ 32,703	\$ 12,703	\$ 29,311
Contributions	5,000	5,000	14,814	9,814	10,115
Earnings on investments	2,000	2,000	5,212	3,212	3,808
<i>Total revenues</i>	<u>27,000</u>	<u>27,000</u>	<u>52,729</u>	<u>25,729</u>	<u>43,234</u>
<b>EXPENDITURES:</b>					
Maintenance	6,000	6,000	6,609	(609)	37,540
Contractual services	-	-	-	-	8,196
<i>Total expenditures</i>	<u>6,000</u>	<u>6,000</u>	<u>6,609</u>	<u>(609)</u>	<u>45,736</u>
Net change in fund balance	21,000	21,000	46,120	25,120	(2,502)
Fund balances at beginning of year	<u>84,835</u>	<u>84,835</u>	<u>84,835</u>	<u>-</u>	<u>87,337</u>
Fund balances at end of year	<u><u>\$ 105,835</u></u>	<u><u>\$ 105,835</u></u>	<u><u>\$ 130,955</u></u>	<u><u>\$ 25,120</u></u>	<u><u>\$ 84,835</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 Statements of Net Assets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 2,423,876	\$ 3,009,893
Interest receivable	13,239	17,767
Accounts receivable	350,406	76,189
Inventories, at cost	-	147,778
<i>Total current assets</i>	2,787,521	3,251,627
Noncurrent assets:		
Deferred charges	32,545	34,869
Capital assets:		
Land	8,911,357	8,497,665
Buildings	1,386,047	1,386,047
Improvements other than buildings	16,985,154	16,938,923
Machinery and equipment	1,136,339	1,123,764
Accumulated depreciation	(12,276,387)	(11,502,779)
Total capital assets, net of accumulated depreciation	16,142,510	16,443,620
Construction in progress	3,891,409	3,644,507
<i>Net property, plant, and equipment</i>	20,033,919	20,088,127
<i>Total assets</i>	22,853,985	23,374,623
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 669,949	\$ 841,415
Current maturities of general obligation bonds	235,000	225,000
Accrued interest payable	19,410	20,395
Customer deposits	169,659	183,310
<i>Total current liabilities</i>	1,094,018	1,270,120
Long-term debt, net of current portion:		
General obligation bonds payable	3,725,000	3,960,000
Total long-term debt	3,725,000	3,960,000
<i>Total liabilities</i>	4,819,018	5,230,120
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	16,106,464	15,937,996
Unrestricted	1,928,503	2,206,507
Total net assets	\$ 18,034,967	\$ 18,144,503

**Town of Addison, Texas**  
**Proprietary Funds - Airport Fund**

**Airport Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended September 30, 2007 and 2006**

	2007	2006
<b>OPERATING REVENUES:</b>		
Fuel flowage fees	\$ 910,186	\$ 1,025,291
Customs agent fees	38,074	30,416
Rental charges	3,242,816	3,002,820
Other income	12,739	3,871
<i>Total operating revenues</i>	4,203,815	4,062,398
<b>OPERATING EXPENSES:</b>		
Salaries and fringe benefits	258,772	255,466
Supplies	16,560	10,833
Maintenance and materials	1,709,320	1,580,489
Contractual services	1,554,274	1,593,356
Depreciation	773,608	741,258
<i>Total operating expenses</i>	4,312,534	4,181,402
<b>OPERATING INCOME (LOSS)</b>	(108,719)	(119,004)
<b>NONOPERATING REVENUES:</b>		
Investment Income	159,745	178,317
Intergovernmental - aviation capital grants	-	30,000
Refund of fees collected in prior years	-	(76,200)
Interest expense	(158,238)	(166,452)
Amortization expense	(2,324)	(2,491)
<i>Total nonoperating revenues</i>	(817)	(36,826)
<b>NET INCOME (LOSS)</b>	(109,536)	(155,830)
Net assets at the beginning of the year	18,144,503	18,300,333
<i>Net assets at end of year</i>	\$ 18,034,967	\$ 18,144,503

**Town of Addison, Texas**  
**Proprietary Funds - Airport Fund**

**Airport Fund**  
**Comparative Statements of Cash Flows**  
**Years Ended September 30, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 3,915,947	\$ 4,363,666
Payments to suppliers	(3,303,842)	(3,320,045)
Payments to employees for services	(258,772)	(255,466)
<i>Net cash provided by operating activities</i>	353,333	788,155
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(719,400)	(1,561,856)
Principal paid on general obligation bonds	(225,000)	(215,000)
Interest paid on general obligation bonds	(159,223)	(166,922)
Intergovernmental - aviation capital grants	-	30,000
<i>Net cash provided by (used by) capital and related financing activities</i>	(1,103,623)	(1,913,778)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash and investments	164,273	182,678
<i>Net increase (decrease) in cash and investments</i>	(586,017)	(942,945)
Cash and investments, October 1	3,009,893	3,952,838
Cash and investments, September 30	\$ 2,423,876	\$ 3,009,893
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ (108,719)	\$ (119,004)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	773,608	741,258
Refund of fees collected in prior years	-	(76,200)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(274,217)	370,424
(Increase) decrease in inventories	147,778	(147,778)
Increase (decrease) in customer deposits	(13,651)	7,044
Increase (decrease) in accounts payable	(171,466)	12,411
Net cash provided by operating activities	\$ 353,333	\$ 788,155

**Town of Addison, Texas**  
**Proprietary Funds - Utility Fund**

**Utility Fund**  
**Comparative Statements of Net Assets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 5,331,320	\$ 4,650,161
Interest receivable	29,566	29,751
Accounts receivable	1,471,906	2,101,238
Prepaid items	89,566	99,902
<i>Total current assets</i>	6,922,358	6,881,052
Noncurrent assets:		
Deferred charges	224,510	254,268
Capital assets:		
Land	1,312,064	1,312,064
Buildings	1,728,905	1,728,905
Improvements other than buildings	39,745,423	39,113,155
Machinery and equipment	1,868,400	1,841,855
Accumulated depreciation	(17,465,245)	(16,362,690)
Total capital assets, net of accumulated depreciation	27,189,547	27,633,289
Construction in progress	-	-
<i>Net property, plant, and equipment</i>	27,189,547	27,633,289
Investment in joint venture	7,515,556	7,564,267
<i>Total assets</i>	41,851,971	42,332,876
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 727,029	\$ 654,536
Current maturities of general obligation bonds	1,997,373	1,682,142
Accrued interest payable	68,939	75,827
Customer deposits	626,256	679,520
<i>Total current liabilities</i>	3,419,597	3,092,025
Long-term debt, net of current portion:		
General obligation bonds payable	11,865,448	13,862,821
Total long-term debt	11,865,448	13,862,821
<i>Total liabilities</i>	15,285,045	16,954,846
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	21,066,792	19,906,861
Unrestricted	5,500,134	5,471,169
Total net assets	\$ 26,566,926	\$ 25,378,030

**Town of Addison, Texas**  
**Proprietary Funds - Utility Fund**

**Utility Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended September 30, 2007 and 2006**

	2007	2006
<b>OPERATING REVENUES:</b>		
Water	\$ 4,249,522	\$ 5,697,631
Sewer	4,658,814	5,022,160
Penalties	133,522	51,752
Water and sewer taps	8,900	6,300
<i>Total operating revenues</i>	<u>9,050,758</u>	<u>10,777,843</u>
<b>OPERATING EXPENSES:</b>		
Salaries and fringe benefits	1,168,331	1,078,923
Supplies	111,994	87,730
Maintenance and materials	317,096	237,595
Contractual services	523,604	662,881
Water purchases	2,467,321	2,562,592
Wastewater purchases	2,168,904	1,807,619
<i>Total operating expenses (excluding depreciation)</i>	<u>6,757,250</u>	<u>6,437,340</u>
Depreciation	1,102,555	1,037,114
Total operating expenses	<u>7,859,805</u>	<u>7,474,454</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,190,953</u>	<u>3,303,389</u>
<b>NONOPERATING REVENUES AND (EXPENSES):</b>		
Investment Income	228,325	157,511
Rental Income	1,925	2,529
Other Income	(40,300)	74,024
Interest expense	(572,175)	(627,996)
Amortization expense	(79,508)	(79,508)
Fiscal fees	(821)	(518)
<i>Total nonoperating revenues (expenses)</i>	<u>(462,554)</u>	<u>(473,958)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	728,399	2,829,431
Capital contributions	460,497	115,360
<b>CHANGE IN NET ASSETS</b>	<u>1,188,896</u>	<u>2,944,791</u>
Net assets at the beginning of the year	<u>25,378,030</u>	<u>22,433,239</u>
<i>Net assets at end of year</i>	<u>\$ 26,566,926</u>	<u>\$ 25,378,030</u>

**Town of Addison, Texas**  
**Proprietary Funds - Utility Fund**

**Utility Fund**  
**Comparative Statements of Cash Flows**  
**Years Ended September 30, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 9,626,826	\$ 10,002,352
Payments to suppliers	(5,506,090)	(5,168,293)
Payments to employees for services	(1,168,331)	(1,078,923)
<i>Net cash provided by operating activities</i>	2,952,405	3,755,136
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(198,315)	(225,635)
Principal paid on revenue and general obligation bonds	(1,682,142)	(1,627,142)
Interest paid on revenue, certificates of obligation, and general obligation bonds	(628,813)	(684,873)
Other	7,589	4,540
<i>Net cash used in capital and related financing activities</i>	(2,501,681)	(2,533,110)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash and investments	228,510	144,490
Cash received from equipment rental	1,925	2,529
<i>Net cash provided by investing activities</i>	230,435	147,019
<i>Net increase (decrease) in cash and investments</i>	681,159	1,369,045
Cash and cash investments, October 1	4,650,161	3,281,116
Cash and cash investments, September 30	\$ 5,331,320	\$ 4,650,161
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital Contribution	460,497	115,360
Gain / (Loss) of joint venture	(48,711)	(68,966)
<i>Net noncash items from capital and related financing activities</i>	\$ 411,786	\$ 46,394
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 1,190,953	\$ 3,303,389
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,102,555	1,037,114
Change in assets and liabilities:		
(Increase) decrease in account receivables	629,332	(781,826)
(Increase) decrease in prepaid items	10,336	(99,902)
Increase (decrease) in accounts payable and accrued liabilities	(53,264)	290,026
Increase (decrease) in customer deposits	72,493	6,335
Net cash provided by operating activities	\$ 2,952,405	\$ 3,755,136

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

**Internal Service Funds**  
**Combining Statements of Net Assets**  
**September 30, 2007**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$ 2,984,456	\$ 2,364,635	\$ 5,349,091
Interest receivable	16,264	12,886	29,150
Inventory	-	950	950
<i>Total current assets</i>	<u>3,000,720</u>	<u>2,378,471</u>	<u>5,379,191</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	6,979,508	7,914,641	14,894,149
Accumulated depreciation	<u>(3,991,398)</u>	<u>(7,575,567)</u>	<u>(11,566,965)</u>
Total capital assets, net of accumulated depreciation	<u>2,988,110</u>	<u>339,074</u>	<u>3,327,184</u>
<i>Total assets</i>	<u>5,988,830</u>	<u>2,717,545</u>	<u>8,706,375</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	<u>\$ 20,349</u>	<u>\$ 27,843</u>	<u>\$ 48,192</u>
<i>Total current liabilities</i>	<u>20,349</u>	<u>27,843</u>	<u>48,192</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	2,988,110	339,074	3,327,184
Unrestricted	<u>2,980,371</u>	<u>2,350,628</u>	<u>5,330,999</u>
Total net assets	<u>\$ 5,968,481</u>	<u>\$ 2,689,702</u>	<u>\$ 8,658,183</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, 2007**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Department contributions	\$ 667,816	\$ 419,520	\$ 1,087,336
<i>Total operating revenues</i>	667,816	419,520	1,087,336
<b>OPERATING EXPENSES:</b>			
Maintenance and materials	-	3,505	3,505
Contractual services	1,044	1,044	2,088
Depreciation	613,570	286,378	899,948
<i>Total operating expenses</i>	614,614	290,927	905,541
<b>OPERATING INCOME</b>	53,202	128,593	181,795
<b>NONOPERATING REVENUES AND (EXPENSES):</b>			
Investment Income	160,242	124,121	284,363
Other income	7,290	-	7,290
Other expenses	(11,445)	(144,674)	(156,119)
<i>Total nonoperating revenues</i>	156,087	(20,553)	135,534
<b>NET INCOME</b>	209,289	108,040	317,329
Net assets at the beginning of the year	5,759,192	2,581,662	8,340,854
<i>Net assets at end of year</i>	\$ 5,968,481	\$ 2,689,702	\$ 8,658,183

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

**Internal Service Funds**  
**Combining Statements of Cash Flows**  
**Year Ended September 30, 2007**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Department contributions	\$ 667,816	\$ 419,520	\$ 1,087,336
Payments to suppliers	19,075	(4,819)	14,256
<i>Net cash provided by operating activities</i>	686,891	414,701	1,101,592
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(749,249)	(319,928)	(1,069,177)
<i>Net cash used in capital and related financing activities</i>	(749,249)	(319,928)	(1,069,177)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on cash and investments	161,147	124,003	285,150
<i>Net cash provided by investing activities</i>	161,147	124,003	285,150
<i>Net increase (decrease) in cash and investments</i>	98,789	218,776	317,565
Cash and cash investments, October 1	2,885,667	2,145,859	5,031,526
Cash and cash investments, September 30	\$ 2,984,456	\$ 2,364,635	\$ 5,349,091
Reconciliation of income from operations to net cash provided by operating activities:			
Operating Income	\$ 53,202	\$ 128,593	\$ 181,795
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	613,570	286,378	899,948
Change in assets and liabilities:			
Increase (decrease) in accounts payable and accrued liabilities	20,119	(270)	19,849
Net cash provided by operating activities	\$ 686,891	\$ 414,701	\$ 1,101,592

**Town of Addison, Texas**  
**Proprietary Funds - Capital Replacement Fund**

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**Capital Replacement Fund**  
**Comparative Statements of Net Assets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 2,984,456	\$ 2,885,667
Interest receivable	16,264	17,169
<i>Total current assets</i>	3,000,720	2,902,836
Noncurrent assets:		
Capital assets:		
Machinery and equipment	6,979,508	6,393,154
Accumulated depreciation	(3,991,398)	(3,536,568)
Total capital assets, net of accumulated depreciation	2,988,110	2,856,586
<i>Total assets</i>	5,988,830	5,759,422
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,349	\$ 230
<i>Total current liabilities</i>	20,349	230
<b>NET ASSETS:</b>		
Invested in capital assets	2,988,110	2,856,586
Unrestricted	2,980,371	2,902,606
Total net assets	\$ 5,968,481	\$ 5,759,192

**Town of Addison, Texas**  
**Proprietary Funds - Capital Replacement Fund**

**Capital Replacement Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended September 30, 2007 and 2006**

	2007	2006
<b>OPERATING REVENUES:</b>		
Department contributions	\$ 667,816	\$ 692,622
<i>Total operating revenues</i>	667,816	692,622
<b>OPERATING EXPENSES:</b>		
Contractual services	1,044	1,248
Depreciation	613,570	535,340
<i>Total operating expenses</i>	614,614	536,588
<b>OPERATING INCOME (LOSS)</b>	53,202	156,034
<b>NONOPERATING REVENUES AND (EXPENSES):</b>		
Investment Income	160,242	117,142
Sale of assets	-	103,079
Other income	7,290	
Other expenses	(11,445)	-
<i>Total nonoperating revenues</i>	156,087	220,221
<b>NET INCOME</b>	209,289	376,255
Net assets at the beginning of the year	5,759,192	5,382,937
<i>Net assets at end of year</i>	\$ 5,968,481	\$ 5,759,192

**Town of Addison, Texas**  
**Proprietary Funds - Capital Replacement Fund**

**Capital Replacement Fund**  
**Comparative Statements of Cash Flows**  
**Years Ended September 30, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Department contributions	\$ 667,816	\$ 692,622
Payments to suppliers	19,075	(75,295)
<i>Net cash provided by operating activities</i>	686,891	617,327
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(749,249)	(122,469)
Proceeds from the sale of capital assets	-	103,079
<i>Net cash used by capital and related financing activities</i>	(749,249)	(19,390)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash and investments	161,147	111,939
<i>Net increase provided by investing activities</i>	161,147	111,939
Net increase (decrease) in cash and cash investments	98,789	709,876
Cash and cash investments, October 1	2,885,667	2,175,791
Cash and cash investments, September 30	\$ 2,984,456	\$ 2,885,667
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 53,202	\$ 156,034
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	613,570	535,340
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	20,119	(74,047)
Net cash provided by operating activities	\$ 686,891	\$ 617,327

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

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**Information Technology Replacement Fund**  
**Comparative Statements of Net Assets**  
**September 30, 2007 and 2006**

	2007	2006
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 2,364,635	\$ 2,145,859
Interest receivable	12,886	12,768
Inventory	950	950
<i>Total current assets</i>	2,378,471	2,159,577
Noncurrent assets:		
Capital assets:		
Machinery and equipment	7,914,641	7,739,387
Accumulated depreciation	(7,575,567)	(7,289,189)
Total capital assets, net of accumulated depreciation	339,074	450,198
<i>Total assets</i>	2,717,545	2,609,775
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,843	\$ 28,113
<i>Total current liabilities</i>	27,843	28,113
<b>NET ASSETS:</b>		
Invested in capital assets	339,074	450,198
Unrestricted	2,350,628	2,131,464
<i>Total net assets</i>	\$ 2,689,702	\$ 2,581,662

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

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**Information Technology Replacement Fund**  
**Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets**  
**Year Ended September 30, 2007 and 2006**

	2007	2006
<b>OPERATING REVENUES:</b>		
Department contributions	\$ 419,520	\$ 413,730
<i>Total operating revenues</i>	419,520	413,730
<b>OPERATING EXPENSES:</b>		
Maintenance and materials	3,505	-
Contractual services	1,044	1,247
Depreciation	286,378	396,568
<i>Total operating expenses</i>	290,927	397,815
<b>OPERATING INCOME</b>	128,593	15,915
<b>NONOPERATING REVENUES AND (EXPENSES):</b>		
Investment Income	124,121	89,420
Other expenses	(144,674)	-
<i>Total nonoperating revenues</i>	(20,553)	89,420
<b>NET INCOME</b>	108,040	105,335
Net assets at the beginning of the year	2,581,662	2,476,327
<i>Net assets at end of year</i>	\$ 2,689,702	\$ 2,581,662

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

**Information Technology Replacement Fund**  
**Comparative Statements of Cash Flows**  
**Years Ended September 30, 2007 and 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Department contributions	\$ 419,520	\$ 413,730
Payments to suppliers	(4,819)	26,086
<i>Net cash provided by operating activities</i>	<u>414,701</u>	<u>439,816</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(319,928)	(56,447)
Proceeds from the sale of capital assets	-	-
<i>Net cash used by capital and related financing activities</i>	<u>(319,928)</u>	<u>(56,447)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on cash and investments	124,003	86,192
<i>Net cash provided by investing activities</i>	<u>124,003</u>	<u>86,192</u>
<i>Net increase (decrease) in cash and investments</i>	218,776	469,561
Cash and cash investments, October 1	2,145,859	1,676,298
Cash and cash investments, September 30	<u>\$ 2,364,635</u>	<u>\$ 2,145,859</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 128,593	\$ 15,915
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	286,378	396,568
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	(270)	27,333
Net cash provided by operating activities	<u>\$ 414,701</u>	<u>\$ 439,816</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>GENERAL CAPITAL ASSETS:</b>		
Property and equipment in service:		
Land	\$ 64,155,723	\$ 64,155,723
Buildings	21,409,464	21,409,464
Improvements other than buildings	122,040,195	121,634,333
Equipment	<u>1,795,302</u>	<u>1,559,410</u>
<i>Total property and equipment in service</i>	209,400,684	208,758,930
Construction in progress	<u>2,191,994</u>	<u>1,138,156</u>
 <i>Total capital assets</i>	 <u>\$ 211,592,678</u>	 <u>\$ 209,897,086</u>
<b>INVESTMENT IN GENERAL CAPITAL ASSETS</b>		
<b>BY SOURCE:</b>		
Capital projects funds:		
General obligation bonds	\$ 84,853,401	\$ 83,597,123
Certificates of obligation bonds	11,803,679	11,803,679
Revenue bonds	5,165,573	5,165,573
DART grant	14,996,322	14,996,322
State grant	530,821	530,821
Contributions by developers	58,839,880	58,839,880
Property owners participation	1,026,857	1,026,857
Other governments	1,138,021	1,138,021
General fund:		
Revenues	20,029,180	19,778,464
Special revenue funds	11,944,338	11,755,740
Debt service fund	30,893	30,893
Donations	<u>1,233,713</u>	<u>1,233,713</u>
 <i>Total investment in general capital assets</i>	 <u>\$ 211,592,678</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.

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

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

September 30, 2007

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
<b>GENERAL GOVERNMENT:</b>					
City manager	\$ 881,309	\$ 441,699	\$ 16,705	\$ 10,080	\$ 1,349,793
Financial & strategic services	663,561	653,868	-	58,435	1,375,864
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>255,907</u>	<u>3,956,454</u>
<b>PUBLIC SAFETY:</b>					
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>
<b>URBAN DEVELOPMENT</b>					
	<u>-</u>	<u>161,946</u>	<u>10,998</u>	<u>10,212</u>	<u>183,156</u>
<b>STREETS</b>					
	<u>52,078,036</u>	<u>302,616</u>	<u>98,955,735</u>	<u>95,899</u>	<u>151,432,286</u>
<b>PARKS AND RECREATION:</b>					
Parks	3,971,374	531,800	13,149,232	112,236	17,764,642
Recreation	-	8,015,919	1,106,378	56,517	9,178,814
<i>Total parks &amp; recreation</i>	<u>3,971,374</u>	<u>8,547,719</u>	<u>14,255,610</u>	<u>168,753</u>	<u>26,943,456</u>
<b>VISITOR SERVICES:</b>					
Visitor services	-	179,388	12,928	34,037	226,353
Conference centre/theatre	2,680,636	5,508,092	8,626,536	589,001	17,404,265
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>8,639,464</u>	<u>630,182</u>	<u>21,518,569</u>
<i>Balance at end of year</i>	<u>\$ 64,155,723</u>	<u>\$ 21,409,464</u>	<u>\$ 122,040,195</u>	<u>\$ 1,795,302</u>	<u>\$ 209,400,684</u>
Construction in progress					<u>2,191,994</u>
<i>Total general capital assets</i>					<u>\$ 211,592,678</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, 2007

<u>Function and Activity</u>	<u>Balance 9/30/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 9/30/2007</u>
<b>GENERAL GOVERNMENT:</b>					
City manager	\$ 1,349,793	\$ -	\$ -	\$ -	\$ 1,349,793
Financial & strategic services	1,368,874	6,990	-	-	1,375,864
Building and fleet services	945,536	-	-	-	945,536
Municipal court	65,819	-	-	-	65,819
Human resources	217,819	-	-	-	217,819
Council projects	1,623	-	-	-	1,623
<i>Total general government</i>	<u>3,949,464</u>	<u>6,990</u>	<u>-</u>	<u>-</u>	<u>3,956,454</u>
<b>PUBLIC SAFETY:</b>					
Police	2,699,014	-	-	-	2,699,014
Fire	2,667,749	-	-	-	2,667,749
<i>Total public safety</i>	<u>5,366,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,366,763</u>
<b>URBAN DEVELOPMENT</b>					
	<u>183,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,156</u>
<b>STREETS</b>					
	<u>151,149,946</u>	<u>282,340</u>	<u>-</u>	<u>-</u>	<u>151,432,286</u>
<b>PARKS AND RECREATION:</b>					
Parks	17,600,817	190,438	(26,613)	-	17,764,642
Recreation	9,178,814	-	-	-	9,178,814
<i>Total parks &amp; recreation</i>	<u>26,779,631</u>	<u>190,438</u>	<u>(26,613)</u>	<u>-</u>	<u>26,943,456</u>
<b>VISITOR SERVICES:</b>					
Visitor Services	226,353	-	-	-	226,353
Conference Centre/Theatre	17,215,666	188,599	-	-	17,404,265
Special events	3,887,951	-	-	-	3,887,951
<i>Total visitor services</i>	<u>21,329,970</u>	<u>188,599</u>	<u>-</u>	<u>-</u>	<u>21,518,569</u>
<i>Total general capital assets allocated by function</i>	<u>208,758,930</u>	<u>668,367</u>	<u>(26,613)</u>	<u>-</u>	<u>209,400,684</u>
Construction in progress	<u>1,138,156</u>	<u>1,053,838</u>	<u>-</u>	<u>-</u>	<u>2,191,994</u>
<i>Total general capital assets</i>	<u>\$ 209,897,086</u>	<u>\$ 1,722,205</u>	<u>\$ (26,613)</u>	<u>\$ -</u>	<u>\$ 211,592,678</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**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION BONDS  
SERIES 2000  
BONDS OUTSTANDING: \$2,075,000.00

<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	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>2,075,000.00</u>	\$ <u>176,432.50</u>	\$ <u>2,251,432.50</u>	\$ <u>2,251,432.50</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2001  
BONDS OUTSTANDING: \$12,000,000.00

<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	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>\$ 12,000,000.00</u>	<u>\$ 1,329,348.75</u>	<u>\$ 13,329,348.75</u>	<u>\$ 13,329,348.75</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2001  
EXCLUDING WATER AND SEWER PORTION  
BONDS OUTSTANDING: \$5,435,000.00

<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	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>5,435,000.00</u>	\$ <u>612,211.25</u>	\$ <u>6,047,211.25</u>	\$ <u>6,047,211.25</u>

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS  
SERIES 2002  
BONDS OUTSTANDING: \$18,340,000.00

<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	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>\$ 18,340,000.00</u>	<u>\$ 3,513,743.85</u>	<u>\$ 21,853,743.85</u>	<u>\$ 21,853,743.85</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS  
SERIES 2002  
EXCLUDING WATER AND SEWER PORTION  
BONDS OUTSTANDING: \$10,814,768.93

<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	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>10,814,768.93</u>	\$ <u>2,489,518.75</u>	\$ <u>13,304,287.68</u>	\$ <u>13,304,287.68</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION  
SUPPORTED BY HOTEL FUND  
SERIES 2003  
BONDS OUTSTANDING: \$6,605,000.00

<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	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>6,605,000.00</u>	\$ <u>1,337,668.75</u>	\$ <u>7,942,668.75</u>	\$ <u>7,942,668.75</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION BONDS  
SERIES 2004  
BONDS OUTSTANDING: \$9,105,000.00

<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	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
<i>Total</i>		\$ <u>9,105,000.00</u>	\$ <u>2,464,918.75</u>	\$ <u>11,569,918.75</u>	\$ <u>11,569,918.75</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS  
SERIES 2005  
BONDS OUTSTANDING: \$6,040,000.00

<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	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
<i>Total</i>		\$ <u>6,040,000.00</u>	\$ <u>1,368,612.50</u>	\$ <u>7,408,612.50</u>	\$ <u>7,408,612.50</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**COMBINING SCHEDULE OF  
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2007 to Maturity

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>130,000.00</u>	<u>2,600.00</u>	<u>132,600.00</u>
<i>Total</i>	\$ <u><u>40,074,768.93</u></u>	\$ <u><u>8,449,362.50</u></u>	\$ <u><u>48,524,131.43</u></u>

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

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2001  
WATER AND SEWER FUND PORTION  
BONDS OUTSTANDING: \$6,565,000

<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	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>6,565,000.00</u>	\$ <u>717,137.50</u>	\$ <u>7,282,137.50</u>	\$ <u>7,282,137.50</u>

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS  
SERIES 2002  
WATER AND SEWER FUND PORTION  
BONDS OUTSTANDING: \$7,525,231.07

<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	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>7,525,231.07</u>	\$ <u>1,024,225.10</u>	\$ <u>8,549,456.17</u>	\$ <u>8,549,456.17</u>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**COMBINING SCHEDULE OF  
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2007 to Maturity

WATER AND SEWER FUND\*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 14,090,231.07</u>	<u>\$ 1,741,362.60</u>	<u>\$ 15,831,593.67</u>

\* Includes general obligation and certificates of obligation bonds.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**DETAILED SCHEDULE OF  
DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION  
SERIES 2004  
SUPPORTED BY AIRPORT FUND  
BONDS OUTSTANDING: \$3,960,000.00

<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	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
<b>Total</b>		<b>\$ 3,960,000.00</b>	<b>\$ 1,133,847.50</b>	<b>\$ 5,093,847.50</b>	<b>\$ 5,093,847.50</b>

\* First call date.

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**COMBINING SCHEDULE OF  
DETAILED DEBT SERVICE REQUIREMENTS**  
From September 30, 2007 to Maturity

DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES\*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 18,050,231.07</u>	<u>\$ 2,875,210.10</u>	<u>\$ 20,925,441.17</u>

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

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

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**SUMMARY OF DEBT SERVICE**  
From September 30, 2007 to Maturity

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Tax and Revenue Certificates of Obligation</u>	<u>Total Requirements</u>
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>56,413,056.35</u>	<u>13,036,516.25</u>	<u>69,449,572.60</u>
Less amounts representing interest	<u>8,853,056.35</u>	<u>2,471,516.25</u>	<u>11,324,572.60</u>
<i>Total Principal</i>	<u>\$ 47,560,000.00</u>	<u>\$ 10,565,000.00</u>	<u>\$ 58,125,000.00</u>

**Town of Addison, Texas**  
**Long-Term Debt Schedules**

**SUMMARY OF TAX SUPPORTED  
DEBT REQUIREMENTS**  
From September 30, 2007 to Maturity

Fiscal Year	General Obligation Debt Service Requirements	Certificates of Obligation Debt Service Requirements	Less Amount Supported by Hotel Fund <sup>(1)</sup>	Less Amount Supported by Airport Fund <sup>(1)</sup>	Less Amount Supported by Water and Sewer Fund <sup>(1)</sup>	Net Tax Supported Debt Service Requirements <sup>(2)</sup>
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
<b>Total</b>	<b>\$ 56,413,056.35</b>	<b>\$ 13,036,516.25</b>	<b>\$ 7,942,668.75</b>	<b>\$ 5,093,847.50</b>	<b>\$ 15,831,593.67</b>	<b>\$ 40,581,462.68</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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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## 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.

		<b>Tables</b>
<b>Financial Trends</b>	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
<b>Revenue Capacity</b>	These schedules present information to help the reader assess the Town's most significant local revenue source, the property tax.	5-7
<b>Debt Capacity</b>	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
<b>Demographic &amp; Economic Indicators</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	12-14
<b>Operating information</b>	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.	15-17

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

**Town of Addison, Texas**  
**Statistical Section**

**Table 1**

**Net Assets by Component**  
**Last five years**  
**(accrual basis of accounting)**

	2003	2004	2005	2006	2007
Governmental activities					
Invested in Capital Assets, net of related debt	\$ 108,172,454	\$ 114,752,714	\$ 117,007,853	\$ 117,537,709	\$ 117,446,984
Restricted for Debt Service	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846
Unrestricted	16,955,351	15,551,534	17,758,209	20,148,886	24,100,898
Total Governmental activities Net Assets	<u>\$ 127,241,229</u>	<u>\$ 131,878,866</u>	<u>\$ 136,174,857</u>	<u>\$ 139,264,987</u>	<u>\$ 143,117,728</u>
Business-type Activities					
Invested in Capital Assets, net of related debt	\$ 26,664,196	\$ 34,664,102	\$ 35,400,551	\$ 35,844,857	\$ 37,173,256
Unrestricted	14,276,388	6,194,666	5,333,021	7,677,676	7,428,637
Total Business-type activities Net Assets	<u>\$ 40,940,584</u>	<u>\$ 40,858,768</u>	<u>\$ 40,733,572</u>	<u>\$ 43,522,533</u>	<u>\$ 44,601,893</u>
Primary Government					
Invested in Capital Assets, net of related debt	\$ 134,836,650	\$ 149,416,816	\$ 152,408,404	\$ 153,382,566	\$ 154,620,240
Restricted for Debt Service	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846
Unrestricted	31,231,739	21,746,200	23,091,230	27,826,562	31,529,535
Total Primary Government Net Assets	<u>\$ 168,181,813</u>	<u>\$ 172,737,634</u>	<u>\$ 176,908,429</u>	<u>\$ 182,787,520</u>	<u>\$ 187,719,621</u>

**Town of Addison, Texas**  
**Statistical Section**

**Table 2**

**Changes in Net Assets**  
**Last five years**  
**(accrual basis of accounting)**

<b>Expenses</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Governmental Activities:</b>					
General government	\$ 5,177,758	\$ 5,771,545	\$ 5,929,812	\$ 6,251,658	\$ 5,769,960
Public safety	10,982,315	11,434,040	12,136,999	12,641,284	13,452,066
Development services	489,613	502,033	553,651	549,107	833,330
Streets	4,897,731	4,047,277	3,873,029	4,562,905	5,072,907
Parks and recreation	3,633,439	3,719,576	4,084,150	4,305,515	4,054,147
Visitors services	5,117,318	5,223,648	5,524,971	6,151,819	6,370,107
Interest on Long-term Debt	1,998,762	2,211,265	1,960,226	1,755,697	1,598,951
Total governmental activities	<u>32,296,936</u>	<u>32,909,384</u>	<u>34,062,838</u>	<u>36,217,985</u>	<u>37,151,468</u>
<b>Business-type activities:</b>					
Airport	3,492,184	4,125,194	4,292,548	4,426,545	4,473,096
Utilities	7,324,758	7,495,051	7,624,573	8,182,476	8,512,308
Total business-type activities	<u>10,816,942</u>	<u>11,620,245</u>	<u>11,917,121</u>	<u>12,609,021</u>	<u>12,985,404</u>
Total primary government expenses	<u>\$ 43,113,878</u>	<u>\$ 44,529,629</u>	<u>\$ 45,979,959</u>	<u>\$ 48,827,006</u>	<u>\$ 50,136,872</u>
<b>Program revenues</b>					
<b>Governmental Activities:</b>					
Charges for services					
General government	\$ 1,742,925	\$ 1,844,636	\$ 652,602	\$ 100,957	\$ 285,301
Public safety	828,794	782,561	1,601,127	2,424,249	1,953,587
Development services	-	-	4,325	651,408	743,201
Streets	-	-	193,071	206,134	318,731
Parks and recreation	12,864	20,046	91,047	100,564	106,882
Visitors services	1,254,871	1,375,623	1,559,282	1,657,987	2,054,468
Operating grants and contributions	520,882	4,185,029	3,218,659	1,440,734	369,544
Total governmental activities	<u>4,360,336</u>	<u>8,207,895</u>	<u>7,320,113</u>	<u>6,582,033</u>	<u>5,831,714</u>
<b>Business-type activities:</b>					
Airport	4,039,109	4,066,085	4,215,280	4,062,398	4,203,815
Utilities	7,126,331	7,426,268	7,326,015	10,777,843	9,050,758
Operating grants and contributions	-	170,037	61,948	145,360	460,497
Total business-type activities	<u>11,165,440</u>	<u>11,662,390</u>	<u>11,603,243</u>	<u>14,985,601</u>	<u>13,715,070</u>
Total primary government program revenues	<u>\$ 15,525,776</u>	<u>\$ 19,870,285</u>	<u>\$ 18,923,356</u>	<u>\$ 21,567,634</u>	<u>\$ 19,546,784</u>
<b>Net (Expense) Revenue</b>					
Governmental Activities	\$ (27,936,600)	\$ (24,701,489)	\$ (26,742,725)	\$ (29,635,952)	\$ (31,319,754)
Business -type activities	348,498	42,145	(313,878)	2,376,580	729,666
Total primary government net expense	<u>\$ (27,588,102)</u>	<u>\$ (24,659,344)</u>	<u>\$ (27,056,603)</u>	<u>\$ (27,259,372)</u>	<u>\$ (30,590,088)</u>
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes, levied for					
general purposes	\$ 11,594,844	\$ 12,018,231	\$ 12,830,522	\$ 13,297,948	\$ 13,587,051
Sales taxes	9,660,644	10,225,550	10,597,327	10,936,530	11,691,786
Franchise taxes	2,314,536	2,706,204	2,564,683	2,146,225	2,615,504
Hotel motel taxes	3,346,197	3,447,058	4,038,131	4,679,099	5,203,080
Interest on investments	677,618	595,916	765,850	1,354,575	1,700,412
Miscellaneous	289,158	124,557	242,203	311,705	374,662
Transfer	-	221,610	-	-	-
Total general revenues	<u>27,882,997</u>	<u>29,339,126</u>	<u>31,038,716</u>	<u>32,726,082</u>	<u>35,172,495</u>
<b>Business-type activities:</b>					
Interest on investments	99,048	80,758	171,791	335,828	388,070
Miscellaneous	-	16,891	16,891	76,553	(38,376)
Transfer	-	(221,610)	-	-	-
Total business-type activities	<u>99,048</u>	<u>(123,961)</u>	<u>188,682</u>	<u>412,381</u>	<u>349,694</u>
<b>Change in Net Assets</b>					
Governmental Activities	(53,603)	4,637,637	4,295,991	3,090,130	3,852,741
Business -type activities	447,546	(81,816)	(125,196)	2,788,961	1,079,360
Total primary government	<u>\$ 393,943</u>	<u>\$ 4,555,821</u>	<u>\$ 4,170,795</u>	<u>\$ 5,879,091</u>	<u>\$ 4,932,101</u>

**Town of Addison, Texas**

**Statistical Section**

**Table 3**

**Fund Balances, Governmental Funds**

**Last five years**

**(modified accrual basis of accounting)**

	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 168,743	\$ 89,973	\$ 127,088	\$ 101,836	\$ 305,918
Unreserved	7,845,899	7,209,812	6,923,417	8,073,344	10,378,247
Total general fund	<u>\$ 8,014,642</u>	<u>\$ 7,299,785</u>	<u>\$ 7,050,505</u>	<u>\$ 8,175,180</u>	<u>\$ 10,684,165</u>
All Other Governmental Funds					
Reserved	\$ 187,653	\$ 1,660,191	\$ 1,488,509	\$ 1,755,980	\$ 1,769,294
Unreserved, reported in:					
Special revenue funds	95,828	106,272	125,491	186,758	205,790
Capital project funds	15,561,134	22,414,425	9,224,315	7,553,427	7,114,632
Debt service funds	2,731,398	765,623	778,627	810,936	864,331
Hotel Fund	5,248,751	4,699,920	4,617,539	4,639,050	5,382,310
Total all other governmental funds	<u>\$ 31,839,406</u>	<u>\$ 36,946,216</u>	<u>\$ 23,284,986</u>	<u>\$ 23,121,331</u>	<u>\$ 26,020,522</u>

**Changes in Fund Balances**

**Governmental Funds**

Last five years

(modified accrual basis)

	2003	2004	2005	2006	2007
<b>REVENUES:</b>					
Ad Valorem Taxes	\$ 12,176,518	\$ 11,883,632	\$ 12,765,636	\$ 13,293,707	\$ 13,629,796
Non-Property Taxes	13,042,476	13,643,147	14,594,219	15,586,851	16,719,036
Franchise Fees	2,450,145	2,674,701	2,563,797	2,681,263	2,615,504
Licenses and Permits	386,824	455,089	479,239	651,408	743,201
Intergovernmental	520,882	4,063,307	2,223,779	1,440,734	185,297
Service Fees	2,018,592	2,157,156	2,157,963	2,414,454	2,648,853
Special Events	-	-	-	-	-
Fuel flowage fees	-	-	-	-	-
Fines and Forfeitures	828,794	782,561	862,839	1,185,093	1,239,873
Building maintenance	-	-	-	-	-
Earnings on Investments	598,025	536,699	707,240	1,148,087	1,416,049
Contributions	-	-	-	-	184,247
Rental Charges	544,601	532,636	667,577	656,988	676,563
Recycling proceeds	12,864	20,046	26,768	29,311	32,703
Other	129,244	45,240	120,964	194,943	333,005
<i>Total revenues</i>	<u>\$ 32,708,965</u>	<u>\$ 36,794,214</u>	<u>\$ 37,170,021</u>	<u>\$ 39,282,839</u>	<u>\$ 40,424,127</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	\$ 4,916,867	\$ 5,406,092	\$ 5,799,332	\$ 6,138,990	\$ 5,699,206
Public Safety	11,082,467	11,930,745	12,286,885	12,745,195	13,318,918
Urban development	-	-	-	-	-
Development Services	485,810	520,215	553,651	563,271	770,557
Streets	1,504,349	1,425,047	1,276,489	1,421,464	1,476,582
Parks and recreation	3,114,382	3,296,846	3,519,130	3,671,919	3,569,031
Visitor Services	4,971,996	4,774,003	5,015,755	5,801,404	6,040,917
Airport	-	-	-	-	-
Debt Service:					
Principal Retirement	2,510,522	3,645,076	3,178,542	3,570,000	3,735,000
Interest and fiscal charges	4,204,999	3,322,316	3,605,378	1,747,186	1,628,447
Debt issuance costs	-	85,000	-	-	-
Capital Projects:					
Administration:					
Salaries and fringe benefits	228,162	200,541	144,444	50,461	52,304
Supplies	55	-	-	2,340	-
Design and engineering:					
Engineering and contractual services	2,253,876	1,265,921	1,135,319	449,930	123,695
Construction and equipment	13,590,564	6,564,077	14,316,326	4,796,080	1,110,279
<i>Total expenditures</i>	<u>\$ 48,864,049</u>	<u>\$ 42,435,879</u>	<u>\$ 50,831,251</u>	<u>\$ 40,958,240</u>	<u>\$ 37,524,936</u>
Excess(deficiency) of revenues over expenditures	<u>(16,155,084)</u>	<u>(5,641,665)</u>	<u>(13,661,230)</u>	<u>(1,675,401)</u>	<u>2,899,191</u>
<b>OTHER FINANCING SOURCES(USES):</b>					
Proceeds from refunding bonds issued				6,355,000	
Payment to refunded bond escrow agent				(6,228,588)	
Proceeds from bond issued	23,095,000	10,695,000		1,500,000	
Bond issuance costs				(114,666)	
Premium on issuance of bonds		53,475			
Transfers In	2,413,496	1,456,770	704,610	968,890	706,710
Transfers Out	(2,413,496)	(1,456,770)	(704,610)	(968,890)	(706,710)
<i>Total Other Financing Sources(Uses)</i>	<u>23,095,000</u>	<u>10,748,475</u>	<u>-</u>	<u>1,511,746</u>	<u>-</u>
Net change in fund balance	\$ 6,939,916	\$ 5,106,810	\$ (13,661,230)	\$ (163,655)	\$ 2,899,191
Debt service as a percentage of noncapital expenditures	20.48%	20.25%	19.25%	14.91%	14.80%

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

Fiscal Year	Real Property Assessed Value <sup>(1) (2)</sup>	Personal Property Assessed Value <sup>(2)</sup>	Less Tax-Exempt Property Assessed Value <sup>(2)</sup>	Total Taxable Value	Total Direct Tax Rate <sup>(3)</sup>
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
2007	2,676,126,320	647,121,940	(293,642,826)	3,029,605,434	0.4640

Notes:

<sup>(1)</sup> Assessed value is 100% of estimated market value.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 <sup>(2)</sup>		OverLapping Rates <sup>(1)</sup>					
	Operating General Rates	General Obligation Debt Service	Dallas County	Community College District	Dallas ISD	Carrollton/ Farmers Branch ISD	Dallas County Hospital District	Total Ad valorem Rate <sup>(3)</sup>
1998	0.1532	0.2943	\$ 0.2164	\$ 0.0521	\$ 1.4605	\$ 1.4619	\$ 0.1941	\$ 2.3706
1999	0.1488	0.2512	0.19720	0.05000	1.46053	1.5377	0.17990	2.2876
2000	0.1582	0.2264	0.19600	0.05000	1.46053	1.6137	0.19600	2.2871
2001	0.1662	0.2148	0.19600	0.05000	1.54753	1.6737	0.25400	2.4285
2002	0.1804	0.2044	0.19600	0.06000	1.54753	1.7242	0.25400	2.4423
2003	0.1890	0.2109	0.19600	0.06000	1.58753	1.7224	0.25400	2.4974
2004	0.2201	0.2027	0.20390	0.07780	1.63950	1.7358	0.25400	2.5980
2005	0.2597	0.2163	0.20390	0.08030	1.66940	1.7824	0.25400	2.6836
2006	0.3060	0.1700	0.21390	0.08160	1.68836	1.8259	0.25400	2.7139
2007	0.3110	0.1530	0.21390	0.08100	1.50264	1.6830	0.25400	2.5155

Source: Dallas Central Appraisal District

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Does not include Carrollton/ Farmer's Branch ISD as school district do not overlap each other.

**Town of A Town of Addison, Texas**

**Statistical Section**

**Table 7**

Property Tax Levies and Collections

Last ten years

Fiscal Year ended 30-Sep	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
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%
2007	2006	14,099,437	13,685,151	97.1%	(137,238)	13,547,913	96.09%

Notes:

<sup>(1)</sup> Negative amounts represent refunds of taxes to property owners who appealed their values from previous years to the Dallas County Appraisal District and on appeal received lower valuations.

RATIO OF OUTSTANDING DEBT BY TYPE  
 LAST TEN YEARS

Fiscal Year	Governmental				Business-Type				Total Primary Government	Per Capita
	General Obligation Bonds	General Obligation Refunding Bonds	Hotel Occupancy Tax Revenue Bonds	Certificates of Obligation	General Obligation Bonds	General Obligation Refunding Bonds	Water and Sewer Refunding Bonds	Certificates of Obligation		
1998	5,665,000	10,803,610	2,050,000	10,000,000	868,762	0	7,160,000	15,890,000	52,437,372	4,388.06
1999	5,325,000	6,829,256	1,810,000	9,000,000	558,116	0	6,720,000	15,890,000	46,132,372	3,521.56
2000	14,870,000	2,702,556	1,425,000	8,000,000	224,815	0	6,270,000	15,890,000	49,382,371	3,485.98
2001	14,195,000	1,872,690	1,050,000	6,990,000	155,782	0	5,800,000	15,890,000	45,953,472	3,147.50
2002	11,540,000	6,664,139	690,000	2,305,000	10,505,168	0	5,290,000	5,510,000	42,504,307	2,931.33
2003	16,085,000	15,218,386	340,000	9,890,000	10,395,000	9,635,859	-	-	61,564,245	4,173.85
2004	25,810,000	13,323,311	-	9,450,000	9,490,000	9,444,234	-	-	67,517,545	4,788.48
2005	24,280,000	12,584,769	-	8,540,000	8,540,000	8,925,231	-	4,400,000	67,270,000	4,655.36
2006	17,790,000	18,934,769	-	7,085,000	7,380,000	8,425,231	-	4,185,000	63,800,000	4,281.88
2007	16,615,000	16,854,769	-	6,605,000	6,565,000	7,525,231	-	3,960,000	58,125,000	3,811.48

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
 Year Ended September 30, 2007

<u>Taxing Jurisdiction</u>	<u>G.O. Bonded Debt</u>	<u>Percent Applicable</u>	<u>Town's Share of Debt</u>
Town of Addison	\$ 37,740,102 <sup>(1)</sup>	100.00	\$ 37,740,102
Carrollton-Farmers Branch Independent School District	406,026,672	1.04	4,222,677
Dallas County	186,401,552	2.07	3,858,512
Dallas County Community College District	93,485,000	2.00	1,869,700
Dallas County Hospital District	-	2.07	-
Dallas Independent School District	1,471,980,000	3.78	55,640,844
<i>Total</i>	<u>\$ 2,195,633,326</u>		<u>\$ 103,331,836</u>
<i>Ratio overlapping G.O. debt to 2006 taxable assessed valuation</i>			<u>3.41%</u>
<i>Per capital overlapping G.O. debt</i>			<u>\$ 6,776</u>

Notes:

<sup>(1)</sup> 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: Municipal Advisory Council of Texas

**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 <sup>(2)</sup></u>			<u>Revenue Bond Coverage <sup>(3)</sup></u>
	<u>Gross Revenue</u>	<u>Expense <sup>(1)</sup></u>	<u>Net Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	10,448,742	6,594,211	3,854,531	-	-	-	NA
2007	9,378,480	6,837,579	2,540,901	-	-	-	NA

Notes:

<sup>(1)</sup> Includes "Operating expenses excluding depreciation" and "Nonoperating Other expenses".

<sup>(2)</sup> Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

<sup>(3)</sup> Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest. NA is not applicable.

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION  
 SUPPORTED BY HOTEL FUND**  
 Last Ten Fiscal Years

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Bond Coverage <sup>(2)</sup>
	Gross Revenue	Expenditure <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
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
2007	7,490,887	942,884	6,548,003	480,000	226,710	706,710	9.3

Notes:

<sup>(1)</sup> Combination Tax and Revenue Certificates of Obligation bond covenants require only Conference centre expenditures be considered when calculating bond coverage.

<sup>(2)</sup> Bond coverage is equal to net revenue available for debt service divided by total principal and interest

DEMOGRAPHIC AND ECONOMIC STATISTICS

As of September 30, 2007

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Valuations</u>	<u>Labor Force</u>	<u>Unemployment</u> <sup>(2)</sup>	<u>Unemployment Rate</u> <sup>(2)</sup>
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 <sup>(3)</sup>	2,773,661,606	8,217	223	2.7%
2001	14,600 <sup>(1)</sup>	3,098,316,865	8,318	401	4.8%
2002	14,500	3,194,695,630	8,252	516	6.2%
2003	14,750 <sup>(1)</sup>	3,159,748,731	8,350	493	5.9%
2004	14,100 <sup>(1)</sup>	2,886,241,914	8,171	401	4.9%
2005	14,450 <sup>(1)</sup>	2,696,490,357 <sup>(4)</sup>	2,026,997 <sup>(4)</sup>	104,741 <sup>(4)</sup>	5.2% <sup>(4)</sup>
2006	14,900 <sup>(1)</sup>	2,793,374,452 <sup>(4)</sup>	2,093,468 <sup>(4)</sup>	96,437 <sup>(4)</sup>	4.6% <sup>(4)</sup>
2007	15,250 <sup>(1)</sup>	3,029,605,430 <sup>(4)</sup>	2,108,631 <sup>(4)</sup>	82,126 <sup>(4)</sup>	3.9% <sup>(4)</sup>

<sup>(1)</sup> NCTCOG estimate

<sup>(2)</sup> Texas Workforce Commission

<sup>(3)</sup> 2000 Census - estimated

<sup>(4)</sup> Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented for September 2005 represents the Dallas, Plano, Irving Metro Area.

**Principal Property Taxpayers  
Current Year and Nine Years Ago**

Name of Taxpayer	Nature of Property	2007			1998		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
EOP Colonnade of Dallas	Land, Office Buildings	\$ 156,314,690	1	5.60%	-		-
Post Apartment Homes	Mixed Development	117,550,000	2	4.21%	-		-
VOP Belt Line LTD PS	Land, Office Buildings	104,035,630	3	3.72%	-		-
MBNA Texas Properties	Land, Office Buildings	83,588,510	4	2.99%	65,139,800	5	3.08%
FSP Addison Cir LTD PS	Office Buildings	66,514,480	5	2.38%	-		-
Richmont Properties dba Mary Kay Inc	Land, Office Buildings	66,381,040	6	2.38%	80,008,850	3	3.78%
Spectrum Center Partners	Office Buildings	60,098,250	7	2.15%	76,839,300	4	3.63%
RREEF Millennium LP	Office Buildings	58,970,720	8	2.11%	-		-
Host Dallas Quorum LLC	Land, Hotel	50,833,700	9	1.82%	-		-
DCO Greenhaven/Clipper Pointe ETAL	Apartments	47,841,000	10	1.71%	-		-
Crescent Real Estate	Land, Office Buildings				111,379,840	1	5.26%
Equity Office Properties	Land, Office Buildings				96,732,830	2	4.57%
Registry Dallas Associates dba The InterContinental	Land, Hotel				48,127,240	6	2.27%
Marriott Corporation	Hotel				47,162,230	7	2.23%
Carramerica Realty LP	Land, Office Buildings				45,024,800	8	2.13%
Utah St Retirement Inv	Land, Office Buildings				33,195,720	9	1.57%
Camden Property Trust Properties Inc.	Land, Office Buildings,				26,954,800	10	1.27%
		<u>\$ 812,128,020</u>		<u>29.07%</u>	<u>630,565,410</u>		<u>29.79%</u>

Among the major employers in the Town are the following:

<b><u>Company</u></b>	<b><u>Type of Business</u></b>	<b><u>Estimated Number of Employees</u></b>
Mary Kay Cosmetics Inc.	Cosmetics	1,300
Bank of America	Credit Clearinghouse	900
Pizza Hut Corporate Offices	Food Specialties	800
Barrett Burke Wilson & Castle	Attorney Firm	580
The Staubach Company	Real Estate	410
Concentra Health Services	Health Services	400
Hotel InterContinental Dallas	Hotel	380
United Surgical Partners	Health Services	277
Town of Addison	Municipal Government Services	261
Greenhill School	Elementary & High School	251
Affirmative Insurance Holding inc.	Insurance Company	250
Trinity Christian Academy	Elementary & High School	250
GE Capital Real Estate	Real Estate	225
Securus Technologies	Computers Technology	210
Glazers Wholesale Drug Company	Drugs, Proprietaries, and Sundries	210

Full-Time Equivalent City Government Employees by Function/Program  
Last five years

Function/Program	2003	2004	2005	2006	2007
<b>General Government</b>					
City Manager's Office	9.5	10.0	10.0	10.0	8.5
Economic Development					
Finance	11.5	12.0	12.0	11.0	10.0
Municipal Court	4.5	4.7	4.7	4.7	4.7
General Services	8.4	9.0	9.0	9.0	9.0
Human Resources	4.3	4.3	4.7	4.7	4.7
Information Technology	6.0	6.0	6.0	6.0	6.0
<b>Subtotal</b>	<b>44.2</b>	<b>46.0</b>	<b>46.4</b>	<b>45.4</b>	<b>42.9</b>
<b>Public Safety</b>					
Police	84.8	84.8	83.8	81.8	80.8
Fire	55.0	55.0	55.0	55.0	55.0
<b>Subtotal</b>	<b>139.8</b>	<b>139.8</b>	<b>138.8</b>	<b>136.8</b>	<b>135.8</b>
<b>Development Services</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>
<b>Public Works</b>					
Streets	6.4	6.0	6.0	6.0	7.0
Utilities	15.4	18.0	18.0	18.0	17.0
<b>Subtotal</b>	<b>21.8</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>
<b>Parks and Recreation</b>					
Parks	20.0	20.0	20.0	20.0	20.0
Recreation	15.4	17.9	17.9	17.2	15.2
<b>Subtotal</b>	<b>35.4</b>	<b>37.9</b>	<b>37.9</b>	<b>37.2</b>	<b>35.2</b>
<b>Visitor Services</b>					
Visitor Services	3.0	3.0	3.0	3.0	2.5
Conference Centre	7.0	7.5	7.5	7.5	7.5
Special Events	2.0	3.0	3.0	4.0	4.0
Marketing	1.0	1.0	0.0	0.0	0.0
Performing Arts	0.0	0.0	0.0	0.0	0.0
<b>Subtotal</b>	<b>13.0</b>	<b>14.5</b>	<b>13.5</b>	<b>14.5</b>	<b>14.0</b>
<b>Airport Fund</b>	<b>3.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Other</b>					
Public Safety Fund	0.2	0.0	0.0	0.0	0.0
Street Capital Project Fund	2.1	0.0	0.0	0.0	0.0
2002 Capital Project Fund	0.5	0.0	0.0	0.0	0.0
Information Technology Fund	0.0	0.0	0.0	0.0	0.0
<b>Subtotal</b>	<b>2.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>266.2</b>	<b>270.2</b>	<b>268.6</b>	<b>265.9</b>	<b>260.9</b>

Operating Indicators by Function/Program  
 Last five years

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Police					
Crimes Against Property	1,244	1,169	984	1,217	1,094
Crimes Against Persons	345	379	340	387	397
Arrests	2,096	2,270	2,289	2,071	2,227
Calls for Service	17,636	18,288	17,504	19,414	19,320
Fire					
Number of Fires	47	50	55	74	39
Dollar Loss	381,920	584,000	623,175	379,541	283,000
Streets					
Tons of Recycling Collected	321.5	327.9	360.3	364.5	357.2
Parks					
Acres Maintained	138	142	151	150	138
Recreation					
Number of Recreation Event Participants	13,683	12,549	12,605	12,720	13,371
Number of Users	118,089	125,590	126,903	129,090	128,293
Active Athletic Club Members	3,515	3,426	3,506	3,757	3,595
Utilities					
Water Usage - Peak (thousands of gallons)	9,682,000	8,845,000	9,652,000	9,900,000	8,000,000
Water Usage - Average	5,496,311	5,245,779	5,091,060	6,022,945	5,150,000
Service Line Breaks	22	13	19	15	17
Water Main Breaks	4	4	6	3	7

**Town of Addison, Texas**  
**Statistical Section**

Capital Asset Statistics by Function/Program

Function/Program	1998	1999	2000	2001	2002
<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)	39	39	39	39	39
Lane miles	119	119	119	119	119
Traffic signals	28	30	30	30	31
<u>Parks and Recreation</u>					
Acres Maintained	130	133	134	135	136
Parks	9	10	12	12	12
Playgrounds	4	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)	87	87	92	92	93
Fire Hydrants	950	962	979	979	1050
<u>Wastewater</u>					
Miles of sanitary sewers	76	76	82	82	86
Miles of storm sewers	18.5	18.5	18.5	18.5	18.5

**Table 17**

2003	2004	2005	2006	2007
1	1	1	1	1
2	2	2	2	2
39	39	39	39	39
119	119	119	119	119
33	33	33	34	34
138	142	151	149	149
13	13	15	15	16
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
93	96	96	98	98
983	1030	1030	1040	1150
86	86	86	87	87
18.5	18.5	18.5	22	22