

Town of Addison, Texas
Comprehensive Annual Financial Report

For The Year Ended September 30, 2008

Prepared by the
Department of Financial & Strategic Services
Randolph C. Moravec, CGFO, Chief Financial Officer
Brian Hogan, CPA, CGFO, 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 2010
Dennis Kraft, Councilmember*	May 2010
Todd Meier, Councilmember**	May 2009
Roger S. Mellow, Councilmember	May 2010
Jimmy Niemann, Councilmember	May 2009

City Manager

Ron Whitehead

*Mr. Kraft passed away in November 2008. Kimberly Lay was appointed to fill his term until the May 2009 election.

**Mr. Meier resigned from the City Council in February 2009. Don. R. Daseke was appointed to fill the remainder of his term.

Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

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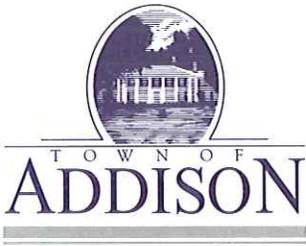
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**INTRODUCTORY
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Addison!



March 17, 2009

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, 2008. The purpose of the report is to provide the council, management, staff, the public and other interested parties with detailed information reflecting the Town's financial condition.

THE REPORT

This report satisfies §103.001 of the Texas Local Government code requiring annual audits of all municipalities and was conducted in accordance with Section 2.15 of the Charter of the Town of Addison. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of the Town. We also believe all disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included. To provide a reasonable basis for making these representations, management of the Town of Addison has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Addison's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town of Addison's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

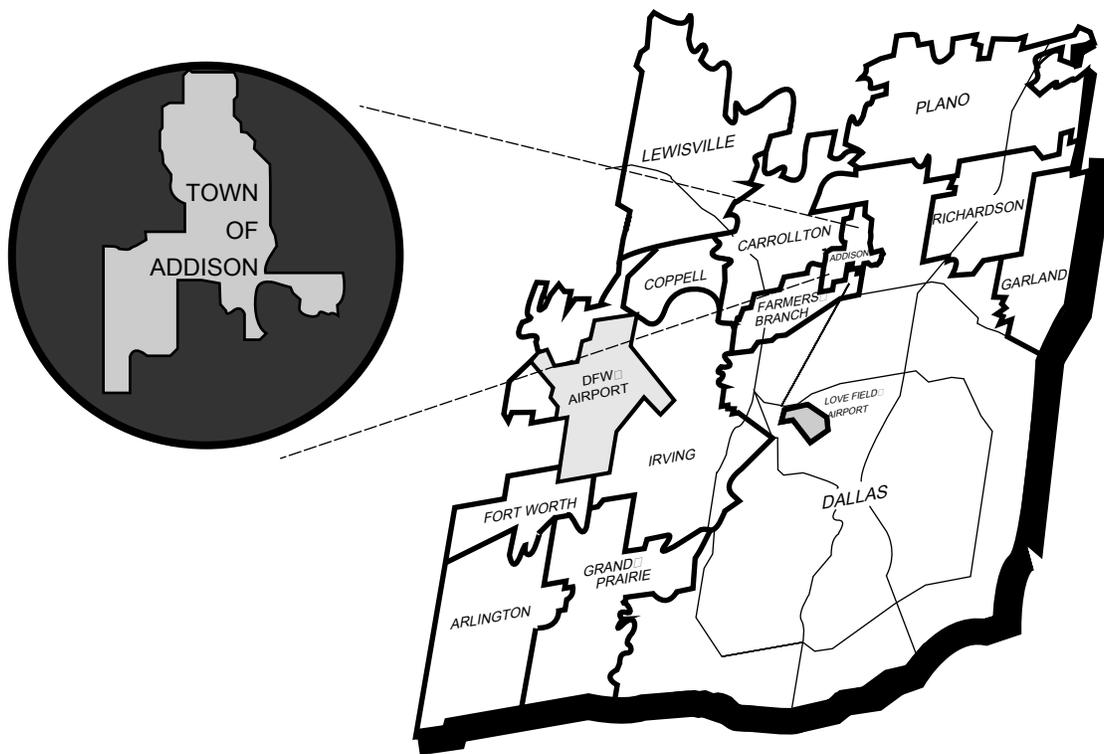
The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Addison for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Addison's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Also included in the *Financial Section* is management's discussion and analysis (MD&A) that provides users of the basic financial statements a narrative introduction, overview, and analysis of those statements. The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the Town of Addison as a single entity, as well as the individual funds that account for the Town's various governmental and business-type activities.

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

THE REPORTING ENTITY

The Town of Addison is located in the Dallas North Parkway area, which has been referred to as the "platinum corridor" of the Dallas Metroplex. The area, which developed rapidly over the past three decades, is home to affluent neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls. At 4.4 square miles, Addison is the smallest, yet most densely developed of the various suburbs located in the area. Although it has only 15,250 residents, the Town has developed into a cosmopolitan center which daily serves an estimated 100,000 to 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 single-family residential customers contract through the Town with sanitation fees added to their municipal utility bills.

The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the city manager and adopted by the city council in accordance with policies and procedures established by the city charter and council ordinances.¹ The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services). All expenses of the Town are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Transfers between expenditure accounts in one department may occur with the approval of the director of financial and strategic services. Transfers between operating departments may occur with the approval of the city manager and director of financial and strategic services provided that a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the city council. Budget amendments calling for new fund appropriations must also be approved by the city council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General fund, this comparison is presented on page 31 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 67.

¹ Financial policies can be located beginning on page 123 of the Town of Addison Annual Budget 2008-09 document.

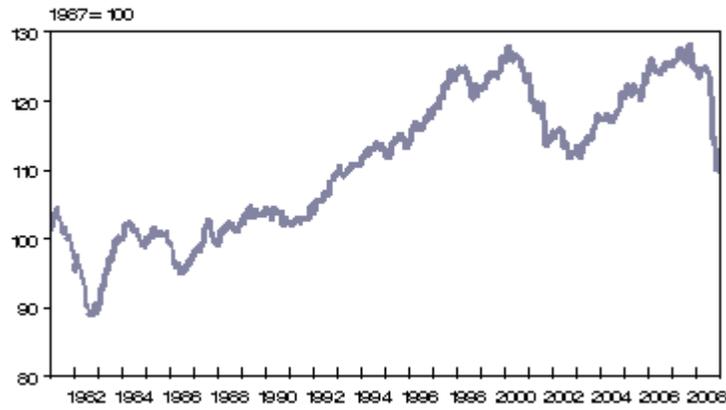
FACTORS AFFECTING FINANCIAL CONDITION

Status of Local Economy

With its concentration of commercial and retail development, the Town of Addison's economy is strongly influenced by the region's economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the regional economy contracted 4.4% in 2008, with December's values 12% less than those posted in December 2007². The contraction is broad-based with all sectors of the economy suffering, particularly in housing and commercial construction and information services.

TEXAS INDEX OF LEADING INDICATORS

MONTHLY, SEASONALLY ADJUSTED, 1987=100



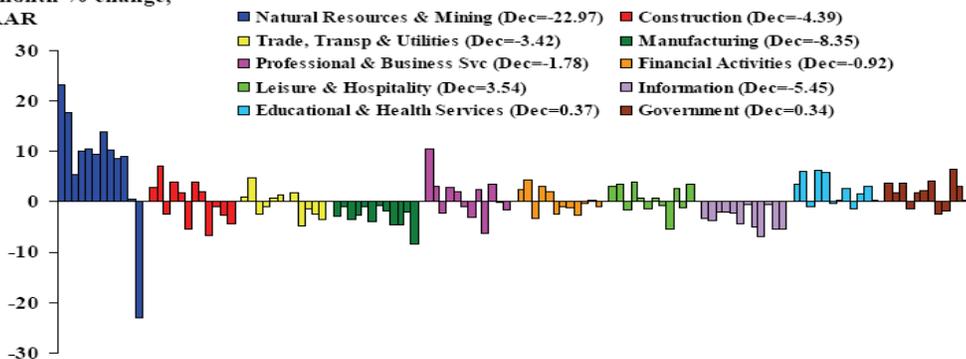
LAST DATA ENTRY DECEMBER 2008



Texas Industry Employment NAICS Super Sectors Monthly Growth. SA by FRB Dallas

January 2008 - December 2008

1-month % change,
SAAR



Source: BLS/TWC, seasonal and other adjustments by FRB Dallas

<http://www.dallasfed.org>

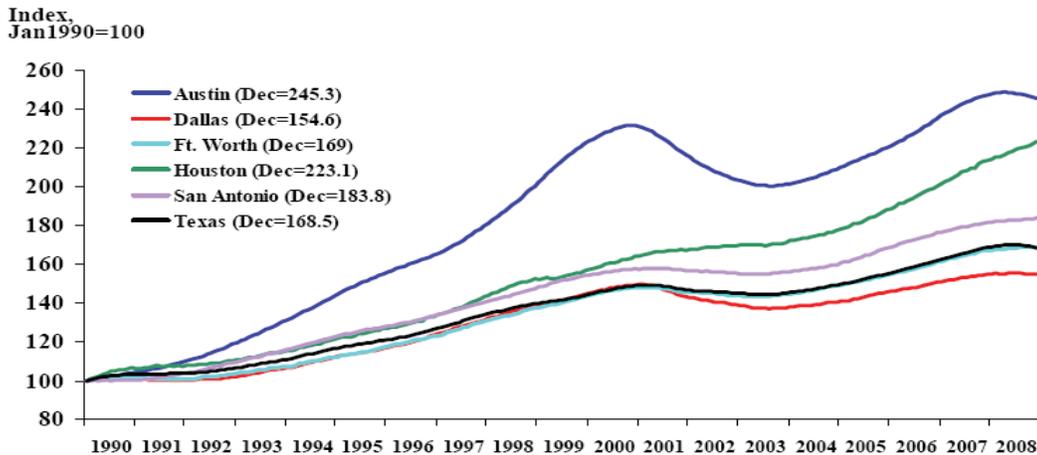
The Dallas area economy also contracted. The Dallas FRB's major business cycle index reflected December 2008 values that were slightly less than twelve months earlier. The prospects for the area

² Source: Federal Reserve Bank of Dallas, [December 2008 Data](#)

economy are one of caution. Economists believe that Texas' economy will continue to contract over the next year.³



Texas Major Metro Area Business-Cycle Indexes



Source: FRB Dallas

<http://www.dallasfed.org>

Because Addison is densely developed (there exists almost 11.4 million square feet of office space distributed over 115 buildings), much attention is given to the occupancy rates of buildings in Addison. The average occupancy rate decreased slightly and now stands at 75% compared to the 80% recorded the previous year. Addison's rate is less than the Dallas / Ft. Worth area average of 83.7%.⁴ It should be noted that Addison's low occupancy rate is affected by two older office buildings that have remained vacant for some time. The Town believes these two properties are ripe for redevelopment and will be working with developers to make the properties more marketable. The Town closely monitors the occupancy rates of commercial property since the appraised property tax values will form the foundation of the 2010 budget's property tax levy. If values do decline, this will reverse a four-year trend that witnessed a cumulative 38% increase in values.

For 2008, General fund revenues of \$28.3 million represented an increase of 3.8% over fiscal year 2007. The Town's sales tax receipts increased a modest 1.4%. The General fund budget for the 2009 fiscal year assumes a 4.4% increase in sales taxes over 2008 actual amounts. Given the economic trends discussed above, it is unlikely that the sales tax amount projected in the budget will be achieved. The budget also established a property tax rate of 45.35¢, a 1.98¢ increase over the 2008 rate. All of the increased tax rate is dedicated to the retirement of debt associated with the 2008 issuance of \$34.5 million in certificates of obligation associated with infrastructure that will support the new Vitruvian Park urban development. Total General fund revenues are budgeted to be \$29 million or 2.4% more than the original 2008 budget. General fund expenditures for the 2009 budget are slightly less than the 2008 budget of \$29 million. The General fund ending balance is projected to be \$11.8 million, or 40.8% of fund operating expenditures.

³ Source: Federal Reserve Bank of Dallas, January 2008 Regional Economic Update

⁴ Sources: CoStar Group and Town of Addison Department of Financial & Strategic Services

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 2008-09 Annual Budget. The document details the Town's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the Town's capital improvement program. The Town's Annual Budget also includes long-term financial plans for the major operating funds that forecast revenues and expenditures over a five-year horizon. The plans are driven by financial policies adopted by the city council that are designed to protect the Town's financial integrity. The policies include establishing significant fund balances, or reserves, to protect the Town from the boom/bust economic cycle common to the state and the region. The budget document can be obtained from the Town of Addison's 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/.

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 2008. 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 2008 fiscal year amounted to \$1,764,695 compared to \$2,088,482 in 2007. The average rate of interest earned from investments was 3.8% compared to 5.2% in 2007. The decline in investment income corresponds to the lower interest rates of the various investment instruments. As of 9/30/08, the Town's distribution of investments was as follows:

Local government investment pools	24.8 %
Commercial paper	14.6
Certificates of deposit	2.9
U.S. Government Agencies	<u>57.7</u>
Total	<u>100.0 %</u>

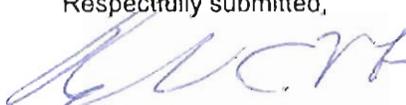
AWARDS AND ACKNOWLEDGMENTS

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, 2007. 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 32 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 2008 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 21 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
Chief Financial Officer


Brian Hogan, CPA, CGFO
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, 2007

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.

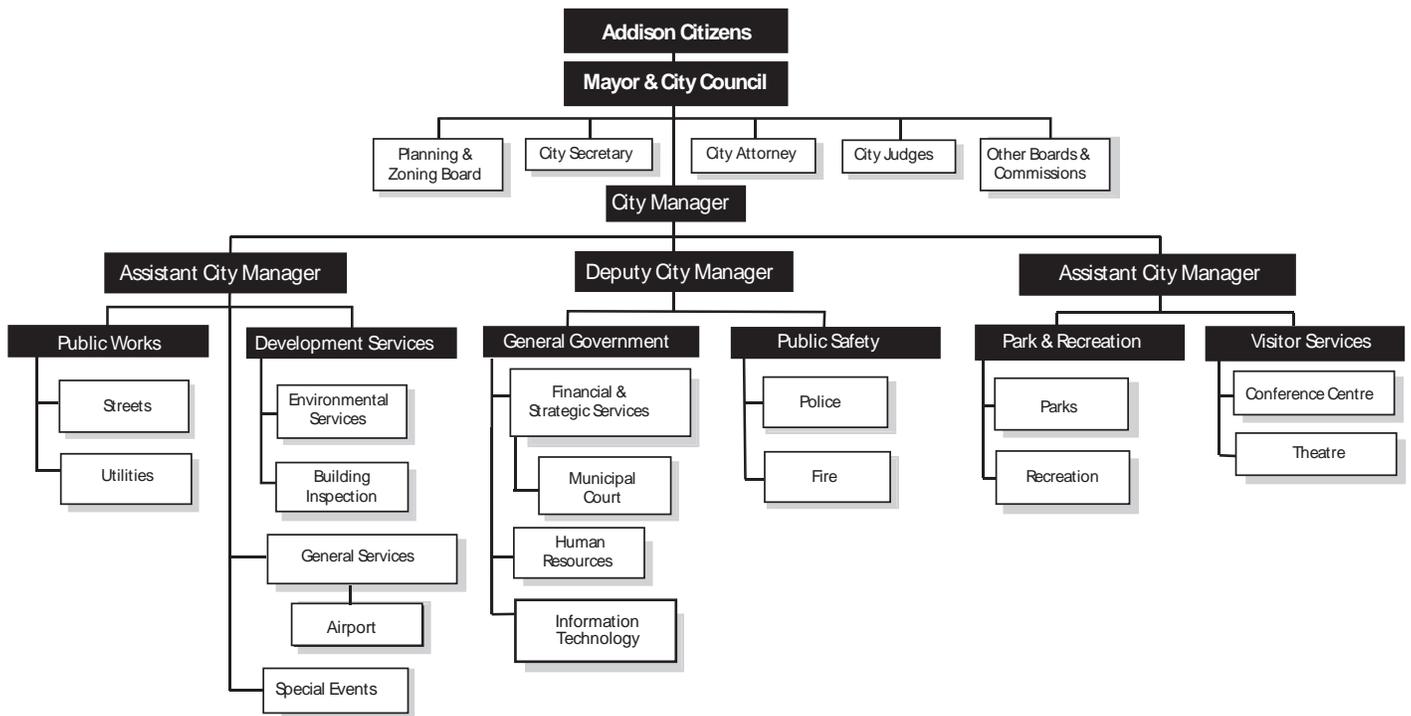


A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director



Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2008

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	450-7037
Chief Financial Officer	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

*Mario Canizares left the Town in January 2009. Lea Dunn assumed his duties in the interim.

**Noel Padden left the Town in January 2009. David Benson assumed his duties in the interim

**FINANCIAL
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**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

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, 2008, 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, 2008, 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.

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WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

OFFICES IN

DALLAS

FORT WORTH

HOUSTON

SAN ANTONIO

Town of Addison
March 10, 2009

Page 2

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

March 10, 2009
Dallas, Texas

Addison!

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, 2008. 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.**

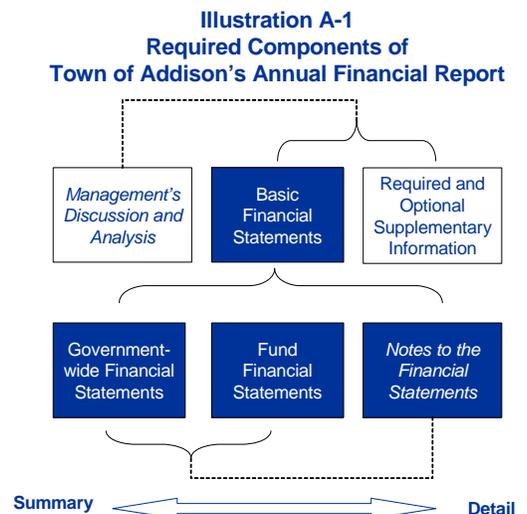
Financial Highlights

- ◆ The Town's assets exceeded its liabilities at the close of the 2008 fiscal year by \$189,926. This amount represents an increase over the previous year by \$2,206. The increase is attributed to governmental revenue from taxes and charges for services exceeding the cost of government activities.
- ◆ As of September 30, 2008, the Town's governmental funds reported combined ending fund balances of \$53,571, an increase of \$27,550. Most of the increase is due to the Town receiving proceeds from its sale of certificates of obligation into the capital project funds that will support the cost of infrastructure associated with the new Vitruvian Park development.
- ◆ At the end of the 2008 fiscal year, fund balance for the General fund was \$11,696, or 42.8% of total fund expenditures. Fund balance increased \$1,012 during the year.
- ◆ At year-end, the Town of Addison's outstanding debt totals \$86,146, an increase of \$28,385 from the previous year. The increase in debt is a result of the sale of certificates of obligation mentioned above.

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.



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

economic and financial data to give users of this report a perspective of the Town's financial performance over a number of years.

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

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Addison's finances in a manner similar to a private-sector business. These statements can be located on pages 25-26 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 36-59 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 105-106 and 121-123.

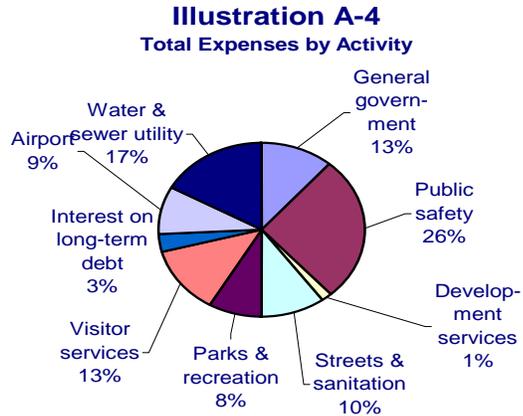
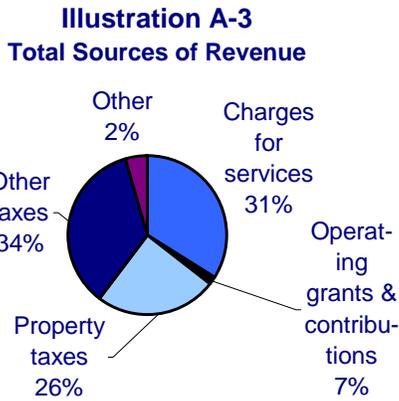
Government-wide Financial Analysis

As of the close of the 2008 fiscal year, the Town's net assets (assets exceeding liabilities) totaled \$189,926 (see Table A-1). Of this amount \$149,929, or 78.9%, represents the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the Town of Addison uses these capital assets to provide services to the community, these assets are not available for future spending. A portion of net assets (\$781) 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 \$39,216. 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 67,268	\$ 36,658	\$ 22,701	\$ 17,483	\$ 89,969	\$ 54,141
Capital assets	148,169	150,111	47,015	47,223	195,184	197,334
Total assets	215,437	186,769	69,716	64,706	285,153	251,475
Long-term liabilities outstanding	64,271	39,938	21,875	17,823	86,146	57,761
Other liabilities	6,404	3,713	2,677	2,281	9,081	5,994
Total liabilities	70,675	43,651	24,552	20,104	95,227	63,755
Net assets:						
Invested in capital assets, net of related debt	117,390	117,447	32,539	37,173	149,929	154,620
Restricted for debt service	781	1,570	-	-	781	1,570
Unrestricted	26,591	24,101	12,625	7,429	39,216	31,530
Total net assets	\$ 144,762	\$ 143,118	\$ 45,164	\$ 44,602	\$ 189,926	\$ 187,720

As reflected in Table A-2, the Town's net assets increased \$2,206, or 1.2% during the 2008 fiscal year. The increase is primarily due to the growth of revenues in property taxes and charges for services associated with the governmental activities.



**Table A-2
Town of Addison's Changes in Net Assets**

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$ 5,804	\$ 5,462	\$ 12,965	\$ 13,255	\$ 18,769	\$ 18,717
Operating grants & contributions	562	370	302	460	864	830
General revenues:						
Property taxes	14,311	13,587	-	-	14,311	13,587
Other taxes	19,380	19,510	-	-	19,380	19,510
Other	2,013	2,075	277	350	2,290	2,425
Total Revenues	42,070	41,004	13,544	14,065	55,614	55,069
Expenses						
General government	6,406	5,770	-	-	\$ 6,406	5,770
Public safety	13,994	13,452	-	-	13,994	13,452
Development services	941	833	-	-	941	833
Streets & sanitation	5,269	5,073	-	-	5,269	5,073
Parks & recreation	4,759	4,054	-	-	4,759	4,054
Visitor services	6,929	6,370	-	-	6,929	6,370
Interest on long-term debt	2,128	1,599	-	-	2,128	1,599
Airport	-	-	4,199	4,473	4,199	4,473
Water & sewer utility	-	-	8,783	8,512	8,783	8,512
Total expenses	40,426	37,151	12,982	12,985	53,408	50,136
Increase (decrease) in net assets	1,644	3,853	562	1,080	2,206	4,933
Net assets - 10/01/07	143,118	139,265	44,602	43,522	187,720	182,787
Net assets - 09/30/08	\$ 144,762	\$ 143,118	\$ 45,164	\$ 44,602	\$ 189,926	\$ 187,720

Governmental Activities

Governmental activities increased the Town of Addison's net assets by \$2,173.

Business-Type Activities

- The Town’s business-type activities experienced a \$562 increase in net assets. A loss of \$7 in Airport activities was offset by Utility fund net increases of assets of \$569. The loss in the Airport fund is primarily due to a \$125 decline in fuel flowage fees. The net increase of assets in the Utility fund is a result of operating income being sufficient to generate a net income of \$316.

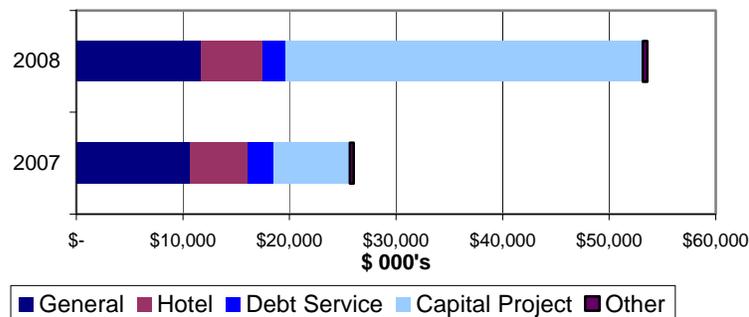
Financial Analysis of the Government Funds

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, 2008, the Town’s governmental funds reported combined ending fund balances of \$53,571, an increase of \$27,550 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$17,283 or 32.2% 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 (\$33,491) and debt service (\$2,250). Components of the net increase of total fund balance are:

- In the General fund, expenditures totaled \$27,310 compared to revenues of \$28,322. Revenues increased \$1,045 from the previous year due in large part to a \$769 increase in ad valorem (property) tax collections and a growth of \$191 in service fees. Expenditures increased \$2,542 over the 2007 fiscal year because of a large scope of maintenance projects undertaken to protect the Town’s investment in its streets and buildings. The \$1,012 increase in the General fund balance compared favorably to the budgeted decline of \$937.
- In the Hotel fund, expenditures and transfers out to other funds totaled \$7,213 compared to revenues of \$7,546. Fund revenues increased \$55, primarily a result of higher income derived from special events. Expenditures increased \$472 over the prior year due to an expanded marketing campaign and the maintenance of the Town’s theatre. The \$743 increase in the Hotel fund balance exceeded the amended budgeted decline of \$94.
- Capital project funds recorded a net increase of \$26,377 due to proceeds obtained from the sale of \$34,500 in certificates of obligation.

**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 \$1,235 while the Utility (water & sewer) fund reported unrestricted net assets of \$11,389. 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 property tax (\$200). Allocations to various departments were made that resulted in a negligible net increase to appropriations of \$35. The projected funding use of \$1,500,000 for purchase of a parking garage lease was removed from the amended budget.

The adjustments resulted in increasing budgeted revenue by 0.7% and increasing expenditures by less than 0.1%. The projected deficit of expenditures and other uses exceeding revenues decreased from \$2,202 to \$937. As noted earlier, fund balance actually increased by \$1,012.

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, 2008, totals \$195,184 (net of accumulated depreciation). This amount represents a \$2,150 decrease from the previous year and is attributed to depreciation of existing assets exceeding investment in new assets. Projects completed during the fiscal year include the widening of Addison Road and the new fuel farm at the airport. Projects that are in progress include airport paving and drainage improvements, the Belt Line Streetscape, and Vitruvian Park infrastructure improvements.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 65,024	\$ 64,156	\$ 10,223	\$ 10,223	\$ 75,247	\$ 74,379
Buildings	13,644	14,201	1,655	1,718	15,299	15,919
Improvements other than buildings	64,239	65,545	33,406	30,280	97,645	95,825
Machinery and equipment	4,021	4,017	813	1,111	4,834	5,128
Construction in progress	1,242	2,192	917	3,891	2,159	6,083
Total	\$ 148,170	\$ 150,111	\$ 47,014	\$ 47,223	\$ 195,184	\$ 197,334

Long-term debt – At the end of the 2008 fiscal year the Town of Addison had total bonded debt outstanding of \$86,440 as detailed in Table A-4. In 2008, the Town issued \$34,500 in certificates of obligation to fund streets, parks, and utilities associated with the new Vitruvian Park urban development that is being built by UDR Inc. as well as an overhead water storage facility for the Town's utility system.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 30,050	\$ 33,470	\$ 12,060	\$ 14,090	\$ 42,110	\$ 47,560
Certificates of obligation	34,327	6,605	10,003	3,960	44,330	10,565
Total	\$ 64,377	\$ 40,075	\$ 22,063	\$ 18,050	\$ 86,440	\$ 58,125

The Town of Addison maintains an underlying bond rating of "AAA" from Standard & Poor's and "Aa2" from Moody's. These ratings were upgraded with the 2008 debt issuance from "AA" and "Aa3", respectively. The two rating agencies justified the upgrades by citing the Town's strong financial management and performance, high fund reserves, rapid retirement of outstanding debt, high community wealth and income levels. Other than the 2008 issue, all of the Town's outstanding debt is insured. Of the various insurers, only one, FGIC, has credit ratings below investment grade. The Town's 2001 and 2002 series of G.O. Bonds are insured by FGIC. More information related to the Town's long-term debt can be found on page 49 of the Notes to Financial Statements.

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 2008 averaged 5.6% compared to 3.8% in 2007. The increase in the unemployment rate is somewhat less than that of Dallas County, which recorded a 6.3% rate in 2008 and a 4.5% rate in 2007. The December 2008 rate for the State of Texas was 5.7%.¹ The increasing unemployment rates are attributed to the recession impacting the national economy.
- Sales tax collections were only 1.3% greater than the amount collected in 2007. Although this is the fifth consecutive increase in annual collections, the 2008 collections do represent a leveling of a tax that is directly related to the anemic national and regional economies.
- Hotel occupancy tax was essentially unchanged from the previous year. Because many of Addison's hotels cater to the business traveler, the 2008 results indicate a dampening of economic activity.
- In July 2008 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 2008-09 fiscal years' use. Certified taxable property values in Addison totaled \$3,724,827, which represented an 7.0% increase from the previous year and was the fourth consecutive annual increase in values.

These various factors were taken into consideration in development of the Town's 2008-09 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 2008-09 budget include:

- The property tax rate was increased 1.98¢ to \$.4535 per \$100 appraised value. The increase was solely related to the need to retire the additional debt service associated with the 2008 issuance of certificates of obligation. Of the 2009 budget tax rate, \$.2828 was levied for operation/maintenance and \$.1707 for debt service. This compared to the 2008 distribution of \$.2990 and \$.1347 respectively. (*Note: the preceding numbers are not reflected in \$000's of dollars*).
- The General fund balance is projected to increase slightly by \$9 to \$11,826. The projected ending fund balance is 40.8% of operating expenditures.
- The Hotel fund balance is projected to decline \$53 to \$5,640. This projected ending fund balance represents 80.2% of operating expenditures.
- The budget includes a 20% increase in rates charged for rental of the Addison Conference Centre and an average 11% increase in water and sewer rates.

Requests for Information

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

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

Telephone: (972) 450-7050 email: rmoravec@addisontx.gov

¹ Source: Texas Workforce Commission (December 2008 and 2007 data)

Basic Financial Statements

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

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Primary Government			Summarized 2007 Total
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash investments	\$ 62,224,620	\$ 12,683,375	\$ 74,907,995	\$ 39,349,047
Receivables (net of allowances for uncollectibles)	4,420,973	2,341,650	6,762,623	6,319,336
Inventory of supplies	95,142	-	95,142	87,244
Prepaid items	263,195	28,040	291,235	452,711
Deferred charges	263,833	249,067	512,900	416,508
Investment in joint venture	-	7,398,668	7,398,668	7,515,556
Capital Assets, net of accumulated depreciation				
Land	65,024,009	10,223,421	75,247,430	74,379,144
Buildings	13,643,810	1,655,161	15,298,971	15,918,632
Improvements other than buildings	64,238,710	33,406,416	97,645,126	95,824,392
Machinery and equipment	4,020,737	813,182	4,833,919	5,128,563
Construction in progress	1,241,853	916,830	2,158,683	6,083,403
Total Assets	<u>\$ 215,436,882</u>	<u>\$ 69,715,810</u>	<u>\$ 285,152,692</u>	<u>\$ 251,474,536</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 4,931,627	\$ 1,732,913	\$ 6,664,540	\$ 4,322,302
Compensated absences	827,726	-	827,726	767,013
Retainage payable	-	127,220	127,220	44,501
Arbitrage payable	43,881	-	43,881	-
Intergovernmental payable	534,648	-	534,648	5,543
Customer deposits	66,046	817,303	883,349	854,966
Noncurrent liabilities:				
Due within one year	4,112,100	2,332,042	6,444,142	6,149,142
Due in more than one year	60,158,807	19,542,597	79,701,404	51,611,448
Total Liabilities	<u>70,674,835</u>	<u>24,552,075</u>	<u>95,226,910</u>	<u>63,754,915</u>
NET ASSETS:				
Invested in Capital Assets, net of related debt	117,389,355	32,539,039	149,928,394	154,620,240
Restricted for Debt Service	781,304	-	781,304	1,569,846
Unrestricted	26,591,388	12,624,696	39,216,084	31,529,535
Total Net Assets	<u>144,762,047</u>	<u>45,163,735</u>	<u>189,925,782</u>	<u>187,719,621</u>
Total Liabilities and Net Assets	<u>\$ 215,436,882</u>	<u>\$ 69,715,810</u>	<u>\$ 285,152,692</u>	<u>\$ 251,474,536</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, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business - Type Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 6,405,494	\$ 186,920	\$ -	\$ (6,218,574)	\$ -	\$ (6,218,574)
Public safety	13,994,387	2,203,371	-	(11,791,016)	-	(11,791,016)
Development services	940,555	798,006	-	(142,549)	-	(142,549)
Streets	5,269,124	333,645	561,992	(4,373,487)	-	(4,373,487)
Parks and recreation	4,759,378	133,022	-	(4,626,356)	-	(4,626,356)
Visitors services	6,928,724	2,149,274	-	(4,779,450)	-	(4,779,450)
Interest on Long-term Debt	2,127,985	-	-	(2,127,985)	-	(2,127,985)
Total governmental activities	40,425,647	5,804,238	561,992	(34,059,417)	-	(34,059,417)
Business-type activities:						
Airport	4,198,855	4,061,347	48,873	-	(88,635)	(88,635)
Utilities	8,782,702	8,903,506	252,803	-	373,607	373,607
Total business-type activities	12,981,557	12,964,853	301,676	-	284,972	284,972
Total primary government	\$ 53,407,204	\$ 18,769,091	\$ 863,668	\$ (34,059,417)	\$ 284,972	\$ (33,774,445)

GENERAL REVENUES:

Taxes:						
Property taxes, levied for general purposes				14,310,671	-	14,310,671
Sales taxes				11,619,637	-	11,619,637
Franchise taxes				2,555,927	-	2,555,927
Hotel motel taxes				5,204,247	-	5,204,247
Interest on investments				1,504,162	260,533	1,764,695
Miscellaneous				509,092	16,337	525,429
Total general revenues				35,703,736	276,870	35,980,606

Change in Net Assets

NET ASSETS, beginning of year

NET ASSETS, end of year

	1,644,319	561,842	2,206,161
	143,117,728	44,601,893	187,719,621
	\$ 144,762,047	\$ 45,163,735	\$ 189,925,782

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2008

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and investments	\$ 12,863,434	\$ 6,533,000	\$ 1,695,939	\$ 885,537	\$ 33,339,672	\$ 759,322	\$ 56,076,904
Receivables:							
Ad valorem taxes, including interest and penalties	282,554	-	106,780	-	-	-	389,334
Non-property taxes	1,927,708	511,545	-	-	-	-	2,439,253
Franchise fees	228,912	-	-	-	-	-	228,912
Service fees	811,380	-	-	-	-	-	811,380
Ambulance	138,963	-	-	-	-	-	138,963
Interest	66,120	35,231	8,255	4,773	179,691	4,076	298,146
Other	3,803	78,047	-	-	-	-	81,850
Prepaid items	263,195	-	-	-	-	-	263,195
Inventories, at cost	95,142	-	-	-	-	-	95,142
Total assets	\$ 16,681,211	\$ 7,157,823	\$ 1,810,974	\$ 890,310	\$ 33,519,363	\$ 763,398	\$ 60,823,079
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,314,643	\$ 1,377,069	\$ 163,444	\$ -	\$ 28,220	\$ 346,293	\$ 4,229,669
Contracts and retainage payable	-	-	-	-	-	-	-
Deferred Revenue	2,299,273	-	122,822	-	-	-	2,422,095
Intergovernmental payable	370,380	-	164,268	-	-	-	534,648
Customer deposits	985	65,061	-	-	-	-	66,046
Total liabilities	4,985,281	1,442,130	450,534	-	28,220	346,293	7,252,458
Fund Balances:							
Fund balances reserved:							
Reserved for court technology	-	-	-	-	-	99,884	99,884
Reserved for building security	-	-	-	-	-	87,894	87,894
Reserved for inventories	95,142	-	-	-	-	-	95,142
Reserved for prepaid items	263,195	-	-	-	-	-	263,195
Reserved for debt service	-	-	1,360,440	-	-	-	1,360,440
Fund balances unreserved:							
Designated for debt service	-	-	-	890,310	-	-	890,310
Designated for capital outlay	-	-	-	-	33,491,143	-	33,491,143
Unreserved - undesignated	11,337,593	5,715,693	-	-	-	-	17,053,286
Unreserved - undesignated - Public Safety	-	-	-	-	-	46,670	46,670
Unreserved - undesignated - Arbor	-	-	-	-	-	182,657	182,657
Total fund balance	11,695,930	5,715,693	1,360,440	890,310	33,491,143	417,105	53,570,621
Total liabilities and fund balance	\$ 16,681,211	\$ 7,157,823	\$ 1,810,974	\$ 890,310	\$ 33,519,363	\$ 763,398	\$ 60,823,079

See accompanying notes to basic financial statements

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Total Fund Balances - Governmental Funds	\$ 53,570,621
<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 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.</p>	
	9,308,958
<p>Capital assets used in governmental activities, including infrastructure, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$214,872,655 net of accumulated depreciation of \$69,831,643 exclusive of the capital assets of internal service funds with a net carrying values of \$3,128,107 included above increased net assets in the government-wide financial statements.</p>	
	145,041,012
<p>Debt issue costs have been reflected net of amortization on the government wide financial statements.</p>	
	263,833
<p>Bonds payable and contractual obligations and related premium and deferred refunding amounts, have not been included in the fund financial statements.</p>	
	(64,270,907)
<p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p>	
	(827,726)
<p>Accrued liabilities for arbitrage rebate have not been reflected in the fund financial statements.</p>	
	(43,881)
<p>Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net assets.</p>	
	(701,958)
<p>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.</p>	
	528,139
<p>Revenue recognized at government-wide financial statements not recognized as revenue in the fund financial statements for sales taxes, franchise fees, and court bonds.</p>	
	1,893,956
Net Assets of Governmental Activities	\$ 144,762,047

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2008

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Funds	Other Governmental Funds	Total Governmental
REVENUES:							
Ad Valorem Taxes	\$ 9,905,274	\$ -	\$ 4,462,690	\$ -	\$ -	\$ -	\$ 14,367,964
Non-Property Taxes	11,637,278	5,204,247	-	-	-	-	16,841,525
Franchise Fees	2,555,927	-	-	-	-	-	2,555,927
Licenses and Permits	798,006	-	-	-	-	-	798,006
Intergovernmental	-	-	-	-	561,992	-	561,992
Service Fees	1,420,244	1,524,109	-	-	-	-	2,944,353
Fines and Forfeitures	1,222,897	-	-	-	-	74,167	1,297,064
Earnings on Investments	472,156	192,827	88,626	37,991	472,534	26,947	1,291,081
Rental Charges	157,546	586,950	-	-	-	-	744,496
Recycling proceeds	-	-	-	-	-	41,567	41,567
Developer Contributions	-	-	-	-	-	-	-
Other	152,724	38,215	-	-	135,364	6,798	333,101
<i>Total revenues</i>	<i>28,322,052</i>	<i>7,546,348</i>	<i>4,551,316</i>	<i>37,991</i>	<i>1,169,890</i>	<i>149,479</i>	<i>41,777,076</i>
EXPENDITURES:							
Current:							
General Government	6,412,823	-	-	-	-	-	6,412,823
Public Safety	14,101,619	-	-	-	-	91,787	14,193,406
Development Services	884,770	-	-	-	-	-	884,770
Streets	1,805,175	-	-	-	-	-	1,805,175
Parks and recreation	4,105,900	-	-	-	-	2,518	4,108,418
Visitor Services	-	6,512,965	-	-	-	-	6,512,965
Debt Service:							
Principal Retirement	-	-	3,419,769	500,000	-	-	3,919,769
Interest and fiscal charges	-	-	1,412,093	212,012	-	-	1,624,105
Capital Projects:							
Administration:							
Salaries and fringe benefits	-	-	-	-	36,908	-	36,908
Design and engineering:							
Engineering and contractual services	-	-	-	-	745,837	-	745,837
Construction and equipment	-	-	-	-	2,232,634	-	2,232,634
<i>Total expenditures</i>	<i>27,310,287</i>	<i>6,512,965</i>	<i>4,831,862</i>	<i>712,012</i>	<i>3,015,379</i>	<i>94,305</i>	<i>42,476,810</i>
Excess(deficiency) of revenues over expenditures	1,011,765	1,033,383	(280,546)	(674,021)	(1,845,489)	55,174	(699,734)
OTHER FINANCING SOURCES(USES):							
Bond Proceeds	-	-	-	-	28,222,000	-	28,222,000
Premium on Issuance of Bonds	-	-	27,833	-	-	-	27,833
Transfers In	-	-	-	700,000	-	-	700,000
Transfers Out	-	(700,000)	-	-	-	-	(700,000)
<i>Total Other Financing Sources(Uses)</i>	<i>-</i>	<i>(700,000)</i>	<i>27,833</i>	<i>700,000</i>	<i>28,222,000</i>	<i>-</i>	<i>28,249,833</i>
Net change in fund balance	1,011,765	333,383	(252,713)	25,979	26,376,511	55,174	27,550,099
Fund balances at beginning of year	10,684,165	5,382,310	1,613,153	864,331	7,114,632	361,931	26,020,522
Fund balances at end of year	\$ 11,695,930	\$ 5,715,693	\$ 1,360,440	\$ 890,310	\$ 33,491,143	\$ 417,105	\$ 53,570,621

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

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, 2008

Total Net Change in Fund Balances - Governmental Funds	\$	27,550,099
<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>		
		650,775
<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 2008 capital outlays is to increase net assets.</p>		
		3,279,977
<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>		
		(5,027,801)
<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>		
		(1,081)
<p>Costs associated with the debt issuance is an expenditure in the governmental funds, but deferred charge in the government wide financial statements.</p>		
		108,051
<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>		
		(312)
<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>		
		3,919,769
<p>Current year bond proceeds for debt issued are proceeds in the fund financials statements but are shown as an increase in the liabilities at the government wide financial statements.</p>		
		(28,222,000)
<p>Current year Premium on issuance of Bonds are proceeds in the fund financials statements but are shown as an increase in the liabilities at the government wide financial statements.</p>		
		(27,833)
<p>Increase in compensated absences liability are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net assets.</p>		
		(60,713)
<p>Arbitrage rebate liability is not shown in the fund financial statements. It is recorded in government-wide financial statements. The effect of recording the liability is to decrease net assets</p>		
		(43,881)
<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 decrease net assets.</p>		
		(503,880)
<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>		
		23,149
Change in Net Assets of Governmental Activities	\$	1,644,319

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2008

	Budget		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive(Negative)
REVENUES:				
Ad Valorem Taxes	\$ 10,271,690	\$ 10,071,690	\$ 9,905,274	\$ (166,416)
Non-Property Taxes	11,699,300	11,699,300	11,637,278	(62,022)
Franchise Fees	2,590,000	2,590,000	2,555,927	(34,073)
Licenses and Permits	557,900	557,900	798,006	240,106
Service Fees	1,266,850	1,266,850	1,420,244	153,394
Fines and Forfeitures	1,143,000	1,143,000	1,222,897	79,897
Earnings on Investments	561,000	561,000	472,156	(88,844)
Rental Charges	146,500	146,500	157,546	11,046
Other	49,000	49,000	152,724	103,724
<i>Total revenues</i>	<u>28,285,240</u>	<u>28,085,240</u>	<u>28,322,052</u>	<u>236,812</u>
EXPENDITURES:				
General Government	7,022,170	6,987,170	6,412,823	574,347
Public Safety	14,631,050	14,661,050	14,101,619	559,431
Development Services	937,680	937,680	884,770	52,910
Streets	2,089,910	2,129,910	1,805,175	324,735
Parks and Recreation	4,306,460	4,306,460	4,105,900	200,560
<i>Total expenditures</i>	<u>28,987,270</u>	<u>29,022,270</u>	<u>27,310,287</u>	<u>1,711,983</u>
Excess (deficiency) of revenues over expenditures	(702,030)	(937,030)	1,011,765	1,948,795
OTHER FINANCING SOURCES(USES):				
Parking Garage Lease	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,202,030)	(937,030)	1,011,765	1,948,795
Fund balances at beginning of year	<u>10,684,165</u>	<u>10,684,165</u>	<u>10,684,165</u>	<u>-</u>
Fund balances at end of year	<u>\$ 8,482,135</u>	<u>\$ 9,747,135</u>	<u>\$ 11,695,930</u>	<u>\$ 1,948,795</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2008

	Budget		Actual GAAP Basis	Variance with Final Budget Positive(Negative)
	Original	Final		
REVENUES:				
Hotel/motel occupancy taxes	\$ 5,400,000	\$ 5,200,000	\$ 5,204,247	\$ 4,247
Proceeds from special events	1,456,400	1,456,400	1,524,109	67,709
Conference centre rental	516,000	516,000	500,463	(15,537)
Theatre centre rental	88,000	88,000	86,487	(1,513)
Earnings on Investments	249,600	249,600	192,827	(56,773)
Other	-	-	38,215	38,215
<i>Total revenues</i>	<u>7,710,000</u>	<u>7,510,000</u>	<u>7,546,348</u>	<u>36,348</u>
EXPENDITURES:				
Visitor Services	1,103,200	1,128,200	880,633	247,567
Conference centre	1,097,370	1,097,370	1,077,436	19,934
Marketing	1,216,480	1,216,480	1,121,226	95,254
Special events	2,655,940	2,771,440	2,725,836	45,604
Performing arts	690,440	690,440	707,834	(17,394)
Capital projects	500,000	-	-	-
<i>Total expenditures</i>	<u>7,263,430</u>	<u>6,903,930</u>	<u>6,512,965</u>	<u>390,965</u>
Excess(deficiency) of revenues over expenditures	<u>446,570</u>	<u>606,070</u>	<u>1,033,383</u>	<u>427,313</u>
OTHER FINANCING SOURCES(USES):				
Parking Garage Lease	(500,000)	-	-	-
Transfer to Hotel Debt Service Fund	(700,000)	(700,000)	(700,000)	-
	<u>(1,200,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
Net change in fund balance	(753,430)	(93,930)	333,383	427,313
Fund balances at beginning of year	<u>5,382,310</u>	<u>5,382,310</u>	<u>5,382,310</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,628,880</u>	<u>\$ 5,288,380</u>	<u>\$ 5,715,693</u>	<u>\$ 427,313</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Assets
September 30, 2008

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
ASSETS:				
Current Assets:				
Cash and investments	\$ 1,568,637	\$ 11,114,738	\$ 12,683,375	\$ 6,147,716
Interest receivable	8,694	60,475	69,169	33,135
Accounts receivable	683,998	1,588,483	2,272,481	-
Prepaid items	-	28,040	28,040	-
Inventory	-	-	-	-
<i>Total current assets</i>	<u>2,261,329</u>	<u>12,791,736</u>	<u>15,053,065</u>	<u>6,180,851</u>
Noncurrent Assets:				
Deferred charges	30,220	218,847	249,067	-
<i>Total noncurrent assets</i>	<u>30,220</u>	<u>218,847</u>	<u>249,067</u>	<u>-</u>
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	21,413,293	40,105,376	61,518,669	-
Machinery and equipment	1,215,464	1,868,400	3,083,864	15,358,378
Accumulated depreciation	(13,160,426)	(18,682,300)	(31,842,726)	(12,230,271)
Total capital assets, net of accumulated depreciation	19,765,735	26,332,445	46,098,180	3,128,107
Construction in progress	752,301	164,529	916,830	-
<i>Net property, plant, and equipment</i>	<u>20,518,036</u>	<u>26,496,974</u>	<u>47,015,010</u>	<u>3,128,107</u>
Investment in joint venture	-	7,398,668	7,398,668	-
<i>Total assets</i>	<u>22,809,585</u>	<u>46,906,225</u>	<u>69,715,810</u>	<u>9,308,958</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued liabilities	873,125	792,783	1,665,908	-
Current maturities of general obligation bonds	245,000	2,087,042	2,332,042	-
Accrued interest payable	18,382	175,843	194,225	-
Customer deposits	164,808	652,495	817,303	-
<i>Total current liabilities</i>	<u>1,301,315</u>	<u>3,708,163</u>	<u>5,009,478</u>	<u>-</u>
Long-term debt, net of current portion:				
General obligation bonds payable	3,480,000	16,062,597	19,542,597	-
Total long-term debt	<u>3,480,000</u>	<u>16,062,597</u>	<u>19,542,597</u>	<u>-</u>
<i>Total liabilities</i>	<u>4,781,315</u>	<u>19,770,760</u>	<u>24,552,075</u>	<u>-</u>
NET ASSETS:				
Invested in capital assets, net of related debt	16,793,036	15,746,003	32,539,039	3,128,107
Unrestricted	1,235,234	11,389,462	12,624,696	6,180,851
Total net assets	<u>\$ 18,028,270</u>	<u>\$ 27,135,465</u>	<u>\$ 45,163,735</u>	<u>\$ 9,308,958</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, 2008

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
OPERATING REVENUES:				
Water	\$ -	\$ 4,618,862	\$ 4,618,862	\$ -
Sewer	-	4,193,659	4,193,659	-
Penalties	-	70,235	70,235	-
Water and sewer taps	-	20,750	20,750	-
Fuel flowage fees	784,783	-	784,783	-
Customs agent fees	40,204	-	40,204	-
Rental charges	3,226,103	-	3,226,103	-
Other income	10,257	-	10,257	-
Department contributions	-	-	-	1,157,365
<i>Total operating revenues</i>	<u>4,061,347</u>	<u>8,903,506</u>	<u>12,964,853</u>	<u>1,157,365</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	272,194	1,255,513	1,527,707	-
Supplies	19,634	114,937	134,571	-
Maintenance and materials	1,395,314	502,600	1,897,914	950
Contractual services	1,441,906	671,336	2,113,242	3,774
Water purchases	-	2,408,778	2,408,778	-
Wastewater transmission and treatment	-	1,832,671	1,832,671	-
Capital Outlay	33,000	-	33,000	-
<i>Total operating expenses (excluding depreciation)</i>	<u>3,162,048</u>	<u>6,785,835</u>	<u>9,947,883</u>	<u>4,724</u>
Depreciation	884,039	1,217,055	2,101,094	679,367
<i>Total operating expenses</i>	<u>4,046,087</u>	<u>8,002,890</u>	<u>12,048,977</u>	<u>684,091</u>
OPERATING INCOME (LOSS)	<u>15,260</u>	<u>900,616</u>	<u>915,876</u>	<u>473,274</u>
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	81,938	178,595	260,533	213,081
Intergovernmental - aviation capital grants	48,873	-	48,873	-
Rental income	-	4,883	4,883	-
Sale of Assets	-	-	-	56,660
Other income	-	11,454	11,454	-
Interest expense	(150,444)	(583,343)	(733,787)	-
Amortization expense	(2,324)	(79,507)	(81,831)	-
Other expenses	-	(116,962)	(116,962)	(92,240)
<i>Total nonoperating revenues (expenses)</i>	<u>(21,957)</u>	<u>(584,880)</u>	<u>(606,837)</u>	<u>177,501</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(6,697)</u>	<u>315,736</u>	<u>309,039</u>	<u>650,775</u>
Capital contributions	-	252,803	252,803	-
CHANGE IN NET ASSETS	<u>(6,697)</u>	<u>568,539</u>	<u>561,842</u>	<u>650,775</u>
Net assets at the beginning of the year	<u>18,034,967</u>	<u>26,566,926</u>	<u>44,601,893</u>	<u>8,658,183</u>
<i>Net assets at end of year</i>	<u>\$ 18,028,270</u>	<u>\$ 27,135,465</u>	<u>\$ 45,163,735</u>	<u>\$ 9,308,958</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, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,722,904	\$ 8,813,168	\$ 12,536,072	\$ -
Department contributions	-	-	-	1,157,365
Payments to suppliers	(2,686,678)	(5,403,042)	(8,089,720)	(51,966)
Payments to employees for services	(272,194)	(1,255,513)	(1,527,707)	-
<i>Net cash provided by operating activities</i>	<u>764,032</u>	<u>2,154,613</u>	<u>2,918,645</u>	<u>1,105,399</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,368,155)	(271,679)	(1,639,834)	(572,530)
Bond Proceeds	-	6,278,000	6,278,000	-
Principal paid on revenue and general obligation bonds	(235,000)	(1,991,182)	(2,226,182)	-
Proceeds from the sales of assets	-	-	-	56,660
Interest paid on bonds	(151,472)	(550,283)	(701,755)	-
Other	48,873	11,380	60,253	-
<i>Net cash (used)/provided by capital and related financing activities</i>	<u>(1,705,754)</u>	<u>3,476,236</u>	<u>1,770,482</u>	<u>(515,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on cash and investments	86,483	147,686	234,169	209,096
Cash received from equipment rental	-	4,883	4,883	-
<i>Net cash provided by investment activities</i>	<u>86,483</u>	<u>152,569</u>	<u>239,052</u>	<u>209,096</u>
<i>Net increase (decrease) in cash and cash investments</i>	(855,239)	5,783,418	4,928,179	798,625
Cash and cash investments, October 1	2,423,876	5,331,320	7,755,196	5,349,091
Cash and cash investments, September 30	<u>\$ 1,568,637</u>	<u>\$ 11,114,738</u>	<u>\$ 12,683,375</u>	<u>\$ 6,147,716</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contribution	-	252,803	252,803	-
(Loss) of joint venture	-	(116,888)	(116,888)	-
<i>Net noncash items from capital and related financing activities</i>	<u>\$ -</u>	<u>\$ 135,915</u>	<u>\$ 135,915</u>	<u>\$ -</u>
Reconciliation of income from operations to net cash provided by operating activities:				
Operating income	\$ 15,260	\$ 900,616	\$ 915,876	\$ 473,274
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation expense	884,039	1,217,055	2,101,094	679,367
Change in assets and liabilities:				
(Increase) in accounts receivable	(333,592)	(116,577)	(450,169)	-
decrease in inventories	-	-	-	950
decrease in prepaid items	-	61,526	61,526	-
Increase (decrease) in customer deposits	(4,851)	65,754	60,903	-
Increase (decrease) in accounts payable and accrued liabilities	203,176	26,239	229,415	(48,192)
Net cash provided by operating activities	<u>\$ 764,032</u>	<u>\$ 2,154,613</u>	<u>\$ 2,918,645</u>	<u>\$ 1,105,399</u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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 Finance Director (now Chief Operating Officer). Transactions of the foundation are accounted for in the Arbor fund that is presented in the non-major governmental funds statements section of the report. The foundation provides services entirely to the Town, and therefore, is included as a blended component of the Town.

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental activities, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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 airport and utility functions and various other functions of the Town, and charges of the internal service funds to the airport and utility funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) 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 funds and other government's internal service funds include the cost of sales and

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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

The Town reports the following major governmental funds:

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

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

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

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

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

Additionally, the Town reports the following nonmajor funds:

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

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

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

The Town reports the following major proprietary funds:

Airport Fund – The Airport Fund accounts for all revenue generated by the Town's general aviation airport. The Town is required to spend this revenue on airport functions. The airport's operating, maintenance, and capital expenses are supported solely by airport income.

Utility Fund - The Utility Fund provides water and sewer services to the residents and businesses of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing collection.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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, 2008, to be the fair value of investments. The government investment pools, TexPool and TexSTAR, operate 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 \$218,984.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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

3) Inventories and Prepaid Items

In accordance with the consumption method of accounting, both inventories and prepaid items are recorded as expenditures when consumed rather than when purchased.

Inventories are stated at cost. Cost is determined for inventories of supplies and fuel using the moving-average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The prepaid items of the Town consist primarily of prepaid health insurance premiums and postage.

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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

5) Compensated Absences

Vacation, holiday, and sick pay costs are charged to operations when taken by the employees of the Town. In the event of termination, an employee is reimbursed for all accumulated vacation and holiday days not exceeding two years accumulation. The amounts of such liabilities have been provided for in the government wide statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided.

The Town's liability for compensated absences increased \$60,714 for a total liability of \$827,726. Compensated absences due within one year are expected to be \$988,604 based upon the average expenditures paid by the Town over the previous three years.

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, 2008.

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, 2008, from which the summarized information was derived.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. 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 decreased \$200,000 due to a reduction in current year property tax collections. General Fund expenses were decreased \$1,660,000 by moving Information Technology projects for document imaging to 2009 (\$160,000) and by removing of a planned parking garage lease (\$1,500,000). In the Hotel Fund, revenues were decreased \$200,000 for a reduction of hotel occupancy taxes. Hotel fund expenses were decreased \$500,000 for the removal of a planned parking garage lease. In the Utility Fund, revenues were increased \$5,483,500 as a result of the Vitruvian Park the bond sale (\$6,278,000) and decreases in water sales (\$510,700) and wastewater charges (\$283,800). Utility Fund expenses were decreased \$323,200 for water purchases (\$209,700) and wastewater treatment expenses (\$113,500). In the Airport fund, revenues were decreased \$140,000 for an anticipated reduction in fuel flowage fees. In the 2008 Capital Projects Fund, revenues were increased \$28,397,000 due to the Vitruvian Park bond sale (\$28,222,000) and associated interest earnings (\$175,000). The 2008 Capital Projects Fund expenses were increased \$250,000 for professional services.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town has five bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, and Benefits Account. The Controlled Disbursements and Payroll Accounts are zero-balance accounts. The ACH/Wire account is used for all receipts and expenditures made by ACH or wire transfer. The Town uses the Operating Account as an investment pool available for all funds. Each fund type's portion of this pool is reported on the Combined Balance sheet as "cash and investments." The other demand accounts are reported in the same manner.

The investment policies of the Town are governed by State statutes and a City Council adopted Investment Policy Ordinance. Major provisions of the Town's investment policy include: responsibility for investments, authorized investments, bank and security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting procedures.

Cash

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by the state statutes at September 30, 2008. At year-end, the carrying amount of the Town's deposits was a credit balance of \$192,870 primarily consisting of outstanding checks. The respective bank balance totaled \$338,526. 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 \$238,526 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, 2008 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

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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.

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, 2008, the Town held the following investments:

	<u>Fair Value</u>	<u>Average Maturity (Days)</u>
Agency Securities	\$ 43,246,829	216
Commercial Paper	10,926,223	68
Certificate of Deposit	<u>2,159,868</u>	552
<i>Total investment in securities</i>	<u>56,332,920</u>	
Investment in Pools		
TexStar	13,368,248	
TexPool	<u>5,304,196</u>	
<i>Total investment in pools</i>	<u>18,672,444</u>	1
<i>Total Investments</i>	<u>\$ 75,005,364</u>	159

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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

- 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.
- (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 57.66%, Commercial Paper (30%) of which the Town's portfolio is currently at 14.57%, Certificates of Deposit (30%) of which the Town's portfolio is currently at 2.88%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 24.89%.

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, 2007, upon which the fiscal 2008 levy is based, was \$3,481,842,164.

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, 2008 was \$.4337 per \$100 of which \$.2990 was allocated for general government and \$.1347 was allocated for the payment of principal and interest on general obligation and certificates of obligation long-term debt.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

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, 2008 were 98.0% of the tax levy.

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

Taxes are recognized as revenue beginning on the date of levy when they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred revenues and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue of the period to which they apply. An allowance for uncollectible taxes, including principal and interest, is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2008 was \$214,984.

C. Receivables

As of September 30, 2008, 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	\$ 416,617	\$	\$ 187,701	\$	\$	\$	\$ 604,318
Non Property Taxes	1,927,708	511,545					2,439,253
Franchise Fees	228,912						228,912
Service Fees	2,241,070						2,241,070
Ambulance	498,467						498,467
Interest	66,120	35,231	8,255	4,773	179,691	37,211	331,281
Other	<u>3,803</u>	<u>78,047</u>					<u>81,850</u>
Gross Receivables	\$ 5,382,697	\$ 624,823	\$ 195,956	\$ 4,773	\$ 179,691	\$ 37,211	\$ 6,425,151
Less: Allowance for							
Uncollectibles	<u>1,923,257</u>		<u>80,921</u>				<u>2,004,178</u>
Net Receivables	<u>\$ 3,459,440</u>	<u>\$ 624,823</u>	<u>\$ 115,035</u>	<u>\$ 4,773</u>	<u>\$ 179,691</u>	<u>\$ 37,211</u>	<u>\$ 4,420,973</u>

The allowance for uncollectible accounts represents reserves for ambulance (\$359,504), court warrant (\$1,429,690), and property tax receivables (\$214,984).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

D. Capital Assets

Capital Asset activity for the year ended September 30, 2008 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	\$ 868,286	\$	\$	\$ 65,024,009
Construction in progress	<u>2,191,994</u>	<u>2,002,672</u>		<u>(2,952,813)</u>	<u>1,241,853</u>
<i>Total Capital Assets, not being depreciated</i>	<u>66,347,717</u>	<u>2,870,958</u>		<u>(2,952,813)</u>	<u>66,265,862</u>
Capital Assets, being depreciated:					
Buildings	21,409,464				21,409,464
Improvements other than buildings	122,040,195			2,952,813	124,993,008
Machinery and equipment	<u>16,689,452</u>	<u>894,661</u>			<u>17,584,113</u>
<i>Total Capital Assets, being depreciated</i>	<u>160,139,111</u>	<u>894,661</u>			<u>163,986,585</u>
Less Accumulated Depreciation for:					
Buildings	(7,208,293)	(557,361)			(7,765,654)
Improvements other than buildings	(56,495,878)	(4,258,420)			(60,754,298)
Machinery and equipment	<u>(12,671,989)</u>	<u>(891,387)</u>			<u>(13,563,376)</u>
<i>Total Accumulated Depreciation</i>	<u>(76,376,160)</u>	<u>(5,707,168)</u>			<u>(82,083,328)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>83,762,951</u>	<u>(4,812,507)</u>		<u>2,952,813</u>	<u>81,903,257</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 150,110,668</u>	<u>\$ (1,941,549)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 148,169,119</u>
Business-type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 10,223,421	\$	\$	\$	\$ 10,223,421
Construction in progress	<u>3,891,409</u>	<u>1,274,299</u>		<u>(4,248,878)</u>	<u>916,830</u>
<i>Total Capital Assets, not being depreciated</i>	<u>14,114,830</u>	<u>1,274,299</u>		<u>(4,248,878)</u>	<u>11,140,251</u>
Capital Assets, being depreciated:					
Buildings	3,114,952				3,114,952
Improvements other than buildings	56,730,577	539,213		4,248,878	61,518,668
Machinery and equipment	<u>3,004,739</u>	<u>79,126</u>			<u>3,083,865</u>
<i>Total Capital Assets, being depreciated</i>	<u>62,850,268</u>	<u>618,339</u>		<u>4,248,878</u>	<u>67,717,485</u>
Less Accumulated Depreciation for:					
Buildings	(1,397,491)	(62,300)			(1,459,791)
Improvements other than buildings	(26,450,502)	(1,661,750)			(28,112,252)
Machinery and equipment	<u>(1,893,639)</u>	<u>(377,044)</u>			<u>(2,270,683)</u>
<i>Total Accumulated Depreciation</i>	<u>(29,741,632)</u>	<u>(2,101,094)</u>			<u>(31,842,726)</u>
<i>Total Capital Assets, being depreciated, net</i>	<u>33,108,636</u>	<u>(1,482,755)</u>		<u>4,278,878</u>	<u>35,874,759</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 47,223,466</u>	<u>\$ (208,456)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 47,015,010</u>

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

Governmental Activities	
General Government	\$ 205,552
Public Safety	675,004
Development Services	911
Visitor Services	569,746
Streets	3,521,693
Parks and Recreation	<u>734,262</u>
<i>Total Depreciation Expense-governmental activities</i>	<u>\$ 5,707,168</u>
Business type activities	
Airport Fund	\$ 884,039
Utility Fund	<u>1,217,055</u>
<i>Total Depreciation Expense-business type activities</i>	<u>\$ 2,101,094</u>

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2008:

Project	Estimated Commitments	Less Expenditures To Date	Total Unfinished Commitments
Governmental Activities			
Beltline Streetscape	\$ 1,600,000	\$ 487,332	\$ 1,112,668
UDR Infrastructure - Phase 1	22,012,000	455,031	21,556,969
Town Wide Signal Upgrade	743,000	143,300	599,700
Fairfield Park	600,000	69,486	530,514
	<u>\$ 24,955,000</u>	<u>\$ 1,155,149</u>	<u>\$ 23,799,851</u>
Business Type Activities			
UDR Infrastructure - Water/Sewer	1,278,000	88,800	1,189,200
Elevated Water Storage Tank	5,000,000	75,729	4,924,271
	<u>\$ 6,278,000</u>	<u>\$ 164,529</u>	<u>\$ 6,113,471</u>
	<u>\$ 31,233,000</u>	<u>\$ 1,319,678</u>	<u>\$ 29,913,322</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 \$7,398,668. 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, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Obligation Bonds		
Series of 2000		
A series of 1,981 bonds at \$5,000 each, dated May 15, 2000, issued to improve streets, athletic facilities, and Town Hall facilities. The bonds were issued with rates ranging from 5.45% to 6.00% and mature serially through 2015. The bonds are callable at par plus accrued interest on or after February 15, 2010, in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes.	1,420,000	
Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; MBIA insured		
General Obligation Bonds		
Series of 2001		
A series of 3,213 bonds at \$5,000 each, dated August 15, 2001. The Bonds mature serially through 2013 with interest rates that range from 4.00% to 4.35%. The bonds were issued to refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; General Obligation Bonds, Series 1995; and Combination Tax and Revenue Certificates of Obligation, Series 1997; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2011. Bonds and interest are payable from ad valorem taxes.	4,310,000	5,605,000
Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; FGIC insured		
General Obligation Refunding Bonds		
Series of 2002		
A series of 5,075 bonds at \$5,000 each dated September 15, 2002. The bonds mature serially through 2017 with interest rates that range from 2.00% to 5.00%. The bonds were issued to fund various public improvements, refund the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; and Waterworks and Sewer Revenue Refunding Bonds, Series 1993; and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes.	9,890,000	6,455,000
Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; FGIC Insured		

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NOTES TO FINANCIAL STATEMENTS
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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series of 2003		
<p>A series of 1,600 bonds at \$5,000 each dated June 1, 2003. The bonds mature serially through 2018 with interest rates that range from 3.0% to 3.75%. The bonds were issued for the purpose of additions and improvements to the Addison Conference Center facilities and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2014 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from a combination of ad valorem taxes and hotel occupancy taxes. Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; AMBAC Insured</p>		
	6,105,000	
General Obligation Bonds Series of 2004		
<p>A series of 2,139 bonds at \$5,000 each dated August 15, 2004. The bonds mature serially through 2018 with interest rates that range from 3.5% to 4.5%. The bonds were issued for the purpose of constructing an extension of Arapaho Road from Addison Road to Surveyor Road including construction of a bridge over Midway Road, with related pedestrian walkways, for resurfacing Belt Line Road and for engineering and design of improvements to the Belt Line Road/Dallas Parkway intersection, and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; FSA Insured</p>		
	8,525,000	
Combination Tax and Revenue Certificates of Obligation Series of 2004		
<p>A series of 880 bonds at \$5,000 each dated November 15, 2004. The bonds mature serially through 2020 with interest rates that range from 3.5% to 4.25%. The bonds were issued for the purpose of constructing improvements to and expanding the Addison Airport including improvements to runways, taxiways, lighting, drainage systems, and facilities, the constructing, designing, and engineering of a fuel farm, and to pay costs associated with the issuance of the certificates. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aa2"; Standard & Poor's "AAA"</p>		
		3,725,000

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Obligation Refunding and Improvement Bonds Series of 2005		
<p>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 "Aa2"; Standard & Poor's "AAA"; AMBAC Insured</p>		
	5,905,000	
Combination Tax and Revenue Certificates of Obligation Series of 2008		
<p>A series of 6,900 bonds at \$5,000 each dated May 1, 2008. The bonds mature serially through 2033 with interest rates that range from 4.0% to 5.00%. The bonds were issued for the purpose of paying contractual obligations to be incurred for the purpose of constructing improvements to, (i) water, sewer, drainage, park and street improvements including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way; (ii) acquisition and construction of a water tower; (iii) acquisition of land for street and other municipal purposes (collectively with items (i) and (ii), and (iv) payment of professional services of attorneys, financial advisors and other professionals in connection with the issuance of the certificates. The bonds are callable at par value plus accrued interest on or after February 15, 2018 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from a combination of ad valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Waterworks and Sewer system. Ratings: Moody's "Aa2"; Standard & Poor's "AAA"; AMBAC Insured</p>		
	<u>28,222,000</u>	<u>6,278,000</u>
Total	\$ <u>64,377,000</u>	\$ <u>22,063,000</u>

Town of Addison, Texas
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Changes in long-term liabilities:

A summary of long-term liability activity for the year ended September 30, 2008 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 33,470		\$ (3,420)	\$ 30,050	\$ 3,555
Certificates of Obligation	6,605	28,222	(500)	34,327	560
Premium on general obligation refunding bonds	224		(32)	192	33
Premium on certificates of obligation	-	28		28	-
Deferred loss on refunding amount on General obligation bonds	(361)		35	(326)	(36)
Compensated Absences	767	1,045	(984)	828	828
Governmental activity long-term liabilities	\$ 40,705	\$ 29,295	\$ (4,901)	\$ 65,099	\$ 4,940
Proprietary Funds:					
General obligation bonds	14,090		(2,030)	12,060	2,110
<i>(Payable from utility system revenues)</i>					
Premium on general obligation refunding bonds	67		(17)	50	17
Discount on general obligation refunding bonds	(64)		8	(56)	(7)
Deferred loss on refunding amount on General obligation bonds	(231)		43	(188)	(43)
Combination tax and revenue certificates of obligation	3,960		(235)	3,725	245
<i>(Payable from levy of ad valorem tax)</i>					
Combination tax and revenue certificates of obligation	-	6,278		6,278	10
<i>(Payable from utility system revenues)</i>					
Premium on combination tax and revenue certificates of obligation	-	6		6	-
Business-type activity long-term liabilities	\$ 17,822	\$ 6,284	\$ (2,231)	\$ 21,875	\$ 2,332

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 \$1,360,440 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, 2008.

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:

	Governmental Activities		Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds				
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	3,330,000	748,141	2,590,000	142,656
2013-2017	13,870,000	1,925,671	2,685,000	48,666
2018-2022	2,375,000	126,038		
2023-2033				
	<u>\$ 30,050,000</u>	<u>\$ 5,819,583</u>	<u>\$ 12,060,000</u>	<u>\$ 1,228,566</u>
Certificates of Obligation				
2009	560,100	1,809,405	254,900	501,570
2010	649,520	1,428,815	280,480	411,645
2011	673,610	1,407,802	291,390	401,508
2012	1,213,040	1,375,000	416,960	388,003
2013-2017	7,729,450	6,073,810	2,575,550	1,651,758
2018-2022	6,633,230	4,560,454	2,431,770	1,083,438
2023-2033	16,868,050	4,431,668	3,751,950	986,019
	<u>\$ 34,327,000</u>	<u>\$ 21,086,954</u>	<u>\$ 10,003,000</u>	<u>\$ 5,423,941</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, 2008.

2009	140,000
2010	140,000
2011	140,000
2012	<u>93,333</u>
Total	<u>\$ 513,333</u>

Town of Addison, Texas
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H. Interfund Transfers

Transfers between funds during the year ended September 30, 2008 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
Hotel Fund	\$	\$ 700,000	For payment of debt service
Hotel Debt Service Fund	<u>700,000</u>	<u></u>	For payment of debt service
<i>Total Transfers</i>	\$ <u>700,000</u>	\$ <u>700,000</u>	

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, 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 continued to pay for claims incurred prior to October 1, 2000 during 2008. 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, 2008 the one remaining claim has met the stop-loss of \$175,000 and the Town has no future liability for this claim.

<u>Workers Compensation Claims</u>	<u>2008</u>	<u>2007</u>
Claims payable at beginning of year	\$ 6,569	\$ 28,709
Claims incurred and change in estimate	-	-
Claims paid	<u>(6,569)</u>	<u>(22,140)</u>
Claims payable at end of year	\$ <u>-</u>	\$ <u>6,569</u>

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

NOTES TO FINANCIAL STATEMENTS
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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 827 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 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, 2007, valuation is effective for rates beginning January, 2009).

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The Town of Addison is one of 827 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, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System's web site at: <http://www.tmr.org/publications.php>

Funding Issues and Future Changes in Actuarial and Amortization Methods

Since its inception, TMRS used the traditional Unit Credit actuarial funding method. This method accounted for liability accrued as of the valuation date but did not project the potential future liability of provisions adopted by a city. The Town, as well as the majority of cities participating in TMRS, had 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 at its December 8, 2007 meeting, 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, and subsequent annual valuations, the TMRS Board determined that the PUC method would be used.

In addition to the change in funding methods, 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 12/31/07 valuation, TMRS's actuary has calculated city contribution rates using 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%. Below is the schedule of actuarial liabilities and funding progress. The schedule illustrates the valuations of the 2005, 2006 and 2007 calendar years as they were calculated using the former actuarial funding method. Information is also provided for the 2007 calendar year applying the new actuarial method. The schedule also reflects the actual contributions made by the Town the past three fiscal years compared to the required contributions. As reflected in the schedule, the Town satisfied its requirements for all three years. The changes in actuarial funding methods did not have any impact on fiscal year 2007 or 2008 but, as noted above, would impact the Town's 2009 contribution rate.

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	31-Dec			
	2005 (UC)	2006 (UC)	2007 (UC)	2007 (PUC)
Actuarial valuation date				
Actuarial value of assets	\$ 44,500,440	\$ 45,023,526	\$ 44,895,953	\$ 44,895,953
Actuarial accrued liability	54,187,138	55,786,598	57,197,193	67,325,269
Percentage funded	82.10%	80.70%	78.50%	66.70%
Unfunded actuarial accrued liability (UAAL)	9,686,698	10,763,072	12,301,240	22,429,316
Annual covered payroll	13,330,709	13,753,045	14,455,362	14,455,362
UAAL as a percentage of covered payroll	72.70%	78.30%	85.10%	155.16%

	30-Sep			
	2005	2006	2007	2007*
Net pension obligation (NPO) at beginning of period	\$ -	\$ -	\$ -	\$ -
Annual pension cost	-	-	-	-
Annual required contribution (ARC)	1,885,203	1,884,965	1,974,491	1,974,491
Contributions made	1,885,203	1,884,965	1,974,491	1,974,491
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

During the process for developing the 2008-09 Town of Addison annual budget, extensive time and attention was given to the retirement benefits the Town offered through TMRS. At a December 30, 2008 meeting, the city council decided to withdraw the automatic repeating annuity increases to employees, electing to approve these benefits on an ad hoc, or annual basis. This decision reduced the Town's 2009 contribution rate to 14.60%.

NOTES TO FINANCIAL STATEMENTS
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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 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.

On January 7, 2009, oral argument in the case was heard by the 5th Court of Appeals in Dallas. The Court has not yet issued an opinion.

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. Plaintiff filed suit against the Town on January 15, 2008. The engineering company that designed the fueling facility, Washington Group International, Inc., and its subcontractor, Burns & McDonnell Engineering Company, Inc., have been named as third-party defendants, in the case.

The Town has answered the lawsuit and discovery has ensued. In August 2008, the Town filed a plea to the jurisdiction and a hearing was held on the plea on December 10, 2008. By Order signed December 11, 2008, the Court denied the plea to the jurisdiction. The Town has appealed the Court's denial of the plea. Pending a ruling on the appeal, the case is stayed.

As of September 30, 2008, other litigation is pending with respect to matters arising in the normal course of the Town's operations. The Town's management is of the opinion that the settlement of the other pending litigation will not have a material adverse effect on the Town's financial statements.

D. Keller Springs Tollway

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

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2008

E. Statement of Working Capital

Schedules of Working Capital for proprietary funds for the year ended September 30, 2008 are as follows:

SUMMARY OF CHANGES IN WORKING CAPITAL FOR PROPRIETARY FUNDS

	<u>2008</u>	<u>2007</u>
<u>AIRPORT FUND</u>		
Net income (excluding depreciation)	\$ 877,342	\$ 664,072
Net additions to capital assets	(1,368,155)	(719,400)
Net decrease to long term debt	(235,000)	(225,000)
Net increase (decrease) of restricted assets	(10,000)	(10,000)
Net increase (decrease) in other	2,324	2,324
Working capital at the beginning of the year	<u>1,693,503</u>	<u>1,981,507</u>
Working capital at the end of the year	<u>\$ 960,014</u>	<u>\$ 1,693,503</u>
 <u>UTILITY FUND</u>		
Net income (excluding depreciation)	\$ 1,785,594	\$ 2,291,451
Net additions to capital assets	(524,482)	(658,813)
Net retirement of long term debt	4,197,149	(1,997,373)
Net increase (decrease) of restricted assets	26,239	53,264
Net reduction of payables from restricted assets	(26,239)	(53,264)
Net increase in other	122,551	78,469
Working capital at the beginning of the year	<u>3,502,761</u>	<u>3,789,027</u>
Working capital at the end of the year	<u>\$ 9,083,573</u>	<u>\$ 3,502,761</u>
 <u>CAPITAL REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 865,905	\$ 822,859
Net additions to capital assets	(462,140)	(745,094)
Working capital at the beginning of the year	<u>2,980,371</u>	<u>2,902,606</u>
Working capital at the end of the year	<u>\$ 3,384,136</u>	<u>\$ 2,980,371</u>
 <u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u>		
Net income (excluding depreciation)	\$ 464,237	\$ 394,418
Net additions to capital assets	(18,150)	(175,254)
Working capital at the beginning of the year	<u>2,350,628</u>	<u>2,131,464</u>
Working capital at the end of the year	<u>\$ 2,796,715</u>	<u>\$ 2,350,628</u>

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

Required Supplementary Information

Addison!

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Analysis of Funding Progress (Unaudited)
September 30, 2008

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)		
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
2008	31-Dec-07	44,895,953	57,197,193	78.49%	12,301,240	14,455,362	85.10%	1,974,491	1,974,491 (2)
2008	31-Dec-07	44,895,953	67,325,269	66.69%	22,429,316	14,455,362	155.16%	1,974,491	1,974,491 (2)

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 2003-2008. This information can be referred to in separately issued financial reports of the pension fund.

(2) For fiscal year 2008, the Town has presented two lines of information. Please see the NOTES section of the CAFR report for a brief explanation of the actuarial changes adopted by TMRS in calculating the Actuarial Accrued Liability (AAL). These changes became effective with the reporting period ending December 31, 2007.

The first 2008 line presents the Actuarial Accrued Liability (AAL) using the old TMRS actuarial assumptions.

The 2nd 2008 line presents the Actuarial Accrued Liability (AAL) using the new TMRS actuarial assumptions.

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 12,863,434	\$ 10,128,020
Receivables:		
Ad valorem taxes, including interest and penalties	282,554	307,664
Non-property taxes	1,927,708	2,058,718
Franchise fees	228,912	344,998
Service fees	811,380	709,682
Ambulance	138,963	143,746
Interest	66,120	54,451
Other	3,803	9,010
Prepaid Items	263,195	219,624
Inventories, at cost	95,142	86,294
<i>Total assets</i>	<u><u>\$ 16,681,211</u></u>	<u><u>\$ 14,062,207</u></u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,314,643	\$ 1,123,555
Deferred Revenue	2,299,273	2,244,175
Intergovernmental payable	370,380	5,543
Customer deposits	985	4,769
<i>Total liabilities</i>	<u>4,985,281</u>	<u>3,378,042</u>
Fund Balances:		
Fund balances reserved:		
Reserved for inventories	95,142	86,294
Reserved for prepaid items	263,195	219,624
Fund balances unreserved:		
Unreserved - undesignated	<u>11,337,593</u>	<u>10,378,247</u>
Total fund balance	<u>11,695,930</u>	<u>10,684,165</u>
Total liabilities and fund balance	<u><u>\$ 16,681,211</u></u>	<u><u>\$ 14,062,207</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, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Ad Valorem Taxes	\$ 10,271,690	\$ 10,071,690	\$ 9,905,274	\$ (166,416)	\$ 9,136,052
Non-Property Taxes	11,699,300	11,699,300	11,637,278	(62,022)	11,515,956
Franchise Fees	2,590,000	2,590,000	2,555,927	(34,073)	2,615,504
Licenses and Permits	557,900	557,900	798,006	240,106	743,201
Service Fees	1,266,850	1,266,850	1,420,244	153,394	1,229,291
Fines and Forfeitures	1,143,000	1,143,000	1,222,897	79,897	1,181,508
Earnings on Investments	561,000	561,000	472,156	(88,844)	568,276
Rental Charges	146,500	146,500	157,546	11,046	147,363
Other	49,000	49,000	152,724	103,724	139,638
<i>Total revenues</i>	<u>28,285,240</u>	<u>28,085,240</u>	<u>28,322,052</u>	<u>236,812</u>	<u>27,276,789</u>
EXPENDITURES:					
General Government	7,022,170	6,987,170	6,412,823	574,347	5,699,206
Public Safety	14,631,050	14,661,050	14,101,619	559,431	13,259,037
Development Services	937,680	937,680	884,770	52,910	770,557
Streets	2,089,910	2,129,910	1,805,175	324,735	1,476,582
Parks and Recreation	4,306,460	4,306,460	4,105,900	200,560	3,562,422
<i>Total expenditures</i>	<u>28,987,270</u>	<u>29,022,270</u>	<u>27,310,287</u>	<u>1,711,983</u>	<u>24,767,804</u>
Excess (deficiency) of revenues over expenditures	(702,030)	(937,030)	1,011,765	1,948,795	2,508,985
OTHER FINANCING SOURCES (USES):					
Parking Garage Lease	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,202,030)	(937,030)	1,011,765	1,948,795	2,508,985
Fund balances at beginning of year	<u>10,684,165</u>	<u>10,684,165</u>	<u>10,684,165</u>	<u>-</u>	<u>8,175,180</u>
Fund balances at end of year	<u>\$ 8,482,135</u>	<u>\$ 9,747,135</u>	<u>\$ 11,695,930</u>	<u>\$ 1,948,795</u>	<u>\$ 10,684,165</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Revenues - Budget and Actual
Year Ended September 30, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Taxes:					
Ad Valorem Taxes:					
Current	\$ 10,244,110	\$ 10,044,110	\$ 9,848,061	\$ (196,049)	\$ 9,173,157
Delinquent	3,450	3,450	9,804	6,354	(91,991)
Penalties and Interest	24,130	24,130	47,409	23,279	54,886
Total Ad Valorem	<u>10,271,690</u>	<u>10,071,690</u>	<u>9,905,274</u>	<u>(166,416)</u>	<u>9,136,052</u>
Non-Property Taxes:					
Sales Tax	10,732,900	10,732,900	10,649,989	(82,911)	10,508,257
Alcoholic Beverage Tax	966,400	966,400	987,289	20,889	1,007,699
Total Non-Property Taxes	<u>11,699,300</u>	<u>11,699,300</u>	<u>11,637,278</u>	<u>(62,022)</u>	<u>11,515,956</u>
Total Taxes	<u>21,970,990</u>	<u>21,770,990</u>	<u>21,542,552</u>	<u>(228,438)</u>	<u>20,652,008</u>
Franchise Fees:					
Electric franchise	1,600,000	1,600,000	1,574,344	(25,656)	1,599,517
Gas franchise	225,000	225,000	241,342	16,342	228,325
Telephone franchise	631,800	631,800	596,820	(34,980)	657,617
Cable franchise	110,700	110,700	128,020	17,320	113,717
Street rental franchise	7,500	7,500	7,000	(500)	6,883
Wireless network franchise	15,000	15,000	8,401	(6,599)	9,445
Total franchise fees	<u>2,590,000</u>	<u>2,590,000</u>	<u>2,555,927</u>	<u>(34,073)</u>	<u>2,615,504</u>
Licenses and Permits:					
Business licenses and permits	146,800	146,800	153,965	7,165	169,967
Building and construction permits	411,100	411,100	644,041	232,941	573,234
Total licenses and permits	<u>557,900</u>	<u>557,900</u>	<u>798,006</u>	<u>240,106</u>	<u>743,201</u>
Service Fees:					
General government	600	600	626	26	1,152
Public safety	724,700	724,700	805,262	80,562	663,562
Urban development	4,600	4,600	9,421	4,821	5,685
Streets and sanitation	296,900	296,900	333,645	36,745	318,731
Recreation	58,400	58,400	89,634	31,234	75,149
Interfund	181,650	181,650	181,656	6	165,012
Total service fees	<u>1,266,850</u>	<u>1,266,850</u>	<u>1,420,244</u>	<u>153,394</u>	<u>1,229,291</u>
Fines and Forfeitures:	1,143,000	1,143,000	1,222,897	79,897	1,181,508
Earnings on Investments:	561,000	561,000	472,156	(88,844)	568,276
Rental Charges:	146,500	146,500	157,546	11,046	147,363
Other:	49,000	49,000	152,724	103,724	139,638
<i>Total revenues</i>	<u>\$ 28,285,240</u>	<u>\$ 28,085,240</u>	<u>\$ 28,322,052</u>	<u>\$ 236,812</u>	<u>\$ 27,276,789</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
General Government:					
City Manager's Office:					
Salaries and fringe benefits	\$ 961,630	\$ 961,630	\$ 958,247	\$ 3,383	\$ 901,800
Supplies	21,350	21,350	36,000	(14,650)	26,148
Maintenance and materials	119,520	119,520	120,872	(1,352)	32,927
Contractual services	262,140	262,140	277,652	(15,512)	214,650
Capital replacement	15,280	15,280	15,280	-	14,800
Capital outlay	-	-	2,795	(2,795)	-
<i>Total City Manager's Office</i>	<u>1,379,920</u>	<u>1,379,920</u>	<u>1,410,846</u>	<u>(30,926)</u>	<u>1,190,325</u>
Financial & Strategic Services:					
Salaries and fringe benefits	716,380	686,380	548,905	137,475	584,904
Supplies	32,520	32,520	40,054	(7,534)	27,906
Maintenance and materials	57,540	57,540	37,816	19,724	48,008
Contractual services	209,430	239,430	222,732	16,698	190,270
Capital replacement	16,580	16,580	16,580	-	15,812
Capital outlay	-	-	-	-	6,990
<i>Total Financial & Strategic Services</i>	<u>1,032,450</u>	<u>1,032,450</u>	<u>866,087</u>	<u>166,363</u>	<u>873,890</u>
General Services:					
Salaries and fringe benefits	609,860	609,860	597,467	12,393	560,261
Supplies	19,250	19,250	19,919	(669)	28,597
Maintenance and materials	206,920	206,920	185,621	21,299	85,733
Contractual services	68,910	96,910	108,388	(11,478)	70,944
Capital replacement	26,680	26,680	26,684	(4)	20,604
Capital outlay	-	-	2,795	(2,795)	-
<i>Total General Services</i>	<u>931,620</u>	<u>959,620</u>	<u>940,874</u>	<u>18,746</u>	<u>766,139</u>
Municipal Court:					
Salaries and fringe benefits	379,880	379,880	374,879	5,001	361,554
Supplies	10,200	10,200	13,530	(3,330)	11,282
Maintenance and materials	1,900	1,900	835	1,065	1,003
Contractual services	57,470	57,470	43,577	13,893	40,718
Capital replacement	7,870	7,870	7,870	-	10,451
<i>Total Municipal Court</i>	<u>457,320</u>	<u>457,320</u>	<u>440,691</u>	<u>16,629</u>	<u>425,008</u>
Human Resources:					
Salaries and fringe benefits	353,140	353,140	270,443	82,697	332,507
Supplies	12,800	12,800	12,646	154	12,009
Maintenance and materials	700	700	6	694	-
Contractual services	77,340	77,340	57,462	19,878	48,096
Capital replacement	6,750	6,750	6,750	-	6,540
<i>Total Human Resources</i>	<u>450,730</u>	<u>450,730</u>	<u>347,307</u>	<u>103,423</u>	<u>399,152</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Information Technology:					
Salaries and fringe benefits	695,900	695,900	700,801	(4,901)	665,013
Supplies	51,590	51,590	32,678	18,912	35,432
Maintenance and materials	758,840	598,840	382,729	216,111	283,856
Contractual Services	54,950	54,950	45,649	9,301	52,968
Capital replacement	11,920	11,920	11,920	-	11,652
Capital outlay	-	-	157,927	(157,927)	-
<i>Total Information Technology</i>	<u>1,573,200</u>	<u>1,413,200</u>	<u>1,331,704</u>	<u>81,496</u>	<u>1,048,921</u>
Combined Services:					
Salaries and fringe benefits	78,190	78,190	74,150	4,040	77,768
Supplies	118,230	118,230	115,491	2,739	85,909
Contractual services	716,130	791,130	600,685	190,445	535,151
<i>Total Combined Services</i>	<u>912,550</u>	<u>987,550</u>	<u>790,326</u>	<u>197,224</u>	<u>698,828</u>
City Council Special Projects:					
Salaries and fringe benefits	30,450	30,450	29,187	1,263	30,111
Supplies	35,590	46,340	27,730	18,610	46,768
Contractual services	216,370	227,620	226,101	1,519	218,092
Capital replacement	1,970	1,970	1,970	-	1,972
<i>Total City Council Special Projects</i>	<u>284,380</u>	<u>306,380</u>	<u>284,988</u>	<u>21,392</u>	<u>296,943</u>
<i>Total General Government</i>	<u>7,022,170</u>	<u>6,987,170</u>	<u>6,412,823</u>	<u>574,347</u>	<u>5,699,206</u>
Public Safety:					
<i>Police:</i>					
Salaries and fringe benefits	6,023,280	6,004,080	5,762,169	241,911	5,287,246
Supplies	280,150	280,150	340,822	(60,672)	295,326
Maintenance and materials	311,300	311,300	178,284	133,016	173,291
Contractual services	361,380	361,380	387,417	(26,037)	361,723
Capital replacement	459,120	459,120	459,119	1	483,430
Capital outlay	-	19,200	28,250	(9,050)	-
<i>Total Police</i>	<u>7,435,230</u>	<u>7,435,230</u>	<u>7,156,061</u>	<u>279,169</u>	<u>6,601,016</u>
<i>Emergency Communications:</i>					
Salaries and fringe benefits	773,280	773,280	734,789	38,491	719,736
Maintenance and materials	69,730	69,730	79,921	(10,191)	70,101
Contractual services	214,810	214,810	173,811	40,999	167,095
<i>Total Emergency Communications</i>	<u>1,057,820</u>	<u>1,057,820</u>	<u>988,521</u>	<u>69,299</u>	<u>956,932</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<i>Fire:</i>					
Salaries and fringe benefits	4,934,180	4,947,864	4,842,437	105,427	4,758,781
Supplies	294,730	294,730	266,444	28,286	225,071
Maintenance and materials	260,470	290,470	229,991	60,479	152,387
Contractual services	258,580	244,896	228,124	16,772	183,368
Capital replacement	390,040	390,040	390,041	(1)	381,482
<i>Total Fire</i>	<u>6,138,000</u>	<u>6,168,000</u>	<u>5,957,037</u>	<u>210,963</u>	<u>5,701,089</u>
<i>Total Public Safety</i>	<u>14,631,050</u>	<u>14,661,050</u>	<u>14,101,619</u>	<u>559,431</u>	<u>13,259,037</u>
Development Services:					
<i>Development Services:</i>					
Salaries and fringe benefits	713,230	713,230	721,416	(8,186)	647,352
Supplies	18,650	18,650	20,265	(1,615)	19,699
Maintenance and materials	4,000	4,000	1,302	2,698	2,314
Contractual services	179,050	179,050	119,038	60,012	86,663
Capital replacement	22,750	22,750	22,749	1	14,529
<i>Total Development Services</i>	<u>937,680</u>	<u>937,680</u>	<u>884,770</u>	<u>52,910</u>	<u>770,557</u>
Streets:					
Salaries and fringe benefits	527,490	527,490	503,627	23,863	487,348
Supplies	21,650	21,650	27,765	(6,115)	26,082
Maintenance and materials	814,900	814,900	581,987	232,913	268,487
Contractual services	694,450	734,450	660,375	74,075	641,925
Capital replacement	31,420	31,420	31,421	(1)	27,452
Capital outlay	-	-	-	-	25,288
<i>Total Streets</i>	<u>2,089,910</u>	<u>2,129,910</u>	<u>1,805,175</u>	<u>324,735</u>	<u>1,476,582</u>
Parks and Recreation:					
<i>Parks:</i>					
Salaries and fringe benefits	1,212,460	1,211,760	1,156,176	55,584	1,118,518
Supplies	154,100	156,088	173,678	(17,590)	136,051
Maintenance and materials	583,870	584,020	475,846	108,174	385,013
Contractual services	618,880	621,026	668,210	(47,184)	453,085
Capital replacement	53,380	53,380	52,521	859	41,245
Capital outlay	15,000	11,416	10,907	509	163,983
<i>Total Parks</i>	<u>2,637,690</u>	<u>2,637,690</u>	<u>2,537,338</u>	<u>100,352</u>	<u>2,297,895</u>
<i>Recreation:</i>					
Salaries and fringe benefits	768,480	768,480	773,437	(4,957)	716,975
Supplies	110,400	110,400	119,407	(9,007)	88,787
Maintenance and materials	416,770	416,770	293,607	123,163	159,726
Contractual services	338,760	338,760	323,636	15,124	282,607
Capital replacement	34,360	34,360	34,360	-	16,432
Capital outlay	-	-	24,115	(24,115)	-
<i>Total Recreation</i>	<u>1,668,770</u>	<u>1,668,770</u>	<u>1,568,562</u>	<u>100,208</u>	<u>1,264,527</u>
<i>Total Parks and Recreation Expenditures</i>	<u>4,306,460</u>	<u>4,306,460</u>	<u>4,105,900</u>	<u>200,560</u>	<u>3,562,422</u>
Total Expenditures	<u>\$ 28,987,270</u>	<u>\$ 29,022,270</u>	<u>\$ 27,310,287</u>	<u>\$ 1,711,983</u>	<u>\$ 24,767,804</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

Hotel Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	2008	2007
ASSETS:		
Cash and investments	\$ 6,533,000	\$ 5,760,970
Receivables:		
Accounts receivable	78,047	92,055
Occupancy taxes	511,545	478,229
Interest	35,231	31,483
<i>Total assets</i>	\$ 7,157,823	\$ 6,362,737
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,377,069	\$ 926,145
Customer deposits	65,061	54,282
<i>Total liabilities</i>	1,442,130	980,427
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	5,715,693	5,382,310
Total fund balance	5,715,693	5,382,310
Total liabilities and fund balance	\$ 7,157,823	\$ 6,362,737

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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Hotel/motel occupancy taxes	\$ 5,400,000	\$ 5,200,000	\$ 5,204,247	\$ 4,247	\$ 5,203,080
Proceeds from special events	1,456,400	1,456,400	1,524,109	67,709	1,419,562
Conference centre rental	516,000	516,000	500,463	(15,537)	465,720
Theatre centre rental	88,000	88,000	86,487	(1,513)	63,480
Earnings on Investments	249,600	249,600	192,827	(56,773)	233,339
Other	-	-	38,215	38,215	105,706
<i>Total revenues</i>	<u>7,710,000</u>	<u>7,510,000</u>	<u>7,546,348</u>	<u>36,348</u>	<u>7,490,887</u>
EXPENDITURES:					
Visitor Services	1,103,200	1,128,200	880,633	247,567	801,919
Conference centre	1,097,370	1,097,370	1,077,436	19,934	942,884
Marketing	1,216,480	1,216,480	1,121,226	95,254	986,684
Special events	2,655,940	2,771,440	2,725,836	45,604	2,726,306
Performing arts	690,440	690,440	707,834	(17,394)	583,124
Capital projects	500,000	-	-	-	-
<i>Total expenditures</i>	<u>7,263,430</u>	<u>6,903,930</u>	<u>6,512,965</u>	<u>390,965</u>	<u>6,040,917</u>
Excess(deficiency) of revenues over expenditures	446,570	606,070	1,033,383	427,313	1,449,970
OTHER FINANCING SOURCES(USES):					
Parking Garage Lease	(500,000)	-	-	-	-
Transfer to Hotel Debt Service Fund	(700,000)	(700,000)	(700,000)	-	(706,710)
	<u>(1,200,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>	<u>(706,710)</u>
Net change in fund balance	(753,430)	(93,930)	333,383	427,313	743,260
Fund balances at beginning of year	<u>5,382,310</u>	<u>5,382,310</u>	<u>5,382,310</u>	<u>-</u>	<u>4,639,050</u>
Fund balances at end of year	<u>\$ 4,628,880</u>	<u>\$ 5,288,380</u>	<u>\$ 5,715,693</u>	<u>\$ 427,313</u>	<u>\$ 5,382,310</u>

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2008
With Comparative Actual Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Visitor Services:					
Salaries and fringe benefits	\$ 338,730	\$ 338,730	\$ 331,529	\$ 7,201	\$ 305,873
Supplies	19,260	19,260	8,460	10,800	6,148
Maintenance and materials	25,060	25,060	21,591	3,469	21,878
Contractual services	565,930	590,930	514,833	76,097	463,888
Capital replacement	4,220	4,220	4,220	-	4,132
Capital Outlay	150,000	150,000	-	150,000	-
<i>Total Visitor Services</i>	<u>1,103,200</u>	<u>1,128,200</u>	<u>880,633</u>	<u>247,567</u>	<u>801,919</u>
Conference Centre:					
Salaries and fringe benefits	504,040	504,040	505,667	(1,627)	477,474
Supplies	64,620	64,620	67,925	(3,305)	55,400
Maintenance and materials	189,780	189,780	191,083	(1,303)	179,050
Contractual services	236,110	236,110	232,113	3,997	215,628
Capital replacement	9,920	9,920	9,920	-	6,820
Capital outlay	92,900	92,900	70,728	22,172	8,512
<i>Total Conference Centre</i>	<u>1,097,370</u>	<u>1,097,370</u>	<u>1,077,436</u>	<u>19,934</u>	<u>942,884</u>
Marketing:					
Salaries and fringe benefits	210	210	210	-	170
Supplies	5,500	5,500	942	4,558	564
Contractual services	1,210,770	1,210,770	1,120,074	90,696	985,950
<i>Total Marketing</i>	<u>1,216,480</u>	<u>1,216,480</u>	<u>1,121,226</u>	<u>95,254</u>	<u>986,684</u>
Special Events:					
Salaries and fringe benefits	706,160	726,160	716,861	9,299	684,168
Supplies	11,000	11,000	15,559	(4,559)	10,795
Maintenance and materials	181,460	181,460	174,532	6,928	152,626
Contractual services	1,715,690	1,765,690	1,724,938	40,752	1,701,683
Capital replacement	41,630	41,630	41,630	-	6,460
Capital outlay	-	45,500	52,316	(6,816)	170,574
<i>Total Special Events</i>	<u>2,655,940</u>	<u>2,771,440</u>	<u>2,725,836</u>	<u>45,604</u>	<u>2,726,306</u>
Performing Arts:					
Salaries and fringe benefits	8,310	8,310	11,702	(3,392)	16,016
Supplies	19,990	19,990	19,898	92	14,587
Maintenance and materials	143,910	143,910	140,519	3,391	54,546
Contractual services	483,200	483,200	500,902	(17,702)	464,496
Capital replacement	5,030	5,030	5,030	-	4,452
Capital outlay	30,000	30,000	29,783	217	29,027
<i>Total Theatre</i>	<u>690,440</u>	<u>690,440</u>	<u>707,834</u>	<u>(17,394)</u>	<u>583,124</u>
Capital Projects:					
Capital Outlay	500,000	-	-	-	-
<i>Total expenditures</i>	<u>\$ 7,263,430</u>	<u>\$ 6,903,930</u>	<u>\$ 6,512,965</u>	<u>\$ 390,965</u>	<u>\$ 6,040,917</u>

Addison!®

DEBT SERVICE FUNDS

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

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

Addison!®

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

General Obligation Debt Service Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 1,695,939	\$ 1,620,478
Receivables:		
Ad valorem taxes, including interest and penalties	106,780	138,615
Interest	<u>8,255</u>	<u>8,831</u>
<i>Total assets</i>	<u>\$ 1,810,974</u>	<u>\$ 1,767,924</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 327,712	\$ -
Deferred Revenue	<u>122,822</u>	<u>154,771</u>
<i>Total liabilities</i>	<u>450,534</u>	<u>154,771</u>
Fund Balances:		
Fund balances reserved:		
Reserved for debt service	<u>1,360,440</u>	<u>1,613,153</u>
Total fund balance	<u>1,360,440</u>	<u>1,613,153</u>
Total liabilities and fund balance	<u>\$ 1,810,974</u>	<u>\$ 1,767,924</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Ad Valorem Taxes:					
Current taxes	\$ 4,614,990	\$ 4,614,990	\$ 4,436,913	\$ (178,077)	\$ 4,511,994
Delinquent taxes	1,550	1,550	4,417	2,867	(45,247)
Penalty and interest	10,870	10,870	21,360	10,490	26,997
<i>Total ad valorem taxes</i>	<u>4,627,410</u>	<u>4,627,410</u>	<u>4,462,690</u>	<u>(164,720)</u>	<u>4,493,744</u>
Other revenues:					
Earnings on Investments	75,000	75,000	88,626	13,626	126,716
<i>Total other revenues</i>	<u>75,000</u>	<u>75,000</u>	<u>88,626</u>	<u>13,626</u>	<u>126,716</u>
<i>Total revenues</i>	<u>4,702,410</u>	<u>4,702,410</u>	<u>4,551,316</u>	<u>(151,094)</u>	<u>4,620,460</u>
EXPENDITURES:					
Debt Service:					
Principal Retirement	3,419,770	3,419,770	3,419,769	1	3,255,000
Interest and fiscal charges	1,302,110	1,302,110	1,304,043	(1,933)	1,401,735
Bond issuance costs	-	-	108,050	(108,050)	-
<i>Total expenditures</i>	<u>4,721,880</u>	<u>4,721,880</u>	<u>4,831,862</u>	<u>(109,982)</u>	<u>4,656,735</u>
Excess(deficiency) of revenues over expenditures	<u>(19,470)</u>	<u>(19,470)</u>	<u>(280,546)</u>	<u>(261,076)</u>	<u>(36,275)</u>
OTHER FINANCING SOURCES(USES):					
Premium on bond issuance	-	-	27,833	27,833	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>27,833</u>	<u>27,833</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(19,470)</u>	<u>(19,470)</u>	<u>(252,713)</u>	<u>(233,243)</u>	<u>(36,275)</u>
Fund balances at beginning of year	<u>1,613,153</u>	<u>1,613,153</u>	<u>1,613,153</u>	<u>-</u>	<u>1,649,428</u>
Fund balances at end of year	<u>\$ 1,593,683</u>	<u>\$ 1,593,683</u>	<u>\$ 1,360,440</u>	<u>\$ (233,243)</u>	<u>\$ 1,613,153</u>

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

Hotel Debt Service Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 885,537	\$ 859,647
Receivables:		
Interest	4,773	4,684
<i>Total assets</i>	<u>\$ 890,310</u>	<u>\$ 864,331</u>
 LIABILITIES AND FUND BALANCE:		
Fund Balances:		
Fund balances unreserved:		
Designated for debt service	\$ 890,310	\$ 864,331
<i>Total fund balance</i>	<u>\$ 890,310</u>	<u>\$ 864,331</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Earnings on Investments	\$ 45,000	\$ 45,000	\$ 37,991	\$ (7,009)	\$ 53,397
<i>Total revenues</i>	<u>45,000</u>	<u>45,000</u>	<u>37,991</u>	<u>(7,009)</u>	<u>53,397</u>
EXPENDITURES:					
Debt Service:					
Principal retirement	500,000	500,000	500,000	-	480,000
Interest and fiscal charges	<u>212,000</u>	<u>212,000</u>	<u>212,012</u>	<u>(12)</u>	<u>226,712</u>
<i>Total expenditures</i>	<u>712,000</u>	<u>712,000</u>	<u>712,012</u>	<u>(12)</u>	<u>706,712</u>
Excess(deficiency) of revenues over expenditures	(667,000)	(667,000)	(674,021)	(7,021)	(653,315)
OTHER FINANCING SOURCES(USES):					
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>706,710</u>
Net change in fund balance	33,000	33,000	25,979	(7,021)	53,395
Fund balances at beginning of year	<u>864,331</u>	<u>864,331</u>	<u>864,331</u>	<u>-</u>	<u>810,936</u>
Fund balances at end of year	<u>\$ 897,331</u>	<u>\$ 897,331</u>	<u>\$ 890,310</u>	<u>\$ (7,021)</u>	<u>\$ 864,331</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.

The **2008 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2008 certificates of obligation bond and capital improvement program.

Addison!®

Town of Addison, Texas
Capital Projects

Capital Project Funds
Combining Schedule of Capital Projects
September 30, 2008

	Street	Parks	2002	2004	2006	2008	Capital Projects
ASSETS:							
Cash and investments	\$ 2,747,834	\$ 896,312	\$ 1,980,957	\$ 422,031	\$ 339,442	\$ 26,953,096	\$ 33,339,672
Receivables:							
Interest	14,810	4,831	10,677	2,275	1,829	145,269	179,691
<i>Total assets</i>	<u>\$ 2,762,644</u>	<u>\$ 901,143</u>	<u>\$ 1,991,634</u>	<u>\$ 424,306</u>	<u>\$ 341,271</u>	<u>\$ 27,098,365</u>	<u>\$ 33,519,363</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 4,102	\$ 4,950	\$ 14,963	\$ -	\$ -	\$ 4,205	\$ 28,220
<i>Total liabilities</i>	<u>4,102</u>	<u>4,950</u>	<u>14,963</u>	<u>-</u>	<u>-</u>	<u>4,205</u>	<u>28,220</u>
Fund Balances:							
Fund balances unreserved:							
Designated for capital outlays	2,758,542	896,193	1,976,671	424,306	341,271	27,094,160	33,491,143
<i>Total fund balance</i>	<u>2,758,542</u>	<u>896,193</u>	<u>1,976,671</u>	<u>424,306</u>	<u>341,271</u>	<u>27,094,160</u>	<u>33,491,143</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2,762,644</u>	<u>\$ 901,143</u>	<u>\$ 1,991,634</u>	<u>\$ 424,306</u>	<u>\$ 341,271</u>	<u>\$ 27,098,365</u>	<u>\$ 33,519,363</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, 2008

	Street	Parks	2002	2004	2006	2008	Capital Projects
REVENUES:							
Intergovernmental	\$ 561,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 561,992
Earnings on investments	123,452	33,887	75,026	15,580	12,597	211,992	472,534
Other	135,364	-	-	-	-	-	135,364
<i>Total revenues</i>	<u>820,808</u>	<u>33,887</u>	<u>75,026</u>	<u>15,580</u>	<u>12,597</u>	<u>211,992</u>	<u>1,169,890</u>
EXPENDITURES:							
Salaries and fringe benefits	23,366	421	12,500	-	-	621	36,908
Engineering & contractual svcs.	126,152	28,165	124,776	-	-	466,744	745,837
Construction and equipment	1,346,336	943	12,888	-	-	872,467	2,232,634
<i>Total expenditures</i>	<u>1,495,854</u>	<u>29,529</u>	<u>150,164</u>	<u>-</u>	<u>-</u>	<u>1,339,832</u>	<u>3,015,379</u>
OTHER FINANCING SOURCES:							
Bond proceeds	-	-	-	-	-	28,222,000	28,222,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,222,000</u>	<u>28,222,000</u>
Net change in fund balance	(675,046)	4,358	(75,138)	15,580	12,597	27,094,160	26,376,511
Fund balances-beginning of yr.	3,433,588	891,835	2,051,809	408,726	328,674	-	7,114,632
Fund balances at end of year	<u>\$ 2,758,542</u>	<u>\$ 896,193</u>	<u>\$ 1,976,671</u>	<u>\$ 424,306</u>	<u>\$ 341,271</u>	<u>\$ 27,094,160</u>	<u>\$ 33,491,143</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 2,747,834	\$ 3,541,540
Receivables:		
Interest	14,810	19,300
Prepaid Items	-	143,521
<i>Total assets</i>	<u>\$ 2,762,644</u>	<u>\$ 3,704,361</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,102	\$ 226,272
Contracts and retainage payable	-	44,501
<i>Total liabilities</i>	<u>4,102</u>	<u>270,773</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	<u>2,758,542</u>	<u>3,433,588</u>
Total fund balance	<u>2,758,542</u>	<u>3,433,588</u>
Total liabilities and fund balance	<u>\$ 2,762,644</u>	<u>\$ 3,704,361</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
DART Grants	\$ 972,000	\$ 972,000	\$ -	\$ (972,000)	\$ -
TX DOT Grants	-	-	-	-	-
Dallas County Grants	-	-	561,992	561,992	185,297
Earnings on investments	100,000	100,000	123,452	23,452	211,936
Other Income	-	-	135,364	135,364	-
<i>Total revenues</i>	<u>1,072,000</u>	<u>1,072,000</u>	<u>820,808</u>	<u>(251,192)</u>	<u>397,233</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	8,000	8,000	23,366	(15,366)	27,304
Design and engineering:					
Engineering & contractual services	15,000	15,000	126,152	(111,152)	33,926
Construction and equipment	2,514,000	2,514,000	1,346,336	1,167,664	891,704
<i>Total expenditures</i>	<u>2,537,000</u>	<u>2,537,000</u>	<u>1,495,854</u>	<u>1,041,146</u>	<u>952,934</u>
Net change in fund balance	(1,465,000)	(1,465,000)	(675,046)	789,954	(555,701)
Fund balances at beginning of year	<u>3,433,588</u>	<u>3,433,588</u>	<u>3,433,588</u>	<u>-</u>	<u>3,989,289</u>
Fund balances at end of year	<u>\$ 1,968,588</u>	<u>\$ 1,968,588</u>	<u>\$ 2,758,542</u>	<u>\$ 789,954</u>	<u>\$ 3,433,588</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Comparative Balance Sheets
September 30, 2008
With Comparative Totals for 2007

	2008	2007
ASSETS:		
Cash and investments	\$ 896,312	\$ 887,001
Receivables:		
Interest	4,831	4,834
<i>Total assets</i>	\$ 901,143	\$ 891,835
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,950	\$ -
Contracts and retainage payable	-	-
<i>Total liabilities</i>	4,950	-
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	896,193	891,835
Total fund balance	896,193	891,835
Total liabilities and fund balance	\$ 901,143	\$ 891,835

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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on investments	\$ -	\$ -	\$ 33,887	\$ 33,887	\$ 40,682
Developer contributions	-	-	-	-	184,247
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>33,887</u>	<u>33,887</u>	<u>224,929</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	1,000	1,000	421	579	-
Design and engineering:					
Engineering & contractual services	50,000	50,000	28,165	21,835	-
Construction and equipment	-	-	943	(943)	(26,613)
<i>Total expenditures</i>	<u>51,000</u>	<u>51,000</u>	<u>29,529</u>	<u>21,471</u>	<u>(26,613)</u>
Net change in fund balance	(51,000)	(51,000)	4,358	12,416	251,542
Fund balances at beginning of year	<u>891,835</u>	<u>891,835</u>	<u>891,835</u>	<u>-</u>	<u>640,293</u>
Fund balances at end of year	<u>\$ 840,835</u>	<u>\$ 840,835</u>	<u>\$ 896,193</u>	<u>\$ 12,416</u>	<u>\$ 891,835</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Capital Projects
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 1,980,957	\$ 2,050,835
Receivables:		
Interest	10,677	11,176
<i>Total assets</i>	<u>\$ 1,991,634</u>	<u>\$ 2,062,011</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 14,963	\$ 10,202
<i>Total liabilities</i>	<u>14,963</u>	<u>10,202</u>
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	1,976,671	2,051,809
Total fund balance	<u>1,976,671</u>	<u>2,051,809</u>
Total liabilities and fund balance	<u>\$ 1,991,634</u>	<u>\$ 2,062,011</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	60,000	60,000	75,026	15,026	108,578
<i>Total revenues</i>	<u>60,000</u>	<u>60,000</u>	<u>75,026</u>	<u>15,026</u>	<u>108,578</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	25,000	25,000	12,500	12,500	25,000
Design and engineering:					
Engineering & contractual services	430,000	430,000	124,776	305,224	83,050
Construction and equipment	-	-	12,888	(12,888)	96,900
<i>Total expenditures</i>	<u>455,000</u>	<u>455,000</u>	<u>150,164</u>	<u>304,836</u>	<u>204,950</u>
Net change in fund balance	(395,000)	(395,000)	(75,138)	(289,810)	(96,372)
Fund balances at beginning of year	<u>2,051,809</u>	<u>2,051,809</u>	<u>2,051,809</u>	-	<u>2,148,181</u>
Fund balances at end of year	<u>\$ 1,656,809</u>	<u>\$ 1,656,809</u>	<u>\$ 1,976,671</u>	<u>\$ (289,810)</u>	<u>\$ 2,051,809</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Capital Projects
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 422,031	\$ 406,511
Receivables:		
Interest	2,275	2,215
<i>Total assets</i>	<u>\$ 424,306</u>	<u>\$ 408,726</u>
LIABILITIES AND FUND BALANCE:		
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	424,306	408,726
Total fund balance	<u>424,306</u>	<u>408,726</u>
Total liabilities and fund balance	<u>\$ 424,306</u>	<u>\$ 408,726</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Earnings on investments	\$ 20,000	\$ 20,000	\$ 15,580	\$ (4,420)	\$ 25,444
Other	-	-	-	-	72,847
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>15,580</u>	<u>(4,420)</u>	<u>98,291</u>
EXPENDITURES:					
Design and engineering:					
Engineering & contractual services	70,000	70,000	-	70,000	-
Construction and equipment	-	-	-	-	86,332
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>86,332</u>
Net change in fund balance	(50,000)	(50,000)	15,580	65,580	11,959
Fund balances at beginning of year	<u>408,726</u>	<u>408,726</u>	<u>408,726</u>	<u>-</u>	<u>396,767</u>
Fund balances at end of year	<u>\$ 358,726</u>	<u>\$ 358,726</u>	<u>\$ 424,306</u>	<u>\$ 65,580</u>	<u>\$ 408,726</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Capital Projects
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 339,442	\$ 326,892
Receivables:		
Interest	1,829	1,782
<i>Total assets</i>	<u>\$ 341,271</u>	<u>\$ 328,674</u>
LIABILITIES AND FUND BALANCE:		
Fund Balances:		
Fund balances unreserved:		
Designated for capital outlays	341,271	328,674
Total liabilities and fund balance	<u>\$ 341,271</u>	<u>\$ 328,674</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive(Negative)	2007
	Original	Final	Actual GAAP Basis		Actual GAAP Basis
REVENUES:					
Earnings on investments	\$ 15,000	\$ 15,000	\$ 12,597	\$ (2,403)	\$ 18,452
<i>Total revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>12,597</u>	<u>(2,403)</u>	<u>18,452</u>
EXPENDITURES:					
Administration:					
Salaries and fringe benefits	-	-	-	-	-
Design and engineering:					
Engineering & contractual services	-	-	-	-	6,719
Construction and equipment	-	-	-	-	61,956
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,675</u>
Net change in fund balance	15,000	15,000	12,597	(2,403)	(50,223)
Fund balances at beginning of year	<u>328,674</u>	<u>328,674</u>	<u>328,674</u>	<u>-</u>	<u>378,897</u>
Fund balances at end of year	<u>\$ 343,674</u>	<u>\$ 343,674</u>	<u>\$ 341,271</u>	<u>\$ (2,403)</u>	<u>\$ 328,674</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Capital Projects
Balance Sheet
September 30, 2008

	<u>2008</u>
ASSETS:	
Cash and investments	\$ 26,953,096
Receivables:	
Interest	<u>145,269</u>
<i>Total assets</i>	<u><u>\$ 27,098,365</u></u>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 4,205</u>
<i>Total liabilities</i>	<u>4,205</u>
Fund Balances:	
Fund balances unreserved:	
Designated for capital outlays	<u>27,094,160</u>
Total liabilities and fund balance	<u><u>\$ 27,098,365</u></u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2008

	2008			Variance with Final Budget Positive(Negative)
	Original	Final	Actual GAAP Basis	
REVENUES:				
Earnings on investments	\$ -	\$ 175,000	\$ 211,992	\$ 36,992
<i>Total revenues</i>	<u>-</u>	<u>175,000</u>	<u>211,992</u>	<u>36,992</u>
EXPENDITURES:				
Administration:				
Salaries and fringe benefits	-	-	621	(621)
Design and engineering:				
Engineering & contractual services	-	250,000	466,744	(216,744)
Construction and equipment	-	-	872,467	(872,467)
<i>Total expenditures</i>	<u>-</u>	<u>250,000</u>	<u>1,339,832</u>	<u>(1,089,832)</u>
OTHER FINANCING SOURCES:				
Bond Proceeds	-	28,222,000	28,222,000	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>28,222,000</u>	<u>28,222,000</u>	<u>-</u>
Net change in fund balance	-	28,147,000	27,094,160	(1,052,840)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 28,147,000</u></u>	<u><u>\$ 27,094,160</u></u>	<u><u>\$ (1,052,840)</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

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

The **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, 2008

	Municipal Court	Public Safety	Arbor	Total Non- Major Governmental Funds
ASSETS:				
Cash and investments	\$ 531,085	\$ 46,437	\$ 181,800	\$ 759,322
Receivables:				
Interest	2,863	233	980	4,076
<i>Total assets</i>	<u>\$ 533,948</u>	<u>\$ 46,670</u>	<u>\$ 182,780</u>	<u>\$ 763,398</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 346,170	\$ -	\$ 123	\$ 346,293
<i>Total liabilities</i>	<u>346,170</u>	<u>-</u>	<u>123</u>	<u>346,293</u>
Fund Balances:				
Fund balances reserved:				
Reserved for court technology	99,884	-	-	99,884
Reserved for building security	87,894	-	-	87,894
Fund balances unreserved:				
Unreserved - undesignated	-	46,670	182,657	229,327
Total fund balance	<u>187,778</u>	<u>46,670</u>	<u>182,657</u>	<u>417,105</u>
Total liabilities and fund balance	<u>\$ 533,948</u>	<u>\$ 46,670</u>	<u>\$ 182,780</u>	<u>\$ 763,398</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, 2008

	Municipal Court Fund	Public Safety	Arbor	Total Non-Major Governmental Funds
REVENUES:				
Recycling proceeds	\$ -	\$ -	\$ 41,567	\$ 41,567
Contributions	-	-	6,798	6,798
Court awards	-	27,109	-	27,109
Court security fees	22,056	-	-	22,056
Court technology fees	25,002	-	-	25,002
Earnings on investments and other	15,991	5,101	5,855	26,947
<i>Total revenues</i>	<u>63,049</u>	<u>32,210</u>	<u>54,220</u>	<u>149,479</u>
EXPENDITURES:				
Salaries and fringe benefits	8,990	-	-	8,990
Supplies	-	1,124	-	1,124
Maintenance and materials	-	-	2,396	2,396
Contractual services	1,309	9,252	122	10,683
Capital outlay	21,113	49,999	-	71,112
<i>Total expenditures</i>	<u>31,412</u>	<u>60,375</u>	<u>2,518</u>	<u>94,305</u>
Net change in fund balance	31,637	(28,165)	51,702	55,174
Fund balances at beginning of year	<u>156,141</u>	<u>74,835</u>	<u>130,955</u>	<u>361,931</u>
Fund balances at end of year	<u>\$ 187,778</u>	<u>\$ 46,670</u>	<u>\$ 182,657</u>	<u>\$ 417,105</u>

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

Municipal Court Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 531,085	\$ 413,150
Receivables:		
Interest	2,863	2,252
<i>Total assets</i>	<u>\$ 533,948</u>	<u>\$ 415,402</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 346,170	\$ 259,261
<i>Total liabilities</i>	<u>346,170</u>	<u>259,261</u>
Fund Balances:		
Fund balances reserved:		
Reserved for court technology	99,884	83,904
Reserved for building security	87,894	72,237
Total fund balance	<u>187,778</u>	<u>156,141</u>
Total liabilities and fund balance	<u>\$ 533,948</u>	<u>\$ 415,402</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Court security fees	\$ 20,000	\$ 20,000	\$ 22,056	\$ 2,056	\$ 22,768
Court technology fees	25,000	25,000	25,002	2	30,237
Earnings on investments and other	10,000	10,000	15,991	5,991	17,946
<i>Total revenues</i>	<u>55,000</u>	<u>55,000</u>	<u>63,049</u>	<u>8,049</u>	<u>70,951</u>
EXPENDITURES:					
Salaries and fringe benefits	8,990	8,990	8,990	-	8,990
Supplies	4,000	4,000	-	4,000	-
Maintenance and materials	-	-	-	-	2,150
Contractual services	2,000	2,000	1,309	691	1,859
Capital outlay	8,000	8,000	21,113	(13,113)	8,363
<i>Total expenditures</i>	<u>22,990</u>	<u>22,990</u>	<u>31,412</u>	<u>(8,422)</u>	<u>21,362</u>
Net change in fund balance	32,010	32,010	31,637	(373)	49,589
Fund balances at beginning of year	<u>156,141</u>	<u>156,141</u>	<u>156,141</u>	<u>-</u>	<u>106,552</u>
Fund balances at end of year	<u>\$ 188,151</u>	<u>\$ 188,151</u>	<u>\$ 187,778</u>	<u>\$ (373)</u>	<u>\$ 156,141</u>

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

Public Safety Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and investments	\$ 46,437	\$ 119,471
Receivables:		
Interest	233	634
<i>Total assets</i>	<u>\$ 46,670</u>	<u>\$ 120,105</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 45,270
<i>Total liabilities</i>	<u>-</u>	<u>45,270</u>
Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	46,670	74,835
Total fund balance	<u>46,670</u>	<u>74,835</u>
Total liabilities and fund balance	<u>\$ 46,670</u>	<u>\$ 120,105</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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Court awards	\$ 3,000	\$ 3,000	\$ 27,109	\$ 24,109	\$ 5,360
Earnings on investments and other	4,500	4,500	5,101	601	6,071
<i>Total revenues</i>	<u>7,500</u>	<u>7,500</u>	<u>32,210</u>	<u>24,710</u>	<u>11,431</u>
EXPENDITURES:					
Supplies	5,000	5,000	1,124	3,876	30,807
Contractual services	15,000	15,000	9,252	5,748	7,712
Capital outlay	50,000	50,000	49,999	1	-
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>60,375</u>	<u>9,625</u>	<u>38,519</u>
Net change in fund balance	(62,500)	(62,500)	(28,165)	34,335	(27,088)
Fund balances at beginning of year	<u>74,835</u>	<u>74,835</u>	<u>74,835</u>	-	<u>101,923</u>
Fund balances at end of year	<u>\$ 12,335</u>	<u>\$ 12,335</u>	<u>\$ 46,670</u>	<u>\$ 34,335</u>	<u>\$ 74,835</u>

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

Arbor Fund
Comparative Balance Sheets
September 30, 2008 and 2007

	2008	2007
ASSETS:		
Cash and investments	\$ 181,800	\$ 130,245
Receivables:		
Interest	980	710
<i>Total assets</i>	\$ 182,780	\$ 130,955
 LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 123	\$ -
<i>Total liabilities</i>	123	-
 Fund Balances:		
Fund balances unreserved:		
Unreserved - undesignated	182,657	130,955
Total fund balance	182,657	130,955
 Total liabilities and fund balance	 \$ 182,780	 \$ 130,955

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, 2008
With Comparative Totals for 2007

	2008			Variance with Final Budget Positive (Negative)	2007
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Recycling proceeds	\$ 25,000	\$ 25,000	\$ 41,567	\$ 16,567	\$ 32,703
Contributions	6,000	6,000	6,798	798	14,814
Earnings on investments	3,500	3,500	5,855	2,355	5,212
<i>Total revenues</i>	<u>34,500</u>	<u>34,500</u>	<u>54,220</u>	<u>19,720</u>	<u>52,729</u>
EXPENDITURES:					
Maintenance	30,000	30,000	2,396	27,604	6,609
Contractual services	-	-	122	(122)	-
<i>Total expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>2,518</u>	<u>27,482</u>	<u>6,609</u>
Net change in fund balance	4,500	4,500	51,702	47,202	46,120
Fund balances at beginning of year	<u>130,955</u>	<u>130,955</u>	<u>130,955</u>	<u>-</u>	<u>84,835</u>
Fund balances at end of year	<u><u>\$ 135,455</u></u>	<u><u>\$ 135,455</u></u>	<u><u>\$ 182,657</u></u>	<u><u>\$ 47,202</u></u>	<u><u>\$ 130,955</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, 2008 and 2007

	2008	2007
ASSETS:		
Current Assets:		
Cash and investments	\$ 1,568,637	\$ 2,423,876
Interest receivable	8,694	13,239
Accounts receivable	683,998	350,406
<i>Total current assets</i>	2,261,329	2,787,521
Noncurrent assets:		
Deferred charges	30,220	32,545
Capital assets:		
Land	8,911,357	8,911,357
Buildings	1,386,047	1,386,047
Improvements other than buildings	21,413,293	16,985,154
Machinery and equipment	1,215,464	1,136,339
Accumulated depreciation	(13,160,426)	(12,276,387)
Total capital assets, net of accumulated depreciation	19,765,735	16,142,510
Construction in progress	752,301	3,891,409
<i>Net property, plant, and equipment</i>	20,518,036	20,033,919
<i>Total assets</i>	22,809,585	22,853,985
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 873,125	\$ 669,949
Current maturities of general obligation bonds	245,000	235,000
Accrued interest payable	18,382	19,410
Customer deposits	164,808	169,659
<i>Total current liabilities</i>	1,301,315	1,094,018
Long-term debt, net of current portion:		
General obligation bonds payable	3,480,000	3,725,000
Total long-term debt	3,480,000	3,725,000
<i>Total liabilities</i>	4,781,315	4,819,018
NET ASSETS:		
Invested in capital assets, net of related debt	16,793,036	16,073,919
Unrestricted	1,235,234	1,961,048
Total net assets	\$ 18,028,270	\$ 18,034,967

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, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Fuel flowage fees	\$ 784,783	\$ 910,186
Customs agent fees	40,204	38,074
Rental charges	3,226,103	3,242,816
Other income	10,257	12,739
<i>Total operating revenues</i>	4,061,347	4,203,815
OPERATING EXPENSES:		
Salaries and fringe benefits	272,194	258,772
Supplies	19,634	16,560
Maintenance and materials	1,395,314	1,709,320
Contractual services	1,441,906	1,554,274
Capital Outlay	33,000	-
Depreciation	884,039	773,608
<i>Total operating expenses</i>	4,046,087	4,312,534
OPERATING INCOME (LOSS)	15,260	(108,719)
NONOPERATING REVENUES:		
Investment Income	81,938	159,745
Intergovernmental - aviation capital grants	48,873	-
Interest expense	(150,444)	(158,238)
Amortization expense	(2,324)	(2,324)
<i>Total nonoperating revenues</i>	(21,957)	(817)
NET INCOME (LOSS)	(6,697)	(109,536)
Net assets at the beginning of the year	18,034,967	18,144,503
<i>Net assets at end of year</i>	\$ 18,028,270	\$ 18,034,967

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,722,904	\$ 3,915,947
Payments to suppliers	(2,686,678)	(3,303,842)
Payments to employees for services	(272,194)	(258,772)
<i>Net cash provided by operating activities</i>	764,032	353,333
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,368,155)	(719,400)
Principal paid on general obligation bonds	(235,000)	(225,000)
Interest paid on general obligation bonds	(151,472)	(159,223)
Intergovernmental - aviation capital grants	48,873	-
<i>Net cash provided by (used by) capital and related financing activities</i>	(1,705,754)	(1,103,623)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	86,483	164,273
<i>Net increase (decrease) in cash and investments</i>	(855,239)	(586,017)
Cash and investments, October 1	2,423,876	3,009,893
Cash and investments, September 30	\$ 1,568,637	\$ 2,423,876
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 15,260	\$ (108,719)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	884,039	773,608
Refund of fees collected in prior years	-	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(333,592)	(274,217)
(Increase) decrease in inventories	-	147,778
Increase (decrease) in customer deposits	(4,851)	(13,651)
Increase (decrease) in accounts payable	203,176	(171,466)
Net cash provided by operating activities	\$ 764,032	\$ 353,333

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statements of Net Assets
September 30, 2008 and 2007

	2008	2007
ASSETS:		
Current Assets:		
Cash and investments	\$ 11,114,738	\$ 5,331,320
Interest receivable	60,475	29,566
Accounts receivable	1,588,483	1,471,906
Prepaid items	28,040	89,566
<i>Total current assets</i>	12,791,736	6,922,358
Noncurrent assets:		
Deferred charges	218,847	224,510
Capital assets:		
Land	1,312,064	1,312,064
Buildings	1,728,905	1,728,905
Improvements other than buildings	40,105,376	39,745,423
Machinery and equipment	1,868,400	1,868,400
Accumulated depreciation	(18,682,300)	(17,465,245)
Total capital assets, net of accumulated depreciation	26,332,445	27,189,547
Construction in progress	164,529	-
<i>Net property, plant, and equipment</i>	26,496,974	27,189,547
Investment in joint venture	7,398,668	7,515,556
<i>Total assets</i>	46,906,225	41,851,971
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 792,783	\$ 727,029
Current maturities of general obligation bonds	2,087,042	1,997,373
Accrued interest payable	175,843	68,939
Customer deposits	652,495	626,256
<i>Total current liabilities</i>	3,708,163	3,419,597
Long-term debt, net of current portion:		
General obligation bonds payable	16,062,597	11,865,448
Total long-term debt	16,062,597	11,865,448
<i>Total liabilities</i>	19,770,760	15,285,045
NET ASSETS:		
Invested in capital assets, net of related debt	15,746,003	20,842,282
Unrestricted	11,389,462	5,724,644
Total net assets	\$ 27,135,465	\$ 26,566,926

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, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Water	\$ 4,618,862	\$ 4,249,522
Sewer	4,193,659	4,658,814
Penalties	70,235	133,522
Water and sewer taps	20,750	8,900
<i>Total operating revenues</i>	<u>8,903,506</u>	<u>9,050,758</u>
OPERATING EXPENSES:		
Salaries and fringe benefits	1,255,513	1,168,331
Supplies	114,937	111,994
Maintenance and materials	502,600	317,096
Contractual services	671,336	523,604
Water purchases	2,408,778	2,467,321
Wastewater purchases	1,832,671	2,168,904
<i>Total operating expenses (excluding depreciation)</i>	<u>6,785,835</u>	<u>6,757,250</u>
Depreciation	1,217,055	1,102,555
Total operating expenses	<u>8,002,890</u>	<u>7,859,805</u>
OPERATING INCOME (LOSS)	<u>900,616</u>	<u>1,190,953</u>
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	178,595	228,325
Rental Income	4,883	1,925
Other Income (Expense)	(104,419)	(40,300)
Interest expense	(583,343)	(572,175)
Amortization expense	(79,507)	(79,508)
Fiscal fees	(1,089)	(821)
<i>Total nonoperating revenues (expenses)</i>	<u>(584,880)</u>	<u>(462,554)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	315,736	728,399
Capital contributions	252,803	460,497
CHANGE IN NET ASSETS	<u>568,539</u>	<u>1,188,896</u>
Net assets at the beginning of the year	<u>26,566,926</u>	<u>25,378,030</u>
<i>Net assets at end of year</i>	<u>\$ 27,135,465</u>	<u>\$ 26,566,926</u>

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 8,813,168	\$ 9,626,826
Payments to suppliers	(5,403,042)	(5,506,090)
Payments to employees for services	(1,255,513)	(1,168,331)
	2,154,613	2,952,405
<i>Net cash provided by operating activities</i>		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(271,679)	(198,315)
Bond Proceeds	6,278,000	-
Principal paid on revenue and general obligation bonds	(1,991,182)	(1,682,142)
Interest paid on revenue, certificates of obligation, and general obligation bonds	(550,283)	(628,813)
Other	11,380	7,589
	3,476,236	(2,501,681)
<i>Net cash used in capital and related financing activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	147,686	228,510
Cash received from equipment rental	4,883	1,925
	152,569	230,435
<i>Net cash provided by investing activities</i>		
<i>Net increase (decrease) in cash and investments</i>	5,783,418	681,159
Cash and cash investments, October 1	5,331,320	4,650,161
Cash and cash investments, September 30	\$ 11,114,738	\$ 5,331,320
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contribution	252,803	460,497
Gain / (Loss) of joint venture	(116,888)	(48,711)
<i>Net noncash items from capital and related financing activities</i>	\$ 135,915	\$ 411,786
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 900,616	\$ 1,190,953
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,217,055	1,102,555
Change in assets and liabilities:		
(Increase) decrease in account receivables	(116,577)	629,332
(Increase) decrease in prepaid items	61,526	10,336
Increase (decrease) in accounts payable and accrued liabilities	26,239	(53,264)
Increase (decrease) in customer deposits	65,754	72,493
Net cash provided by operating activities	\$ 2,154,613	\$ 2,952,405

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statements of Net Assets
September 30, 2008

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
ASSETS:			
Current Assets:			
Cash and investments	\$ 3,365,994	\$ 2,781,722	\$ 6,147,716
Interest receivable	<u>18,142</u>	<u>14,993</u>	<u>33,135</u>
<i>Total current assets</i>	<u>3,384,136</u>	<u>2,796,715</u>	<u>6,180,851</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	7,425,587	7,932,791	15,358,378
Accumulated depreciation	<u>(4,471,194)</u>	<u>(7,759,077)</u>	<u>(12,230,271)</u>
Total capital assets, net of accumulated depreciation	<u>2,954,393</u>	<u>173,714</u>	<u>3,128,107</u>
<i>Total assets</i>	<u>6,338,529</u>	<u>2,970,429</u>	<u>9,308,958</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS:			
Invested in capital assets, net of related debt	2,954,393	173,714	3,128,107
Unrestricted	<u>3,384,136</u>	<u>2,796,715</u>	<u>6,180,851</u>
Total net assets	<u>\$ 6,338,529</u>	<u>\$ 2,970,429</u>	<u>\$ 9,308,958</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, 2008

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
OPERATING REVENUES:			
Department contributions	\$ 722,295	\$ 435,070	\$ 1,157,365
<i>Total operating revenues</i>	722,295	435,070	1,157,365
OPERATING EXPENSES:			
Maintenance and materials	-	950	950
Contractual services	1,887	1,887	3,774
Depreciation	495,857	183,510	679,367
<i>Total operating expenses</i>	497,744	186,347	684,091
OPERATING INCOME	224,551	248,723	473,274
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income	119,911	93,170	213,081
Sale of Assets	55,761	899	56,660
Other expenses	(30,175)	(62,065)	(92,240)
<i>Total nonoperating revenues</i>	145,497	32,004	177,501
NET INCOME	370,048	280,727	650,775
Net assets at the beginning of the year	5,968,481	2,689,702	8,658,183
<i>Net assets at end of year</i>	\$ 6,338,529	\$ 2,970,429	\$ 9,308,958

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statements of Cash Flows
Year Ended September 30, 2008

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Department contributions	\$ 722,295	\$ 435,070	\$ 1,157,365
Payments to suppliers	(22,236)	(29,730)	(51,966)
<i>Net cash provided by operating activities</i>	700,059	405,340	1,105,399
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(492,315)	(80,215)	(572,530)
Proceeds from the sale of capital assets	55,761	899	56,660
<i>Net cash used in capital and related financing activities</i>	(436,554)	(79,316)	(515,870)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on cash and investments	118,033	91,063	209,096
<i>Net cash provided by investing activities</i>	118,033	91,063	209,096
<i>Net increase in cash and investments</i>	381,538	417,087	798,625
Cash and cash investments, October 1	2,984,456	2,364,635	5,349,091
Cash and cash investments, September 30	\$ 3,365,994	\$ 2,781,722	\$ 6,147,716
Reconciliation of income from operations to net cash provided by operating activities:			
Operating Income	\$ 224,551	\$ 248,723	\$ 473,274
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	495,857	183,510	679,367
Change in assets and liabilities:			
decrease in inventory	-	950	950
decrease) in accounts payable and accrued liabilities	(20,349)	(27,843)	(48,192)
Net cash provided by operating activities	\$ 700,059	\$ 405,340	\$ 1,105,399

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statements of Net Assets
September 30, 2008 and 2007

	2008	2007
ASSETS:		
Current Assets:		
Cash and investments	\$ 3,365,994	\$ 2,984,456
Interest receivable	18,142	16,264
<i>Total current assets</i>	3,384,136	3,000,720
Noncurrent assets:		
Capital assets:		
Machinery and equipment	7,425,587	6,979,508
Accumulated depreciation	(4,471,194)	(3,991,398)
Total capital assets, net of accumulated depreciation	2,954,393	2,988,110
<i>Total assets</i>	6,338,529	5,988,830
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 20,349
<i>Total current liabilities</i>	-	20,349
NET ASSETS:		
Invested in capital assets	2,954,393	2,988,110
Unrestricted	3,384,136	2,980,371
Total net assets	\$ 6,338,529	\$ 5,968,481

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, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Department contributions	\$ 722,295	\$ 667,816
<i>Total operating revenues</i>	<u>722,295</u>	<u>667,816</u>
OPERATING EXPENSES:		
Contractual services	1,887	1,044
Depreciation	495,857	613,570
<i>Total operating expenses</i>	<u>497,744</u>	<u>614,614</u>
OPERATING INCOME (LOSS)	<u>224,551</u>	<u>53,202</u>
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	119,911	160,242
Sale of assets	55,761	-
Other income	-	7,290
Other expenses	(30,175)	(11,445)
<i>Total nonoperating revenues</i>	<u>145,497</u>	<u>156,087</u>
NET INCOME	370,048	209,289
Net assets at the beginning of the year	<u>5,968,481</u>	<u>5,759,192</u>
<i>Net assets at end of year</i>	<u>\$ 6,338,529</u>	<u>\$ 5,968,481</u>

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department contributions	\$ 722,295	\$ 667,816
Payments to suppliers	(22,236)	19,075
<i>Net cash provided by operating activities</i>	700,059	686,891
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(492,315)	(749,249)
Proceeds from the sale of capital assets	55,761	-
<i>Net cash used by capital and related financing activities</i>	(436,554)	(749,249)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	118,033	161,147
<i>Net increase provided by investing activities</i>	118,033	161,147
Net increase in cash and cash investments	381,538	98,789
Cash and cash investments, October 1	2,984,456	2,885,667
Cash and cash investments, September 30	\$ 3,365,994	\$ 2,984,456
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 224,551	\$ 53,202
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	495,857	613,570
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	(20,349)	20,119
Net cash provided by operating activities	\$ 700,059	\$ 686,891

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

Information Technology Replacement Fund
Comparative Statements of Net Assets
September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,781,722	\$ 2,364,635
Interest receivable	14,993	12,886
Inventory	-	950
<i>Total current assets</i>	<u>2,796,715</u>	<u>2,378,471</u>
Noncurrent assets:		
Capital assets:		
Machinery and equipment	7,932,791	7,914,641
Accumulated depreciation	<u>(7,759,077)</u>	<u>(7,575,567)</u>
Total capital assets, net of accumulated depreciation	<u>173,714</u>	<u>339,074</u>
<i>Total assets</i>	<u>2,970,429</u>	<u>2,717,545</u>
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 27,843
<i>Total current liabilities</i>	<u>-</u>	<u>27,843</u>
NET ASSETS:		
Invested in capital assets	173,714	339,074
Unrestricted	<u>2,796,715</u>	<u>2,350,628</u>
Total net assets	<u>\$ 2,970,429</u>	<u>\$ 2,689,702</u>

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

Information Technology Replacement Fund
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2008 and 2007

	2008	2007
OPERATING REVENUES:		
Department contributions	\$ 435,070	\$ 419,520
<i>Total operating revenues</i>	435,070	419,520
OPERATING EXPENSES:		
Maintenance and materials	950	3,505
Contractual services	1,887	1,044
Depreciation	183,510	286,378
<i>Total operating expenses</i>	186,347	290,927
OPERATING INCOME	248,723	128,593
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	93,170	124,121
Sale of assets	899	-
Other expenses	(62,065)	(144,674)
<i>Total nonoperating revenues and (expenses)</i>	32,004	(20,553)
NET INCOME	280,727	108,040
Net assets at the beginning of the year	2,689,702	2,581,662
<i>Net assets at end of year</i>	\$ 2,970,429	\$ 2,689,702

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

Information Technology Replacement Fund
Comparative Statements of Cash Flows
Years Ended September 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department contributions	\$ 435,070	\$ 419,520
Payments to suppliers	(29,730)	(4,819)
<i>Net cash provided by operating activities</i>	405,340	414,701
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(80,215)	(319,928)
Proceeds from the sale of capital assets	899	-
<i>Net cash used by capital and related financing activities</i>	(79,316)	(319,928)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	91,063	124,003
<i>Net cash provided by investing activities</i>	91,063	124,003
<i>Net increase (decrease) in cash and investments</i>	417,087	218,776
Cash and cash investments, October 1	2,364,635	2,145,859
Cash and cash investments, September 30	\$ 2,781,722	\$ 2,364,635
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income	\$ 248,723	\$ 128,593
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	183,510	286,378
Change in assets and liabilities:		
decrease in inventory	950	-
(decrease) in accounts payable and accrued liabilities	(27,843)	(270)
Net cash provided by operating activities	\$ 405,340	\$ 414,701

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
GENERAL CAPITAL ASSETS:		
Property and equipment in service:		
Land	\$ 65,024,009	\$ 64,155,723
Buildings	21,409,464	21,409,464
Improvements other than buildings	124,993,008	122,040,195
Equipment	<u>2,204,320</u>	<u>1,795,302</u>
<i>Total property and equipment in service</i>	213,630,801	209,400,684
Construction in progress	<u>1,241,853</u>	<u>2,191,994</u>
 <i>Total capital assets</i>	 <u><u>\$ 214,872,654</u></u>	 <u><u>\$ 211,592,678</u></u>
INVESTMENT IN GENERAL CAPITAL ASSETS		
BY SOURCE:		
Capital projects funds:		
General obligation bonds	\$ 86,401,041	\$ 84,853,401
Certificates of obligation bonds	13,126,996	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	20,255,180	20,029,180
Special revenue funds	12,127,357	11,944,338
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><u>\$ 214,872,654</u></u>	 <u><u>\$ 211,592,678</u></u>

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

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

SCHEDULES OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY

September 30, 2008

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT:					
City manager	\$ 881,309	\$ 441,699	\$ 16,705	\$ 10,080	\$ 1,349,793
Financial & strategic services	663,561	653,868	-	58,435	1,375,864
Building and fleet services	-	829,974	5,499	132,725	968,198
Municipal court	-	-	-	81,694	81,694
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>294,444</u>	<u>3,994,991</u>
PUBLIC SAFETY:					
Police	-	2,239,994	76,209	596,631	2,912,834
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>848,169</u>	<u>5,580,583</u>
URBAN DEVELOPMENT					
	<u>-</u>	<u>161,946</u>	<u>10,998</u>	<u>10,212</u>	<u>183,156</u>
STREETS					
	<u>52,946,322</u>	<u>302,616</u>	<u>101,908,548</u>	<u>95,899</u>	<u>155,253,385</u>
PARKS AND RECREATION:					
Parks	3,971,374	531,800	13,149,232	119,558	17,771,964
Recreation	-	8,015,919	1,106,378	80,632	9,202,929
<i>Total parks & recreation</i>	<u>3,971,374</u>	<u>8,547,719</u>	<u>14,255,610</u>	<u>200,190</u>	<u>26,974,893</u>
VISITOR SERVICES:					
Visitor services	-	179,388	12,928	34,037	226,353
Conference centre/theatre	2,680,636	5,508,092	8,626,536	714,225	17,529,489
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>755,406</u>	<u>21,643,793</u>
<i>Balance at end of year</i>	<u>\$ 65,024,009</u>	<u>\$ 21,409,464</u>	<u>\$ 124,993,008</u>	<u>\$ 2,204,320</u>	<u>\$ 213,630,801</u>
Construction in progress					<u>1,241,853</u>
<i>Total general capital assets</i>					<u>\$ 214,872,654</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, 2008

<u>Function and Activity</u>	<u>Balance 9/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 9/30/2008</u>
GENERAL GOVERNMENT:					
City manager	\$ 1,349,793	\$ -	\$ -	\$ -	\$ 1,349,793
Financial & strategic services	1,375,864	-	-	-	1,375,864
Building and fleet services	945,536	22,662	-	-	968,198
Municipal court	65,819	15,875	-	-	81,694
Human resources	217,819	-	-	-	217,819
Council projects	1,623	-	-	-	1,623
<i>Total general government</i>	<u>3,956,454</u>	<u>38,537</u>	<u>-</u>	<u>-</u>	<u>3,994,991</u>
PUBLIC SAFETY:					
Police	2,699,014	213,820	-	-	2,912,834
Fire	2,667,749	-	-	-	2,667,749
<i>Total public safety</i>	<u>5,366,763</u>	<u>213,820</u>	<u>-</u>	<u>-</u>	<u>5,580,583</u>
URBAN DEVELOPMENT					
	<u>183,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,156</u>
STREETS					
	<u>151,432,286</u>	<u>868,286</u>	<u>-</u>	<u>2,952,813</u>	<u>155,253,385</u>
PARKS AND RECREATION:					
Parks	17,764,642	7,322	-	-	17,771,964
Recreation	9,178,814	24,115	-	-	9,202,929
<i>Total parks & recreation</i>	<u>26,943,456</u>	<u>31,437</u>	<u>-</u>	<u>-</u>	<u>26,974,893</u>
VISITOR SERVICES:					
Visitor Services	226,353	-	-	-	226,353
Conference Centre/Theatre	17,404,265	125,224	-	-	17,529,489
Special events	3,887,951	-	-	-	3,887,951
<i>Total visitor services</i>	<u>21,518,569</u>	<u>125,224</u>	<u>-</u>	<u>-</u>	<u>21,643,793</u>
<i>Total general capital assets allocated by function</i>	<u>209,400,684</u>	<u>1,277,304</u>	<u>-</u>	<u>2,952,813</u>	<u>213,630,801</u>
Construction in progress	<u>2,191,994</u>	<u>2,002,672</u>	<u>-</u>	<u>(2,952,813)</u>	<u>1,241,853</u>
<i>Total general capital assets</i>	<u>\$ 211,592,678</u>	<u>\$ 3,279,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,872,654</u>

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

Addison!®

Long Term Debt Schedules

Addison!®

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2000
BONDS OUTSTANDING: \$1,420,000.00

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal</u>
<u>Month</u>	<u>Year</u>				<u>Year Total</u>
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>1,420,000.00</u>	\$ <u>79,027.50</u>	\$ <u>1,499,027.50</u>	\$ <u>1,499,027.50</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
BONDS OUTSTANDING: \$9,915,000.00

<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	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>9,915,000.00</u>	\$ <u>841,901.25</u>	\$ <u>10,756,901.25</u>	\$ <u>10,756,901.25</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$4,310,000.00

<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	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>4,310,000.00</u>	\$ <u>398,788.75</u>	\$ <u>4,708,788.75</u>	\$ <u>4,708,788.75</u>

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
BONDS OUTSTANDING: \$16,345,000.00

<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	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>\$ 16,345,000.00</u>	<u>\$ 2,864,787.59</u>	<u>\$ 19,209,787.59</u>	<u>\$ 19,209,787.59</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$9,890,000.00

<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	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>\$ 9,890,000.00</u>	<u>\$ 2,079,334.42</u>	<u>\$ 11,969,334.42</u>	<u>\$ 11,969,334.42</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SUPPORTED BY HOTEL FUND
SERIES 2003
BONDS OUTSTANDING: \$6,105,000.00

<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	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>\$ 6,105,000.00</u>	<u>\$ 1,125,656.25</u>	<u>\$ 7,230,656.25</u>	<u>\$ 7,230,656.25</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2004
BONDS OUTSTANDING: \$8,525,000.00

<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	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>8,525,000.00</u>	\$ <u>2,116,781.25</u>	\$ <u>10,641,781.25</u>	\$ <u>10,641,781.25</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2005
BONDS OUTSTANDING: \$5,905,000.00

<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	2009	135,000.00	110,300.00	245,300.00	
August	2009	-	107,937.50	107,937.50	353,237.50
February	2010	145,000.00	107,937.50	252,937.50	
August	2010	-	105,400.00	105,400.00	358,337.50
February	2011	915,000.00	105,400.00	1,020,400.00	
August	2011	-	89,387.50	89,387.50	1,109,787.50
February	2012	945,000.00	89,387.50	1,034,387.50	
August	2012	-	72,850.00	72,850.00	1,107,237.50
February	2013 *	980,000.00	72,850.00	1,052,850.00	
August	2013	-	55,700.00	55,700.00	1,108,550.00
February	2014	1,020,000.00	55,700.00	1,075,700.00	
August	2014	-	35,300.00	35,300.00	1,111,000.00
February	2015	1,060,000.00	35,300.00	1,095,300.00	
August	2015	-	14,100.00	14,100.00	1,109,400.00
February	2016	105,000.00	14,100.00	119,100.00	
August	2016	-	12,000.00	12,000.00	131,100.00
February	2017	110,000.00	12,000.00	122,000.00	
August	2017	-	9,800.00	9,800.00	131,800.00
February	2018	115,000.00	9,800.00	124,800.00	
August	2018	-	7,500.00	7,500.00	132,300.00
February	2019	120,000.00	7,500.00	127,500.00	
August	2019	-	5,100.00	5,100.00	132,600.00
February	2020	125,000.00	5,100.00	130,100.00	
August	2020	-	2,600.00	2,600.00	132,700.00
February	2021	130,000.00	2,600.00	132,600.00	
February	2021	-	-	-	132,600.00
Total		\$ 5,905,000.00	\$ 1,145,650.00	\$ 7,050,650.00	\$ 7,050,650.00

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
BONDS OUTSTANDING: \$34,500,000.00

<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	2009	55,000.00	1,207,315.56	1,262,315.56	
August	2009	-	764,100.00	764,100.00	2,026,415.56
February	2010	140,000.00	764,100.00	904,100.00	
August	2010	-	761,300.00	761,300.00	1,665,400.00
February	2011	145,000.00	761,300.00	906,300.00	
August	2011	-	758,400.00	758,400.00	1,664,700.00
February	2012	780,000.00	758,400.00	1,538,400.00	
August	2012	-	742,800.00	742,800.00	2,281,200.00
February	2013	820,000.00	742,800.00	1,562,800.00	
August	2013	-	726,400.00	726,400.00	2,289,200.00
February	2014	1,095,000.00	726,400.00	1,821,400.00	
August	2014	-	704,500.00	704,500.00	2,525,900.00
February	2015	1,150,000.00	704,500.00	1,854,500.00	
August	2015	-	681,500.00	681,500.00	2,536,000.00
February	2016	1,205,000.00	681,500.00	1,886,500.00	
August	2016	-	657,400.00	657,400.00	2,543,900.00
February	2017	1,255,000.00	657,400.00	1,912,400.00	
August	2017	-	626,025.00	626,025.00	2,538,425.00
February	2018 *	1,315,000.00	626,025.00	1,941,025.00	
August	2018	-	599,725.00	599,725.00	2,540,750.00
February	2019	1,380,000.00	599,725.00	1,979,725.00	
August	2019	-	572,125.00	572,125.00	2,551,850.00
February	2020	1,445,000.00	572,125.00	2,017,125.00	
August	2020	-	543,225.00	543,225.00	2,560,350.00
February	2021	1,510,000.00	543,225.00	2,053,225.00	
August	2021	-	512,081.25	512,081.25	2,565,306.25
February	2022	1,585,000.00	512,081.25	2,097,081.25	
August	2022	-	478,400.00	478,400.00	2,575,481.25
February	2023	1,660,000.00	478,400.00	2,138,400.00	
August	2023	-	443,125.00	443,125.00	2,581,525.00
February	2024	1,735,000.00	443,125.00	2,178,125.00	
August	2024	-	399,750.00	399,750.00	2,577,875.00
February	2025	1,820,000.00	399,750.00	2,219,750.00	
August	2025	-	359,937.50	359,937.50	2,579,687.50
February	2026	1,905,000.00	359,937.50	2,264,937.50	
August	2026	-	317,075.00	317,075.00	2,582,012.50
February	2027	1,995,000.00	317,075.00	2,312,075.00	
August	2027	-	267,200.00	267,200.00	2,579,275.00
February	2028	2,090,000.00	267,200.00	2,357,200.00	
August	2028	-	220,175.00	220,175.00	2,577,375.00
February	2029	1,715,000.00	220,175.00	1,935,175.00	
August	2029	-	181,587.50	181,587.50	2,116,762.50
February	2030	1,795,000.00	181,587.50	1,976,587.50	
August	2030	-	140,078.13	140,078.13	2,116,665.63
February	2031	1,880,000.00	140,078.13	2,020,078.13	
August	2031	-	93,078.13	93,078.13	2,113,156.26
February	2032	1,965,000.00	93,078.13	2,058,078.13	
August	2032	-	47,637.50	47,637.50	2,105,715.63
February	2033	2,060,000.00	47,637.50	2,107,637.50	
August	2033	-	-	-	2,107,637.50
Total		\$ 34,500,000.00	\$ 24,402,565.58	\$ 58,902,565.58	\$ 58,902,565.58

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$28,222,000.00

Payment		Principal	Interest	Payment Total	Fiscal Year Total
Month	Year				
February	2009	45,100.00	987,584.13	1,032,684.13	
August	2009	-	625,033.80	625,033.80	1,657,717.93
February	2010	114,520.00	625,033.80	739,553.80	
August	2010	-	622,743.40	622,743.40	1,362,297.20
February	2011	118,610.00	622,743.40	741,353.40	
August	2011	-	620,371.20	620,371.20	1,361,724.60
February	2012	638,040.00	620,371.20	1,258,411.20	
August	2012	-	607,610.40	607,610.40	1,866,021.60
February	2013	670,760.00	607,610.40	1,278,370.40	
August	2013	-	594,195.20	594,195.20	1,872,565.60
February	2014	895,710.00	594,195.20	1,489,905.20	
August	2014	-	576,281.00	576,281.00	2,066,186.20
February	2015	940,700.00	576,281.00	1,516,981.00	
August	2015	-	557,467.00	557,467.00	2,074,448.00
February	2016	985,690.00	557,467.00	1,543,157.00	
August	2016	-	537,753.20	537,753.20	2,080,910.20
February	2017	1,026,590.00	537,753.20	1,564,343.20	
August	2017	-	512,088.45	512,088.45	2,076,431.65
February	2018 *	1,075,670.00	512,088.45	1,587,758.45	
August	2018	-	490,575.05	490,575.05	2,078,333.50
February	2019	1,128,840.00	490,575.05	1,619,415.05	
August	2019	-	467,998.25	467,998.25	2,087,413.30
February	2020	1,182,010.00	467,998.25	1,650,008.25	
August	2020	-	444,358.05	444,358.05	2,094,366.30
February	2021	1,235,180.00	444,358.05	1,679,538.05	
August	2021	-	418,882.46	418,882.46	2,098,420.51
February	2022	1,296,530.00	418,882.46	1,715,412.46	
August	2022	-	391,331.20	391,331.20	2,106,743.66
February	2023	1,357,880.00	391,331.20	1,749,211.20	
August	2023	-	362,476.25	362,476.25	2,111,687.45
February	2024	1,419,230.00	362,476.25	1,781,706.25	
August	2024	-	326,995.50	326,995.50	2,108,701.75
February	2025	1,488,760.00	326,995.50	1,815,755.50	
August	2025	-	294,428.88	294,428.88	2,110,184.38
February	2026	1,558,290.00	294,428.88	1,852,718.88	
August	2026	-	259,367.35	259,367.35	2,112,086.23
February	2027	1,631,910.00	259,367.35	1,891,277.35	
August	2027	-	218,569.60	218,569.60	2,109,846.95
February	2028	1,709,620.00	218,569.60	1,928,189.60	
August	2028	-	180,103.15	180,103.15	2,108,292.75
February	2029	1,402,870.00	180,103.15	1,582,973.15	
August	2029	-	148,538.58	148,538.58	1,731,511.73
February	2030	1,468,310.00	148,538.58	1,616,848.58	
August	2030	-	114,583.91	114,583.91	1,731,432.49
February	2031	1,537,840.00	114,583.91	1,652,423.91	
August	2031	-	76,137.91	76,137.91	1,728,561.82
February	2032	1,607,370.00	76,137.91	1,683,507.91	
August	2032	-	38,967.48	38,967.48	1,722,475.39
February	2033	1,685,970.00	38,967.48	1,724,937.48	
August	2033	-	-	-	1,724,937.48
Total		\$ 28,222,000.00	\$ 19,961,298.64	\$ 48,183,298.64	\$ 48,183,298.64

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2008 to Maturity

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4,115,100.00	2,957,530.44	7,072,630.44
2010	4,369,520.00	2,431,699.71	6,801,219.71
2011	3,873,610.00	2,276,524.61	6,150,134.61
2012	4,543,040.00	2,123,141.61	6,666,181.61
2013	4,720,760.00	1,951,676.23	6,672,436.23
2014	4,425,710.00	1,779,163.70	6,204,873.70
2015	4,620,700.00	1,599,048.00	6,219,748.00
2016	3,830,690.00	1,421,632.70	5,252,322.70
2017	4,001,590.00	1,247,960.40	5,249,550.40
2018	2,825,670.00	1,097,494.75	3,923,164.75
2019	2,213,840.00	992,885.80	3,206,725.80
2020	1,307,010.00	920,056.30	2,227,066.30
2021	1,365,180.00	865,840.51	2,231,020.51
2022	1,296,530.00	810,213.66	2,106,743.66
2023	1,357,880.00	753,807.45	2,111,687.45
2024	1,419,230.00	689,471.75	2,108,701.75
2025	1,488,760.00	621,424.38	2,110,184.38
2026	1,558,290.00	553,796.23	2,112,086.23
2027	1,631,910.00	477,936.95	2,109,846.95
2028	1,709,620.00	398,672.75	2,108,292.75
2029	1,402,870.00	328,641.73	1,731,511.73
2030	1,468,310.00	263,122.49	1,731,432.49
2031	1,537,840.00	190,721.82	1,728,561.82
2032	1,607,370.00	115,105.39	1,722,475.39
2033	1,685,970.00	38,967.48	1,724,937.48
<i>Total</i>	\$ <u>64,377,000.00</u>	\$ <u>26,906,536.81</u>	\$ <u>91,283,536.81</u>

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

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$5,605,000

<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	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>5,605,000.00</u>	\$ <u>443,112.50</u>	\$ <u>6,048,112.50</u>	\$ <u>6,048,112.50</u>

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$6,455,000.00

<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	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>\$ 6,455,000.00</u>	<u>\$ 785,453.17</u>	<u>\$ 7,240,453.17</u>	<u>\$ 7,240,453.17</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$6,278,000.00

Payment		Principal	Interest	Payment Total	Fiscal Year Total
Month	Year				
February	2009	9,900.00	219,731.43	229,631.43	
August	2009	-	139,066.20	139,066.20	368,697.63
February	2010	25,480.00	139,066.20	164,546.20	
August	2010	-	138,556.60	138,556.60	303,102.80
February	2011	26,390.00	138,556.60	164,946.60	
August	2011	-	138,028.80	138,028.80	302,975.40
February	2012	141,960.00	138,028.80	279,988.80	
August	2012	-	135,189.60	135,189.60	415,178.40
February	2013	149,240.00	135,189.60	284,429.60	
August	2013	-	132,204.80	132,204.80	416,634.40
February	2014	199,290.00	132,204.80	331,494.80	
August	2014	-	128,219.00	128,219.00	459,713.80
February	2015	209,300.00	128,219.00	337,519.00	
August	2015	-	124,033.00	124,033.00	461,552.00
February	2016	219,310.00	124,033.00	343,343.00	
August	2016	-	119,646.80	119,646.80	462,989.80
February	2017	228,410.00	119,646.80	348,056.80	
August	2017	-	113,936.55	113,936.55	461,993.35
February	2018 *	239,330.00	113,936.55	353,266.55	
August	2018	-	109,149.95	109,149.95	462,416.50
February	2019	251,160.00	109,149.95	360,309.95	
August	2019	-	104,126.75	104,126.75	464,436.70
February	2020	262,990.00	104,126.75	367,116.75	
August	2020	-	98,866.95	98,866.95	465,983.70
February	2021	274,820.00	98,866.95	373,686.95	
August	2021	-	93,198.79	93,198.79	466,885.74
February	2022	288,470.00	93,198.79	381,668.79	
August	2022	-	87,068.80	87,068.80	468,737.59
February	2023	302,120.00	87,068.80	389,188.80	
August	2023	-	80,648.75	80,648.75	469,837.55
February	2024	315,770.00	80,648.75	396,418.75	
August	2024	-	72,754.50	72,754.50	469,173.25
February	2025	331,240.00	72,754.50	403,994.50	
August	2025	-	65,508.63	65,508.63	469,503.13
February	2026	346,710.00	65,508.63	412,218.63	
August	2026	-	57,707.65	57,707.65	469,926.28
February	2027	363,090.00	57,707.65	420,797.65	
August	2027	-	48,630.40	48,630.40	469,428.05
February	2028	380,380.00	48,630.40	429,010.40	
August	2028	-	40,071.85	40,071.85	469,082.25
February	2029	312,130.00	40,071.85	352,201.85	
August	2029	-	33,048.93	33,048.93	385,250.78
February	2030	326,690.00	33,048.93	359,738.93	
August	2030	-	25,494.22	25,494.22	385,233.14
February	2031	342,160.00	25,494.22	367,654.22	
August	2031	-	16,940.22	16,940.22	384,594.44
February	2032	357,630.00	16,940.22	374,570.22	
August	2032	-	8,670.03	8,670.03	383,240.24
February	2033	374,030.00	8,670.03	382,700.03	
August	2033	-	-	-	382,700.03
Total		\$ 6,278,000.00	\$ 4,441,266.94	\$ 10,719,266.94	\$ 10,719,266.94

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2008 to Maturity

WATER AND SEWER FUND*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	2,119,900.00	794,291.39	2,914,191.39
2010	2,215,480.00	630,729.06	2,846,209.06
2011	2,511,390.00	525,229.16	3,036,619.16
2012	2,731,960.00	415,874.66	3,147,834.66
2013	2,834,240.00	316,060.03	3,150,300.03
2014	199,290.00	260,423.80	459,713.80
2015	209,300.00	252,252.00	461,552.00
2016	219,310.00	243,679.80	462,989.80
2017	228,410.00	233,583.35	461,993.35
2018	239,330.00	223,086.50	462,416.50
2019	251,160.00	213,276.70	464,436.70
2020	262,990.00	202,993.70	465,983.70
2021	274,820.00	192,065.74	466,885.74
2022	288,470.00	180,267.59	468,737.59
2023	302,120.00	167,717.55	469,837.55
2024	315,770.00	153,403.25	469,173.25
2025	331,240.00	138,263.13	469,503.13
2026	346,710.00	123,216.28	469,926.28
2027	363,090.00	106,338.05	469,428.05
2028	380,380.00	88,702.25	469,082.25
2029	312,130.00	73,120.78	385,250.78
2030	326,690.00	58,543.14	385,233.14
2031	342,160.00	42,434.44	384,594.44
2032	357,630.00	25,610.24	383,240.24
2033	<u>374,030.00</u>	<u>8,670.03</u>	<u>382,700.03</u>
<i>Total</i>	<u>\$ 18,338,000.00</u>	<u>\$ 5,669,832.61</u>	<u>\$ 24,007,832.61</u>

* Includes general obligation and certificates of obligation bonds.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2004
SUPPORTED BY AIRPORT FUND
BONDS OUTSTANDING: \$3,725,000.00

<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	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
Total		\$ 3,725,000.00	\$ 982,675.00	\$ 4,707,675.00	\$ 4,707,675.00

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**
From September 30, 2008 to Maturity

DEBT ISSUED FOR BUSINESS-TYPE ACTIVITIES*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	2,364,900.00	937,063.89	3,301,963.89
2010	2,470,480.00	764,751.56	3,235,231.56
2011	2,776,390.00	650,151.66	3,426,541.66
2012	3,006,960.00	530,659.66	3,537,619.66
2013	3,124,240.00	419,545.03	3,543,785.03
2014	499,290.00	352,108.80	851,398.80
2015	524,300.00	331,637.00	855,937.00
2016	544,310.00	310,264.80	854,574.80
2017	568,410.00	286,868.35	855,278.35
2018	594,330.00	262,294.00	856,624.00
2019	621,160.00	237,529.20	858,689.20
2020	652,990.00	211,281.20	864,271.20
2021	274,820.00	192,065.74	466,885.74
2022	288,470.00	180,267.59	468,737.59
2023	302,120.00	167,717.55	469,837.55
2024	315,770.00	153,403.25	469,173.25
2025	331,240.00	138,263.13	469,503.13
2026	346,710.00	123,216.28	469,926.28
2027	363,090.00	106,338.05	469,428.05
2028	380,380.00	88,702.25	469,082.25
2029	312,130.00	73,120.78	385,250.78
2030	326,690.00	58,543.14	385,233.14
2031	342,160.00	42,434.44	384,594.44
2032	357,630.00	25,610.24	383,240.24
2033	374,030.00	8,670.03	382,700.03
<i>Total</i>	<u>\$ 22,063,000.00</u>	<u>\$ 6,652,507.61</u>	<u>\$ 28,715,507.61</u>

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

Town of Addison, Texas
Long-Term Debt Schedules

SUMMARY OF DEBT SERVICE
From September 30, 2008 to Maturity

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Tax and Revenue Certificates of Obligation</u>	<u>Total Requirements</u>
2009	7,248,618.77	3,125,975.56	10,374,594.33
2010	7,265,991.27	2,770,460.00	10,036,451.27
2011	6,802,366.27	2,774,310.00	9,576,676.27
2012	6,810,797.52	3,393,003.75	10,203,801.27
2013	6,811,273.76	3,404,947.50	10,216,221.26
2014	3,411,912.50	3,644,360.00	7,056,272.50
2015	3,419,400.00	3,656,285.00	7,075,685.00
2016	2,442,950.00	3,663,947.50	6,106,897.50
2017	2,443,800.00	3,661,028.75	6,104,828.75
2018	1,116,425.00	3,663,363.75	4,779,788.75
2019	1,119,312.50	2,946,102.50	4,065,415.00
2020	132,700.00	2,958,637.50	3,091,337.50
2021	132,600.00	2,565,306.25	2,697,906.25
2022	-	2,575,481.25	2,575,481.25
2023	-	2,581,525.00	2,581,525.00
2024	-	2,577,875.00	2,577,875.00
2025	-	2,579,687.50	2,579,687.50
2026	-	2,582,012.50	2,582,012.50
2027	-	2,579,275.00	2,579,275.00
2028	-	2,577,375.00	2,577,375.00
2029	-	2,116,762.50	2,116,762.50
2030	-	2,116,665.63	2,116,665.63
2031	-	2,113,156.26	2,113,156.26
2032	-	2,105,715.63	2,105,715.63
2033	-	2,107,637.50	2,107,637.50
	<u>49,158,147.59</u>	<u>70,840,896.83</u>	<u>119,999,044.42</u>
Less amounts representing interest	<u>7,048,147.59</u>	<u>26,510,896.83</u>	<u>33,559,044.42</u>
<i>Total Principal</i>	<u><u>\$ 42,110,000.00</u></u>	<u><u>\$ 44,330,000.00</u></u>	<u><u>\$ 86,440,000.00</u></u>

Town of Addison, Texas
Long-Term Debt Schedules

**SUMMARY OF TAX SUPPORTED
DEBT REQUIREMENTS**
From September 30, 2008 to Maturity

Fiscal Year	General Obligation Debt Service Requirements	Certificates of Obligation Debt Service Requirements	Less Amount Supported by Hotel Fund ⁽¹⁾	Less Amount Supported by Airport Fund ⁽¹⁾	Less Amount Supported by Water and Sewer Fund ⁽¹⁾	Net Tax Supported Debt Service Requirements ⁽²⁾
2009	7,248,618.77	3,125,975.56	711,787.50	387,772.50	2,914,191.39	6,360,842.94
2010	7,265,991.27	2,770,460.00	716,037.50	389,022.50	2,846,209.06	6,085,182.21
2011	6,802,366.27	2,774,310.00	719,687.50	389,922.50	3,036,619.16	5,430,447.11
2012	6,810,797.52	3,393,003.75	722,018.75	389,785.00	3,147,834.66	5,944,162.86
2013	6,811,273.76	3,404,947.50	722,262.50	393,485.00	3,150,300.03	5,950,173.73
2014	3,411,912.50	3,644,360.00	726,775.00	391,685.00	459,713.80	5,478,098.70
2015	3,419,400.00	3,656,285.00	725,900.00	394,385.00	461,552.00	5,493,848.00
2016	2,442,950.00	3,663,947.50	728,462.50	391,585.00	462,989.80	4,523,860.20
2017	2,443,800.00	3,661,028.75	729,318.75	393,285.00	461,993.35	4,520,231.65
2018	1,116,425.00	3,663,363.75	728,406.25	394,207.50	462,416.50	3,194,758.50
2019	1,119,312.50	2,946,102.50	-	394,252.50	464,436.70	3,206,725.80
2020	132,700.00	2,958,637.50	-	398,287.50	465,983.70	2,227,066.30
2021	132,600.00	2,565,306.25	-	-	466,885.74	2,231,020.51
2022	-	2,575,481.25	-	-	468,737.59	2,106,743.66
2023	-	2,581,525.00	-	-	469,837.55	2,111,687.45
2024	-	2,577,875.00	-	-	469,173.25	2,108,701.75
2025	-	2,579,687.50	-	-	469,503.13	2,110,184.38
2026	-	2,582,012.50	-	-	469,926.28	2,112,086.23
2027	-	2,579,275.00	-	-	469,428.05	2,109,846.95
2028	-	2,577,375.00	-	-	469,082.25	2,108,292.75
2029	-	2,116,762.50	-	-	385,250.78	1,731,511.73
2030	-	2,116,665.63	-	-	385,233.14	1,731,432.49
2031	-	2,113,156.26	-	-	384,594.44	1,728,561.82
2032	-	2,105,715.63	-	-	383,240.24	1,722,475.39
2033	-	2,107,637.50	-	-	382,700.03	1,724,937.48
Total	\$ 49,158,147.59	\$ 70,840,896.83	\$ 7,230,656.25	\$ 4,707,675.00	\$ 24,007,832.61	\$ 84,052,880.56

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

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

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

Addison!®

**STATISTICAL
SECTION
(Unaudited)**

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Addison!®

STATISTICAL SECTION

(Unaudited)

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

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the Town's most significant local revenue source, the property tax.	5-7
Debt Capacity	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	8-11
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	12-14
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	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 Seven Fiscal Years (accrual basis of accounting) (Unaudited)	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in Capital Assets, net of related debt	\$ 109,193,571	\$ 108,172,454	\$ 114,752,714	\$ 117,007,853	\$ 117,537,709	\$ 117,446,984	\$ 117,389,355
Restricted for Debt Service	-	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846	781,304
Unrestricted	18,101,261	16,955,351	15,551,534	17,758,209	20,148,886	24,100,898	26,591,388
Total Governmental activities Net Assets	\$ 127,294,832	\$ 127,241,229	\$ 131,878,866	\$ 136,174,857	\$ 139,264,987	\$ 143,117,728	\$ 144,762,047
Business-type Activities							
Invested in Capital Assets, net of related debt	\$ 24,206,957	\$ 26,664,196	\$ 34,664,102	\$ 35,400,551	\$ 35,844,857	\$ 37,173,256	\$ 32,539,039
Unrestricted	16,286,081	14,276,388	6,194,666	5,333,021	7,677,676	7,428,637	12,624,696
Total Business-type activities Net Assets	\$ 40,493,038	\$ 40,940,584	\$ 40,858,768	\$ 40,733,572	\$ 43,522,533	\$ 44,601,893	\$ 45,163,735
Primary Government							
Invested in Capital Assets, net of related debt	\$ 133,400,528	\$ 134,836,650	\$ 149,416,816	\$ 152,408,404	\$ 153,382,566	\$ 154,620,240	\$ 149,928,394
Restricted for Debt Service	-	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846	781,304
Unrestricted	34,387,342	31,231,739	21,746,200	23,091,230	27,826,562	31,529,535	39,216,084
Total Primary Government Net Assets	\$ 167,787,870	\$ 168,181,813	\$ 172,737,634	\$ 176,908,429	\$ 182,787,520	\$ 187,719,621	\$ 189,925,782

SOURCE: Town of Addison Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002)

**Town of Addison, Texas
Statistical Section**

Table 2

**Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
(Unaudited)**

Expenses	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
General government	\$ 5,729,867	\$ 5,177,758	\$ 5,771,545	\$ 5,929,812	\$ 6,251,658	\$ 5,769,960	\$ 6,405,494
Public safety	11,895,570	10,982,315	11,434,040	12,136,999	12,641,284	13,452,066	13,994,387
Development services	524,227	489,613	502,033	553,651	549,107	833,330	940,555
Streets	4,879,415	4,897,731	4,047,277	3,873,029	4,562,905	5,072,907	5,269,124
Parks and recreation	3,852,873	3,633,439	3,719,576	4,084,150	4,305,515	4,054,147	4,759,378
Visitors services	5,639,658	5,117,318	5,223,648	5,524,971	6,151,819	6,370,107	6,928,724
Interest on Long-term Debt	1,835,831	1,998,762	2,211,265	1,960,226	1,755,697	1,598,951	2,127,985
Total governmental activities	34,357,441	32,296,936	32,909,384	34,062,838	36,217,985	37,151,468	40,425,647
Business-type activities:							
Airport	3,573,316	3,492,184	4,125,194	4,292,548	4,426,545	4,473,096	4,198,855
Utilities	7,543,644	7,324,758	7,495,051	7,624,573	8,182,476	8,512,308	8,782,702
Total business-type activities	11,116,960	10,816,942	11,620,245	11,917,121	12,609,021	12,985,404	12,981,557
Total primary government expenses	\$ 45,474,401	\$ 43,113,878	\$ 44,529,629	\$ 45,979,959	\$ 48,827,006	\$ 50,136,872	\$ 53,407,204
Program revenues							
Governmental Activities:							
Charges for services							
General government	\$ 1,591,654	\$ 1,742,925	\$ 1,844,636	\$ 652,602	\$ 100,957	\$ 285,301	\$ 186,920
Public safety	833,977	828,794	782,561	1,601,127	2,424,249	1,953,587	2,203,371
Development services	-	-	-	4,325	651,408	743,201	798,006
Streets	-	-	-	193,071	206,134	318,731	333,645
Parks and recreation	17,531	12,864	20,046	91,047	100,564	106,882	133,022
Visitors services	1,110,588	1,254,871	1,375,623	1,559,282	1,657,987	2,054,468	2,149,274
Operating grants and contributions	159,270	520,882	4,185,029	3,218,659	1,440,734	369,544	561,992
Total governmental activities	3,713,020	4,360,336	8,207,895	7,320,113	6,582,033	5,831,714	6,366,230
Business-type activities:							
Airport	4,068,911	4,039,109	4,066,085	4,215,280	4,062,398	4,203,815	4,061,347
Utilities	6,871,539	7,126,331	7,426,268	7,326,015	10,777,843	9,050,758	8,903,506
Operating grants and contributions	-	-	170,037	61,948	145,360	460,497	301,676
Total business-type activities	10,940,450	11,165,440	11,662,390	11,603,243	14,985,601	13,715,070	13,266,529
Total primary government program revenues	\$ 14,653,470	\$ 15,525,776	\$ 19,870,285	\$ 18,923,356	\$ 21,567,634	\$ 19,546,784	\$ 19,632,759
Net (Expense) Revenue							
Governmental Activities	\$ (30,644,421)	\$ (27,936,600)	\$ (24,701,489)	\$ (26,742,725)	\$ (29,635,952)	\$ (31,319,754)	\$ (34,059,417)
Business -type activities	(176,510)	348,498	42,145	(313,878)	2,376,580	729,666	284,972
Total primary government net expense	\$ (30,820,931)	\$ (27,588,102)	\$ (24,659,344)	\$ (27,056,603)	\$ (27,259,372)	\$ (30,590,088)	\$ (33,774,445)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes	\$ 12,064,301	\$ 11,594,844	\$ 12,018,231	\$ 12,830,522	\$ 13,297,948	\$ 13,587,051	\$ 14,310,671
Sales taxes	9,897,640	9,660,644	10,225,550	10,597,327	10,936,530	11,691,786	11,619,637
Franchise taxes	3,169,378	2,314,536	2,706,204	2,564,683	2,146,225	2,615,504	2,555,927
Hotel motel taxes	3,563,372	3,346,197	3,447,058	4,038,131	4,679,099	5,203,080	5,204,247
Interest on investments	980,882	677,618	595,916	765,850	1,354,575	1,700,412	1,504,162
Miscellaneous	356,572	289,158	124,557	242,203	311,705	374,662	509,092
Transfer	-	-	221,610	-	-	-	-
Total general revenues	30,032,145	27,882,997	29,339,126	31,038,716	32,726,082	35,172,495	35,703,736
Business-type activities:							
Interest on investments	216,715	99,048	80,758	171,791	335,828	388,070	260,533
Miscellaneous	-	-	16,891	16,891	76,553	(38,376)	16,337
Transfer	-	-	(221,610)	-	-	-	-
Total business-type activities	216,715	99,048	(123,961)	188,682	412,381	349,694	276,870
Change in Net Assets							
Governmental Activities	(612,276)	(53,603)	4,637,637	4,295,991	3,090,130	3,852,741	1,644,319
Business -type activities	40,205	447,546	(81,816)	(125,196)	2,788,961	1,079,360	561,842
Total primary government	\$ (572,071)	\$ 393,943	\$ 4,555,821	\$ 4,170,795	\$ 5,879,091	\$ 4,932,101	\$ 2,206,161

SOURCE: Town of Addison Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

Town of Addison, Texas

Statistical Section

Table 3

Fund Balances, Governmental Funds

Last Seven Fiscal Years

(accrual basis of accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ 86,168	\$ 168,743	\$ 89,973	\$ 127,088	\$ 101,836	\$ 305,918	\$ 358,337
Unreserved	8,489,491	7,845,899	7,209,812	6,923,417	8,073,344	10,378,247	11,337,593
Total general fund	<u>\$ 8,575,659</u>	<u>\$ 8,014,642</u>	<u>\$ 7,299,785</u>	<u>\$ 7,050,505</u>	<u>\$ 8,175,180</u>	<u>\$ 10,684,165</u>	<u>\$ 11,695,930</u>
All Other Governmental Funds							
Reserved	\$ 126,201	\$ 187,653	\$ 1,660,191	\$ 1,488,509	\$ 1,755,980	\$ 1,769,294	\$ 1,548,218
Unreserved, reported in:							
Special revenue funds	80,867	95,828	106,272	125,491	186,758	205,790	229,327
Capital project funds	7,757,645	15,561,134	22,414,425	9,224,315	7,553,427	7,114,632	33,491,143
Debt service funds	2,126,937	2,731,398	765,623	778,627	810,936	864,331	890,310
Hotel Fund	6,232,181	5,248,751	4,699,920	4,617,539	4,639,050	5,382,310	5,715,693
Total all other governmental funds	<u>\$ 24,899,490</u>	<u>\$ 31,839,406</u>	<u>\$ 36,946,216</u>	<u>\$ 23,284,986</u>	<u>\$ 23,121,331</u>	<u>\$ 26,020,522</u>	<u>\$ 53,570,621</u>

SOURCE: Town of Addison Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

Town of Addison, Texas

Statistical Section

Table 4

Changes in Fund Balances

Governmental Funds

Last Seven Fiscal Years

(accrual basis of accounting)

(Unaudited)

	2002	2003	2004	2005	2006	2007	2008
REVENUES:							
Ad Valorem Taxes	\$ 12,155,577	\$ 12,176,518	\$ 11,883,632	\$ 12,765,636	\$ 13,293,707	\$ 13,629,796	\$ 14,367,964
Non-Property Taxes	13,285,717	13,042,476	13,643,147	14,594,219	15,586,851	16,719,036	16,841,525
Franchise Fees	3,169,378	2,450,145	2,674,701	2,563,797	2,681,263	2,615,504	2,555,927
Licenses and Permits	340,388	386,824	455,089	479,239	651,408	743,201	798,006
Intergovernmental	159,270	520,882	4,063,307	2,223,779	1,440,734	185,297	561,992
Service Fees	1,935,092	2,018,592	2,157,156	2,157,963	2,414,454	2,648,853	2,944,353
Special Events	-	-	-	-	-	-	-
Fuel flowage fees	-	-	-	-	-	-	-
Fines and Forfeitures	833,977	828,794	782,561	862,839	1,185,093	1,239,873	1,297,064
Building maintenance	-	-	-	-	-	-	-
Earnings on Investments	900,250	598,025	536,699	707,240	1,148,087	1,416,049	1,291,081
Contributions	-	-	-	-	-	184,247	-
Rental Charges	483,114	544,601	532,636	667,577	656,988	676,563	744,496
Recycling proceeds	11,769	12,864	20,046	26,768	29,311	32,703	41,567
Other	17,950	129,244	45,240	120,964	194,943	333,005	333,101
Total revenues	\$ 33,292,482	\$ 32,708,965	\$ 36,794,214	\$ 37,170,021	\$ 39,282,839	\$ 40,424,127	\$ 41,777,076
EXPENDITURES:							
Current:							
General Government	\$ 5,400,331	\$ 4,916,867	\$ 5,406,092	\$ 5,799,332	\$ 6,138,990	\$ 5,699,206	\$ 6,412,823
Public Safety	11,528,376	11,082,467	11,930,745	12,286,885	12,745,195	13,318,918	14,193,406
Urban development	-	-	-	-	-	-	-
Development Services	503,924	485,810	520,215	553,651	563,271	770,557	884,770
Streets	1,659,910	1,504,349	1,425,047	1,276,489	1,421,464	1,476,582	1,805,175
Parks and recreation	3,106,036	3,114,382	3,296,846	3,519,130	3,671,919	3,569,031	4,108,418
Visitor Services	6,274,822	4,971,996	4,774,003	5,015,755	5,801,404	6,040,917	6,512,965
Airport	-	-	-	-	-	-	-
Police forfeiture	-	-	-	-	-	-	-
Arbor	-	-	-	-	-	-	-
Debt Service:							
Principal Retirement	3,008,551	2,510,522	3,645,076	3,178,542	3,570,000	3,735,000	3,919,769
Interest and fiscal charges	3,805,446	4,204,999	3,322,316	3,605,378	1,747,186	1,628,447	1,624,105
Other	-	-	85,000	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-
Capital Projects:							
Salaries and fringe benefits	-	228,162	200,541	144,444	50,461	52,304	36,908
Supplies	-	55	-	-	2,340	-	-
Engineering and contractual services	1,007,800	2,253,876	1,265,921	1,135,319	449,930	123,695	745,837
Construction and equipment	6,176,176	13,590,564	6,564,077	14,316,326	4,796,080	1,110,279	2,232,634
Total expenditures	\$ 42,471,372	\$ 48,864,049	\$ 42,435,879	\$ 50,831,251	\$ 40,958,240	\$ 37,524,936	\$ 42,476,810
Excess(deficiency) of revenues over expenditures	(9,178,890)	(16,155,084)	(5,641,665)	(13,661,230)	(1,675,401)	2,899,191	(699,734)
OTHER FINANCING SOURCES(USES):							
Proceeds from refunding bonds issued	5,602,016	-	-	-	6,355,000	-	-
Payment to refunded bond escrow agent	(5,553,675)	-	-	-	(6,228,588)	-	-
Proceeds from bond issued	-	23,095,000	10,695,000	-	1,500,000	-	28,222,000
Bond issuance costs	-	-	-	-	(114,666)	-	-
Premium on issuance of bonds	-	-	53,475	-	-	-	27,833
Transfers In	469,537	2,413,496	1,456,770	704,610	968,890	706,710	700,000
Transfers Out	(969,537)	(2,413,496)	(1,456,770)	(704,610)	(968,890)	(706,710)	(700,000)
Total Other Financing Sources(Uses)	(451,659)	23,095,000	10,748,475	-	1,511,746	-	28,249,833
Net change in fund balance	\$ (9,630,549)	\$ 6,939,916	\$ 5,106,810	\$ (13,661,230)	\$ (163,655)	\$ 2,899,191	\$ 27,550,099
Debt service as a percentage of noncapital expenditures	19.18%	19.99%	20.36%	19.31%	15.00%	14.97%	14.14%

SOURCE: Town of Addison Comprehensive Annual Financial Reports, beginning with implementation of GASB 34 (2002).

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

Fiscal Year	Real Property Assessed Value ^{(1) (2)}	Personal Property Assessed Value ⁽²⁾	Less Tax-Exempt Property Assessed Value ⁽²⁾	Total Taxable Value	Total Direct Tax Rate ⁽³⁾
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
2008	3,133,172,520	654,923,060	(306,253,403)	3,481,842,177	0.4337

Notes:

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

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

⁽³⁾ Per \$100 of valuation.

Source: Dallas Central Appraisal District

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

Fiscal Year	City Direct Rates ⁽²⁾		OverLapping Rates ⁽¹⁾						Total Ad valorem Rate ⁽³⁾
	Operating General Rates	General Obligation Debt Service	Dallas County	Community College District	Dallas ISD	Carrollton/ Farmers Branch ISD	Dallas County Hospital District		
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	
2008	0.2990	0.1347	0.22810	0.08040	1.19964	1.3670	0.25400	2.1958	

Notes:

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the Town of Addison. The Carrollton/ Farmers Branch ISD tax rate is excluded from the total ad valorem rate because most of the property owners in Addison are within the Dallas ISD geographic boundaries.

⁽²⁾ The Town's operating tax rate may be increased only by a majority vote of the City Council up to the limit prescribed by State law, after which the Town's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

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

Source: Dallas Central Appraisal District

Town of Addison, Texas
Statistical Section

Table 7

Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year ended 30-Sep	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date		Percentage of Levy
			Current tax collections				Total Tax Collections		
1999	1998	\$ 9,857,351	\$ 9,827,270		99.7%	\$ (228,895)	\$ 9,598,375		97.4%
2000	1999	10,667,502	10,601,242		99.4%	(414,138)	10,187,104		95.5%
2001	2000	11,804,587	11,735,452		99.4%	12,226	11,747,678		99.5%
2002	2001	12,293,190	12,085,620		98.3%	15,934	12,101,554		98.4%
2003	2002	12,344,525	12,083,669		97.9%	37,901	12,121,570		98.2%
2004	2003	12,203,031	11,880,084		97.4%	(54,256)	11,825,828		96.9%
2005	2004	12,835,294	12,587,375		98.1%	84,329	12,671,704		98.7%
2006	2005	13,296,460	13,197,440		99.3%	23,531	13,220,971		99.4%
2007	2006	14,099,437	13,685,151		97.1%	(137,238)	13,547,913		96.1%
2008	2007	14,588,549	14,284,626		97.9%	- ⁽¹⁾	14,284,626		97.9%

Notes:

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

Source: Dallas Central Appraisal District

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental				Business-Type				Total Primary Government	As a Share of Personal Income	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			
1999	\$ 5,325,000	\$ 6,829,256	\$ 1,810,000	\$ 9,000,000	\$ 558,116	\$ -	\$ 6,720,000	\$ 15,890,000	\$ 46,132,372	\$ 949.89	\$ 3,521.56
2000	14,870,000	2,702,556	1,425,000	8,000,000	224,815	-	6,270,000	15,890,000	49,382,371	1,016.81	3,485.98
2001	14,195,000	1,872,690	1,050,000	6,990,000	155,782	-	5,800,000	15,890,000	45,953,472	946.21	3,147.50
2002	11,540,000	6,864,139	690,000	2,305,000	10,505,168	-	5,290,000	5,510,000	42,504,307	875.19	2,831.33
2003	16,085,000	15,218,386	340,000	9,890,000	-	20,030,859	-	-	61,564,245	1,267.64	4,173.85
2004	25,810,000	13,323,311	-	9,450,000	-	18,934,234	-	-	67,517,545	1,390.22	4,788.48
2005	24,280,000	12,584,769	-	8,540,000	-	17,465,231	-	4,400,000	67,270,000	1,385.13	4,655.36
2006	17,790,000	18,934,769	-	7,085,000	-	15,805,231	-	4,185,000	63,800,000	1,313.68	4,281.88
2007	16,615,000	16,854,769	-	6,605,000	-	14,090,231	-	3,960,000	58,125,000	1,196.82	3,811.48
2008	9,945,000	20,105,000	-	34,327,000	-	12,060,000	-	10,003,000	86,440,000	1,779.85	5,668.20

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

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

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

SOURCE: Town of Addison Comprehensive Annual Financial Reports
Census figures are from NCTCOG estimates

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 Year Ended September 30, 2008

<u>Taxing Jurisdiction</u>	<u>G.O. Bonded Debt</u>	<u>Percent Applicable</u>	<u>Town's Share of Debt</u>
Town of Addison	\$ 59,550,000 ⁽¹⁾	100.00	\$ 59,550,000
Carrollton-Farmers Branch Independent School District	411,303,711	1.04	4,277,559
Dallas County	158,486,552	2.16	3,423,310
Dallas County Community College District	298,185,000	2.16	6,440,796
Dallas County Hospital District	-	2.16	-
Dallas Independent School District	1,422,770,000	3.78	53,780,706
<i>Total</i>	<u>\$ 2,350,295,263</u>		<u>\$ 127,472,370</u>
<i>Ratio overlapping G.O. debt to 2007 taxable assessed valuation</i>			<u>3.64%</u>
<i>Per capital overlapping G.O. debt</i>			<u>\$ 8,359</u>

Notes:

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

Source: Municipal Advisory Council of Texas

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

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements ⁽²⁾			Revenue Bond Coverage ⁽³⁾
	Gross Revenue	Expense ⁽¹⁾	Net Revenue	Principal	Interest	Total	
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	-	-	-	N/A
2004	7,501,174	5,738,577	1,762,597	-	-	-	N/A
2005	7,408,715	5,926,601	1,482,114	-	-	-	N/A
2006	10,448,742	6,594,211	3,854,531	-	-	-	N/A
2007	9,378,480	6,837,579	2,540,901	-	-	-	N/A
2008	9,086,984	6,970,850	2,116,134	-	-	-	N/A

Notes:

⁽¹⁾ Includes "Operating expenses excluding depreciation" and "Nonoperating Other expenses".

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

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

Revenue bonds were retired in fiscal year 2002. Current year debt associated with the Town's Utility (water and sewer) Fund is limited to general obligation bonds and certificates of obligation. This debt is secured by the Town's property taxes, but is supported by Utility Fund revenues.

Source: Town of Addison Comprehensive Annual Financial Report

**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 ⁽²⁾
	Gross Revenue	Expenditure ⁽¹⁾	Net Revenue	Principal	Interest	Total	
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
2008	7,546,348	1,077,436	6,468,912	500,000	212,012	712,012	9.1

Notes:

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

SOURCE: Town of Addison Comprehensive Annual Financial Report

DEMOGRAPHIC AND ECONOMIC STATISTICS
 As of September 30, 2008
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Valuations</u>	<u>Labor Force</u>	<u>Unemployment</u> ⁽²⁾	<u>Unemployment Rate</u> ⁽²⁾
1999	13,100 ⁽³⁾	\$ 2,464,337,696	7,954	225	2.8%
2000	14,166 ⁽³⁾	2,773,661,606	8,217	223	2.7%
2001	14,600 ⁽¹⁾	3,098,316,865	8,318	401	4.8%
2002	14,500 ⁽¹⁾	3,194,695,630	8,252	516	6.2%
2003	14,750 ⁽¹⁾	3,159,748,731	8,350	493	5.9%
2004	14,100 ⁽¹⁾	2,886,241,914	8,171	401	4.9%
2005	14,450 ⁽¹⁾	2,696,490,357	2,026,997 ⁽⁴⁾	104,741 ⁽⁴⁾	5.2% ⁽⁴⁾
2006	14,900 ⁽¹⁾	2,793,374,452	2,093,468 ⁽⁴⁾	96,437 ⁽⁴⁾	4.6% ⁽⁴⁾
2007	15,250 ⁽¹⁾	3,029,605,430	2,108,631 ⁽⁴⁾	82,126 ⁽⁴⁾	3.9% ⁽⁴⁾
2008	15,250 ⁽¹⁾	3,481,842,177	1,183,455 ⁽⁴⁾	67,794 ⁽⁴⁾	5.7% ⁽⁴⁾

SOURCES:

⁽¹⁾ NCTCOG estimate

⁽²⁾ Texas Workforce Commission

⁽³⁾ 2000 Census - estimated

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

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

Name of Taxpayer	Nature of Property	2008			1999		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
Colonade Realty Holdings	Land, Office Buildings	\$ 170,108,410	1	4.57%	\$ 150,422,240	1	6.09%
Post Addison Circle	Mixed Development	130,000,000	2	3.49%	67,796,010	6	2.74%
Spectrum Center Partners	Office Buildings	78,844,500	3	2.12%	75,612,700	4	3.06%
DCO Greenhaven/Clipper Pointe ETAL	Apartments	72,183,390	4	1.94%	-		
Richmond Properties Ltd	Land, Office Buildings	71,310,040	5	1.91%	81,235,540	3	3.29%
G&I V VOP LP	Land, Office Buildings	70,700,000	6	1.90%			
Equastone North Dallas / Aberdeen ETAL	Mixed Development	69,558,130	7	1.87%	-		
KBS Millennium LLC	Office Buildings	69,278,450	8	1.86%	-		
MBNA Texas Properties	Land, Office Buildings	66,667,640	9	1.79%	68,245,470	5	2.76%
Registry Hotel Corp	Land, Hotel	56,655,050	10	1.52%	48,416,900	8	1.96%
Crescent Real Estate	Land, Office Buildings				120,206,790	2	4.86%
Marriott Corporation	Hotel				46,387,310	9	1.88%
Carramerica Realty LP	Land, Office Buildings				50,108,260	7	2.03%
Utah St Retirement Inv	Land, Office Buildings				32,131,760	10	1.30%
Camden Property Trust Properties Inc.	Land, Office Buildings,						
		<u>\$ 855,305,610</u>		<u>22.96%</u>	<u>740,562,980</u>		<u>29.97%</u>

Source: Dallas County Appraisal District

Among the major employers in the Town are the following:

<u>Company</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>	<u>Percent of Total Employees</u>
Mary Kay Cosmetics Inc.	Cosmetics	1,300	2.85%
Bank of America	Credit Clearinghouse	837	1.83%
Pizza Hut Corporate Offices	Food Specialties	748	1.64%
Barrett Burke Wilson & Castle	Attorney Firm	580	1.27%
The Staubach Company	Real Estate	500	1.10%
Concentra Health Services	Health Services	400	0.88%
Hotel InterContinental Dallas	Hotel	370	0.81%
United Surgical Partners	Health Services	275	0.60%
Town of Addison	Municipal Government Services	268	0.59%
Greenhill School	Elementary & High School	250	0.55%
	Total	5,528	

Source: Human Resource department of companies listed

Town of Addison, Texas
Statistical Section

Table 15

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Manager's Office	8.3	8.5	8.8	9.5	9.5	10.0	10.0	10.0	8.5	8.5
Economic Development	1.0	0.8								
Finance	11.7	11.0	11.0	11.0	11.5	12.0	12.0	11.0	10.0	10.0
Municipal Court	4.1	4.1	4.1	4.1	4.5	4.7	4.7	4.7	4.7	4.7
General Services	8.0	8.0	7.7	8.4	8.4	9.0	9.0	9.0	9.0	10.0
Human Resources	3.7	4.0	4.0	4.3	4.3	4.3	4.7	4.7	4.7	4.7
Information Technology	4.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Subtotal	<u>40.5</u>	<u>42.1</u>	<u>40.5</u>	<u>43.3</u>	<u>44.2</u>	<u>46.0</u>	<u>46.4</u>	<u>45.4</u>	<u>42.9</u>	<u>43.9</u>
Public Safety										
Police	78.1	83.1	81.6	85.1	84.8	84.8	83.8	81.8	80.8	81.8
Fire	53.4	54.4	55.4	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Subtotal	<u>131.5</u>	<u>137.5</u>	<u>137.0</u>	<u>140.1</u>	<u>139.8</u>	<u>139.8</u>	<u>138.8</u>	<u>136.8</u>	<u>135.8</u>	<u>136.8</u>
Development Services										
	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0
Public Works										
Streets	5.4	6.4	6.4	6.4	6.4	6.0	6.0	6.0	7.0	7.0
Utilities	13.2	13.2	13.4	13.4	15.4	18.0	18.0	18.0	17.0	17.0
Subtotal	<u>18.6</u>	<u>19.6</u>	<u>19.8</u>	<u>19.8</u>	<u>21.8</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>
Parks and Recreation										
Parks	19.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Recreation	11.4	11.4	12.4	12.4	15.4	17.9	17.9	17.2	15.2	15.2
Subtotal	<u>30.4</u>	<u>31.4</u>	<u>32.4</u>	<u>32.4</u>	<u>35.4</u>	<u>37.9</u>	<u>37.9</u>	<u>37.2</u>	<u>35.2</u>	<u>35.2</u>
Visitor Services										
Hotel Fund	11.2	13.2	14.2	0.0	0.0	0.0	0.0	0.0	0	0
Visitor Services	0.0	0.0	0.0	4.0	3.0	3.0	3.0	3.0	2.5	2.5
Conference Centre	0.0	0.0	0.0	7.5	7.0	7.5	7.5	7.5	7.5	7.5
Special Events	0.0	0.0	0.0	3.0	2.0	3.0	3.0	4.0	4.0	4.0
Marketing	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0
Performing Arts	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	<u>11.2</u>	<u>13.2</u>	<u>14.2</u>	<u>15.0</u>	<u>13.0</u>	<u>14.5</u>	<u>13.5</u>	<u>14.5</u>	<u>14.0</u>	<u>14.0</u>
Airport Fund										
	0.3	0.3	2.4	3.2	3.2	2.0	2.0	2.0	2.0	2.0
Other										
Public Safety Fund	0.0	1.0	4.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Street Capital Project Fund	2.1	2.1	2.1	2.1	2.1	0.0	0.0	0.0	0.0	0.0
2002 Capital Project Fund	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Information Technology Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	<u>2.1</u>	<u>3.1</u>	<u>6.1</u>	<u>2.1</u>	<u>2.8</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>240.9</u>	<u>253.2</u>	<u>258.5</u>	<u>261.9</u>	<u>266.2</u>	<u>270.2</u>	<u>266.6</u>	<u>265.9</u>	<u>260.9</u>	<u>262.9</u>

Source: Town of Addison Human Resources Department

Operating Indicators by Function/Program
Last Seven Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008
Police							
Crimes Against Property	n/a	n/a	1,169	984	1,217	1,094	954
Crimes Against Persons	n/a	n/a	379	340	387	397	390
Arrests	n/a	n/a	2,270	2,289	2,071	2,227	2,844
Calls for Service	18,060	17,636	18,288	17,504	19,414	19,320	17,365
Fire							
Number of Fires	n/a	n/a	50	55	74	39	38
Dollar Loss	n/a	n/a	584,000	623,175	379,541	283,000	234,375
Calls for Service - Fire	1,374	1,164	1,493	1,561	1,477	1,588	1,507
Calls for Service - EMS	1,446	1,534	1,133	1,119	1,037	968	1,033
Streets							
Tons of Recycling Collected	n/a	n/a	327.9	360.3	364.5	357.2	354
Parks							
Acres Maintained	n/a	n/a	142	151	150	138	137
Recreation							
Number of Recreation Event Participants	n/a	n/a	12,549	12,605	12,720	13,371	13,002
Number of Users	111,552	107,304	125,590	126,903	129,090	128,293	126,214
Active Athletic Club Members	3,500	3,515	3,426	3,506	3,757	3,595	3,395
Utilities							
Water Usage - Peak (thousands of gallons)	8,880,000	9,682,000	8,845,000	9,652,000	9,900,000	8,000,000	8,421,000
Water Usage - Average	7,626,000	5,496,000	5,245,779	5,091,060	6,022,945	5,150,000	4,846,600
Service Line Breaks	n/a	n/a	13	19	15	17	13
Water Main Breaks	n/a	n/a	4	6	3	7	7

Source: Town of Addison

Town of Addison, Texas
Statistical Section

Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002
<u>Public Safety</u>				
Police Stations	1	1	1	1
Fire Stations	2	2	2	2
<u>Public Works</u>				
Streets - Paved (miles)	39	39	39	39
Lane miles	119	119	119	119
Traffic signals	30	30	30	31
<u>Parks and Recreation (1)</u>				
Acres Maintained	133	134	135	136
Parks	10	12	12	12
Playgrounds	4	4	4	4
Soccer/football fields	1	1	1	1
Community centers	2	2	2	2
<u>Water</u>				
Water mains (miles)	87	92	92	93
Fire Hydrants	962	979	979	1050
<u>Wastewater</u>				
Miles of sanitary sewers	76	82	82	86
Miles of storm sewers	18.5	18.5	18.5	18.5

NOTES:

- (1) In 2008, the joint use agreement between the Town of Addison and Trinity Christian Academy terminated. The agreement had allowed the Town use of the Trinity Christian Academy facilities in exchange for sharing the maintenance of these facilities.

Source: Town of Addison Departments

Table 17

2003	2004	2005	2006	2007	2008
1	1	1	1	1	1
2	2	2	2	2	2
39	39	39	39	39	41
119	119	119	119	119	126
33	33	33	34	34	34
138	142	151	149	149	136
13	13	15	15	16	12
3	3	3	3	3	3
1	1	1	1	1	0
2	2	2	2	2	1
93	96	96	98	98	99
983	1030	1030	1040	1150	1175
86	86	86	87	87	88
18.5	18.5	18.5	22	22	22