

Creating New Connections

Town of Addison Annual Budget 2007/2008



Addison![®]



How To Read This Document

Welcome!

You are holding the published Town of Addison budget for the fiscal year beginning October 1, 2007 and ending September 30, 2008. This document has been specially prepared to help you, the reader, learn of the issues affecting the Addison community. Many people believe a city budget is only a financial plan. Although you can learn much of the Town's finances from these pages, the 2007-08 budget document has been designed to serve other functions as well. For example, it is a policy document that presents the major policies which guide how the Town is managed. It is an operations guide which gives the public, elected officials, and Town staff information pertaining to the production and performance of individual Town operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

Budget Format

The document is divided into four major sections: Introductory, Financial/Operational, Town Chronicle, and Appendices. The Introductory section contains the City Manager's letter which is addressed to the Town Council and explains the major policies and issues which affected development of the 2008 fiscal year Town budget. The section also contains a statement of the Town's goals, a synopsis of the Addison 2030 Vision Project, the press release that accompanied the ordinance adopting the budget, the Town's organization and staffing charts, and the summary of all financial statements. Liberal use is made in this section of footnotes, which direct the reader to sections of the document that more fully describe programs or projects.

The Financial/Operational section describes various aspects of the Town's organization. This information is grouped first by fund and then by department. Like many local governments, the Town uses the fund method of accounting. Simply stated, a fund is a unit of the Town which tracks the application of various public resources. For example, the Hotel Fund is established to keep track of the use of the Hotel/Motel Occupancy tax. Most people are particularly interested in the General

Fund which is comprised of most of the Town's operations like Police, Fire, and Parks. Financial statements, including the adopted 2007-08 budget, are presented for every fund. The statements show the fund's financial condition over a number of years. Like the checking account statement you receive from your bank, the statement shows beginning balances, revenues, expenditures, and ending balances for each year. Each fund statement begins with the actual audited amounts from the previous fiscal year, or for this document, the 2005-06 fiscal year. The ending balance of the actual year becomes the beginning balance of the estimated current fiscal year, 2006-07. The estimated column reflects projected amounts compared to the amounts included in the original adopted budget for the current year. The estimated ending balance of the current fiscal year then becomes the beginning balance for the projected 2007-08 budget year. Accompanying the statements are narratives and graphs which describe the major features of that particular fund. Within each fund there may be one or more departments which further describe a component of the Town's organization. Each department is presented with its mission statement, a listing of the unit's accomplishments for the previous fiscal year and operational objectives for the 2008 fiscal year. Selected service levels for each department are presented graphically. The funding for each department, as well as the unit's staffing are summarized, again over a number of years.

The Town Chronicle reports on issues or special projects which affect the Addison community. The Chronicle divides the Town into six sectors and describes the important events which are happening, or are scheduled to happen within each sector. The Chronicle also provides statistical information about the Town of Addison.

Finally, various Appendices are presented towards the back of the document which more fully describe the budget process, the Town's major revenue sources, the long-term financial plans for the General, Hotel, Airport, Utility funds, and a capital project summary. Also included are the Town's financial policies, a glossary of terms, the Town's compensation and merit pay plans, and departmental organization charts.



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When we seek for connection, we restore the world to wholeness. Our seemingly separate lives become meaningful as we discover how truly necessary we are to each other.

Margaret Wheatley

Addison!®

This budget publication is the product of processes used by the city council and city staff to create an environment that cultivates innovation to maintain a dynamic, progressive quality urban atmosphere in which to work, play and live.

November 2, 2007

*Honorable Mayor and City Council
Town of Addison
Addison, Texas 75001*

Dear Mayor and Council Members

I respectfully submit to you the published Town of Addison 2007-08 budget as approved by Council on September 25, 2007. We are fortunate that Addison is experiencing a cycle of economic growth. Appraised property values have increased almost 15% this year allowing for us to reduce the tax rate three cents yet generate an additional \$862,000 in property tax revenues. Sales tax revenue for the 2007 fiscal year is expected to be almost 5% greater than collected the previous year while hotel occupancy tax is estimated to be 10% higher. Using these growth trends, we are projecting modest increases in revenues for the 2008 fiscal year budget.



The additional income will allow us to pursue opportunities to foster developments that will create new connections for the people who live, work, and are entertained in Addison. The 2008 budget reflects several

investments that will promote or accelerate private development. We are planning on investing \$2 million for a long-term parking lease with the Two Addison Circle office development to accommodate visitors who come to Addison for our special events.¹ Also in Addison Circle, the Fairfield apartment complex with its 414 units will be completed in 2008 and will be followed by the Town's construction of another park, adding to the extensive park system we have throughout the community. The budget also includes \$1 million for the construction of streets within the Ashton-Woods development that will comprise 73 town homes. Funds for these investments come from surpluses in excess of minimum fund balances that the Town has accrued over the years by limiting growth in our operating budgets. The Town's long-term financial plans are structured to produce revenues in excess of operating expenditures so that we can make needed capital investments.

The favorable economic condition we currently enjoy also provides us the ability to invest over \$1 million to refurbish our various buildings to keep them at the superior level you and our community expect. Other major initiatives reflected in the budget include upgrading our 9-1-1 system to be able to locate the source of emergency calls coming from cell phones, implementing a document imaging system to increase employee productivity, and performing significant rehabilitation of taxiway pavement at Addison Airport. We have included \$200,000 for studies to pursue recommendations made by the Citizen Advisory Committees for enhanced educational opportunities for children and adults, creation of a culinary district, and an expanded theatre facility. The budget also funds studies that will help us determine the extent to which we need to participate with private developers to leverage the best housing products available for the redevelopment of the Brookhaven Club area.

The Budget in Brief² The adopted 2007-08 budget was developed in context of the financial policies approved by Council and which can be found in Appendix B of this document. Revenues for all appropriable funds total \$57,791,310, representing a 7.5% increase over the previous year budget. The higher revenues are due solely to economic growth and not increases in rates charged for fees. As noted earlier, revenue from property taxes is expected to increase 6% due to the Town’s appraised values increasing 14.9%. The increased values are a direct result of the resurgence in the region’s economy and the Town’s abundance of premium office and commercial space. These higher values allowed us to *reduce the property tax rate from 46.4¢ per \$100 appraised value to 43.37¢.*

Instead of taking the revenues generated by a favorable economic climate to expand city operations, I believe we have been prudent to use the funds to encourage development that will cement Addison’s reputation of a vibrant urban community. We have also addressed maintenance issues that will allow us to maintain the high quality of life that has become Addison’s hallmark. I very much appreciate the time, talent, and efforts of the council in giving staff the guidance we needed to develop this budget. As always, we look forward to working with you in the future to achieve our many goals for the community.

Respectfully,



Ron Whitehead

APPRAISED VALUE AND TAX RATE
(in millions)



The budget appropriates \$63,288,470 or 9.7% more than the 2007 budget. The increase is related to a greater scope of capital projects than was envisioned the previous year. In accordance with our financial policy of maintaining a compensation plan that will attract and retain high-quality employees, the budget includes a 5% merit based pay increase for employees. Even though the Town is planning on spending almost \$5.5 million more than it is taking in, the entire decline is attributed to funding of non-recurring capital projects, most occurring in capital project funds which are intended to be exhausted once the projects are completed. Three of the four operating funds are expected to have ending fund balances in excess of the stringent 25% minimum levels established by the Town’s financial policies. The Airport fund ending balance is projected to be at 24% of operating expenses.

1) For more information related to this project, please refer to Sector 5 of the Town Chronicle section of this document.

2) A more complete summary of the budget can be found in the press release following this letter.

Press Release

The following is a summary of the 2007-2008 fiscal year annual budget of the Town of Addison adopted by the City Council at its September 25, 2007 meeting.

1. Budget appropriates \$63.3 million.

- Appropriations represent an increase of \$5.6 million or 9.8% more than the FY 2007 budget.
- The increase is attributed to maintenance projects affecting all city facilities as well as a greater scope of capital projects.

2. Revenues total \$57.8 million.

- Amount is \$4.0 million more than FY 2007 budget or 7.5%.
- Increase in property tax revenue of \$862,000 or 6.1%.
- Non-property taxes (sales, alcoholic beverage, and hotel occupancy) are expected to increase by \$1,277,980 or 8.1%.
- Revenues from utility services (sale of water and sewer charges) up \$574,300 due to projection of greater volume of water sales.
- Special events are expected to generate an additional \$334,000.

3. Property tax rate is reduced to 43.37¢ per \$100 appraised value, a reduction of 3.03¢.

4. Appraised values for 2007 total \$3,481,842,180.

- This amount represents an increase of 14.9% from the 2006 certified values.
- The city property taxes paid by the average homeowner in Addison will decrease \$13.00 to \$1,019.00.

5. Total staffing (all funds) is at 262.9 FTEs (full-time equivalents), a net increase of 2 FTEs in workforce. Additions to staffing include:

- A fleet services technician in the General Services department.
- A lieutenant in the Police department that will be the department's training officer.

6. The budget includes a pay increase for employees of 5% effective October 1, 2007.

7. The budget envisions over \$7.9 million being spent on capital projects that include:

- Completion of Addison Road widening \$820,000
- Participating in constructing streets serving Ashton-Woods development \$1,000,000
- City-Wide signalization \$717,000
- Design and engineering of Belt Line Road Streetscape \$225,000
- Design and engineering related to Brookhaven Club development \$300,000
- Participation in construction of parking garage \$2,000,000
- 2008 Airport paving project \$770,000
- Fuel farm removal project \$350,000
- Greenhaven Village water main \$525,000
- 2008 water service line replacement program \$248,000
- Marsh Lane sewer rehabilitation \$138,000
- Engineering for a new elevated water storage facility \$500,000

Note: Project amounts reflect anticipated expenditures for the year. Total project budgets are greater than the amounts shown.

MUNICIPAL TAX RATE COMPARISON – FY 2007-08 TAX RATE*

	20.0¢	50.0¢	80.0¢
Dallas			74.79¢
DeSoto			70.973¢
Duncanville			69.60¢
Garland			68.86¢
Grand Prairie			66.9998¢
Coppell			64.146¢
Cedar Hill			64.14¢
Mesquite			64.0¢
Seagoville			63.5¢
Carrollton			61.7875¢
Richardson			57.516¢
Irving			54.06¢
Farmers Branch		49.45¢	
Plano		47.35¢	
ADDISON		43.37¢	
Sunnyvale			37.997¢
University Park		26.836¢	
Highland Park	22.0¢		

* Tax rate is expressed as cents per \$100 of valuation.

COMPARATIVE TAX LEVIES

For an Average Addison Single-Family Residence

	2007	2008
Dallas County		
Market Value	\$278,059	\$293,703
Homestead Exemptions	20%	20%
Taxable Value	\$222,447	\$234,962
Tax Rate/\$100	0.55393	0.56721
Tax Levy	\$1,232.21	\$1,332.73
Dallas ISD		
Market Value	\$278,059	\$293,703
Homestead Exemptions	15,000+10%	15,000+10%
Taxable Value	\$235,253	\$249,333
Tax Rate/\$100	1.50264	1.19964
Tax Levy	\$3,535.01	\$2,991.10
Town of Addison		
Market Value	\$278,059	\$293,703
Homestead Exemptions	20%	20%
Taxable Value	\$222,447	\$234,962
Tax Rate/\$100	0.4640	0.4337
Tax Levy	\$1,032.16	\$1,019.03
TOTAL TAX LEVY	\$5,799.38	\$5,342.86

COMPARISON OF AVERAGE HOME MARKET VALUE AND TAX RATE



PROPERTY TAX RATE CALCULATION AND DISTRIBUTION

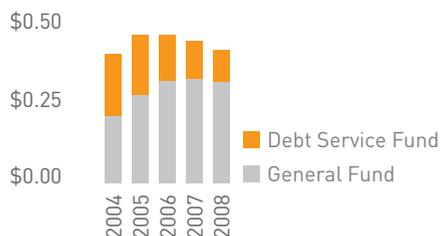
2007 CERTIFIED TAX ROLL & LEVY

Assessed Valuation (100%)	\$3,481,842,180
Rate Per \$100	\$0.4337
Total Tax Levy	\$15,100,750
Percent of Current Collection	98.40%
Estimated Current Tax Collections	\$14,859,100
Summary of Tax Collections	
Current Tax	\$14,859,100
Delinquent Tax	5,000
Penalty and Interest	35,000
Total 2006-07 Tax Collections	\$14,899,100

PROPOSED DISTRIBUTION:

	Tax Rate	% of Total	Amount
General Fund:			
Current Tax			\$10,244,110
Delinquent Tax			3,450
Penalty and Interest			24,130
Total General Fund	\$0.2990	68.94%	10,271,690
Debt Service Fund:			
Current Tax			4,614,990
Delinquent Tax			1,550
Penalty and Interest			10,870
Total Debt Service Fund	\$0.1347	31.06%	4,627,410
TOTAL DISTRIBUTION	\$0.4337	100.00%	\$14,899,100

DISTRIBUTION OF TAX RATE



Staffing

						Difference
	2004	2005	2006	2007	2008	08-07
GENERAL FUND						
City Manager	10.0	10.0	10.0	8.5	8.5	-
Financial & Strategic Services	12.0	12.0	11.0	10.0	10.0	-
General Services	9.0	9.0	9.0	9.0	10.0	1.0
Municipal Court	4.7	4.7	4.7	4.7	4.7	-
Human Resources	4.3	4.7	4.7	4.7	4.7	-
Information Technology	6.0	6.0	6.0	6.0	6.0	-
Police	84.8	83.8	81.8	68.3	69.3	1.0
Emergency Communications	-	-	-	12.5	12.5	-
Fire	55.0	55.0	55.0	55.0	55.0	-
Development Services	6.0	6.0	6.0	7.0	7.0	-
Streets	6.0	6.0	6.0	7.0	7.0	-
Parks	20.0	20.0	20.0	20.0	20.0	-
Recreation	17.9	17.9	17.2	15.2	15.2	-
TOTAL GENERAL FUND	235.7	235.1	231.4	227.9	229.9	2.0
Hotel Fund	14.5	13.5	14.5	14.0	14.0	-
Airport Fund	2.0	2.0	2.0	2.0	2.0	-
Public Safety Fund	-	-	-	-	-	-
Street Capital Project Fund	-	-	-	-	-	-
2002 Capital Project Fund	-	-	-	-	-	-
Utilities	18.0	18.0	18.0	17.0	17.0	-
TOTAL ALL FUNDS	270.2	268.6	265.9	260.9	262.9	2.0

All positions are shown as full-time equivalent (FTE).

Staff Organizational Chart

Addison Citizens

Mayor & City Council

- Planning & Zoning Board
- City Secretary
- City Attorney
- City Judges
- Other Boards & Commissions

City Manager

Assistant City Manager

- Public Works
 - Streets / Utilities
- Development Services
 - Environmental Services
 - Building Inspection
- General Services
 - Airport
- Special Events

Deputy City Manager

- General Government
 - Financial & Strategic Services
 - Municipal Court
 - Human Resources
 - Information Technology
- Public Safety
 - Police / Fire
 - Emergency Communications

Assistant City Manager

- Parks & Recreation
- Visitor Services
 - Conference Centre
 - Theatre

Fund Summaries

COMBINED SUMMARY OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE

All Funds Subject to Appropriation (Expressed in \$000's)*

City Council Adopted 2007/2008 Annual Budget

With Comparisons to 2006/2007 Budget

	Special Revenue Funds			Debt Service Funds		
	General Fund	Hotel	Combined Other	General	Occupancy Tax Revenue	Streets
BEGINNING BALANCES	\$10,394	\$5,278	\$356	\$1,575	\$863	\$2,758
REVENUES:						
Ad valorem tax	10,272	-	-	4,627	-	-
Non-property taxes	11,699	5,400	-	-	-	-
Franchise fees	2,590	-	-	-	-	-
Licenses and permits	558	-	-	-	-	-
Intergovernmental	-	-	-	-	-	972
Service fees	1,267	1,456	-	-	-	-
Fines and penalties	1,143	-	45	-	-	-
Rental income	147	604	-	-	-	-
Interest & other income	610	250	52	75	45	100
TOTAL REVENUES	28,285	7,710	97	4,702	45	1,072
Transfers from other funds	-	-	-	-	700	-
TOTAL AVAILABLE RESOURCES	38,679	12,988	453	6,277	1,608	3,830
EXPENDITURES:						
General Government	7,022	-	23	-	-	-
Public Safety	14,631	-	70	-	-	-
Urban Development	938	-	-	-	-	-
Streets	2,090	-	-	-	-	-
Parks & Recreation	4,306	-	30	-	-	-
Tourism	-	6,763	-	-	-	-
Aviation	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Debt service	-	-	-	4,722	712	-
Capital projects	1,500	500	-	-	-	2,537
TOTAL EXPENDITURES	30,487	7,263	123	4,722	712	2,537
Transfers to other funds	-	700	-	-	-	-
ENDING FUND BALANCES	\$8,192	\$5,025	\$330	\$1,555	\$896	\$1,293

*Totals may not exactly match due to rounding.

Total Revenues	\$57,792
Decrease in Fund Balance	5,497
Total Appropriable Funds	\$63,289

Total Appropriations \$63,289

Capital Project Funds			Proprietary Funds			Total All Funds			
Parks	Combined		Airport	Utility	Combined		Budget		Actual 2005-06
	Bonds				Replacement	2007-08	2006-07		
\$862	\$2,785		\$1,346	\$3,750	\$5,080	\$35,049	\$30,648	\$34,052	
-	-		-	-	-	14,899	14,037	13,294	
-	-		-	-	-	17,099	15,821	15,587	
-	-		-	-	-	2,590	2,692	2,681	
-	-		-	-	-	558	525	651	
-	-		50	-	-	1,022	881	1,440	
-	-		1,010	9,832	1,156	14,721	13,753	15,302	
-	-		-	55	-	1,243	993	1,175	
-	-		3,012	-	-	3,763	3,853	3,660	
-	95		175	200	295	1,897	1,199	2,149	
862	95		4,247	10,087	1,451	57,792	53,754	55,939	
-	-		-	-	-	700	707	706	
862	2,880		5,593	13,837	6,531	93,541	85,109	90,697	
-	-		-	-	45	7,090	6,175	6,214	
-	-		-	-	382	15,083	14,383	12,806	
-	-		-	-	56	994	784	563	
-	-		-	-	25	2,115	1,689	1,444	
-	-		-	-	175	4,511	3,939	3,646	
-	-		-	-	-	6,763	6,050	5,812	
-	-		3,394	-	-	3,394	3,677	3,440	
-	-		-	7,041	-	7,041	6,982	6,437	
-	-		389	2,623	-	8,446	8,396	8,204	
51	525		988	1,751	-	7,852	5,580	7,397	
51	525		4,771	11,415	683	63,289	57,655	55,963	
-	-		-	-	-	700	707	706	
\$811	\$2,355		\$822	\$2,422	\$5,848	\$29,552	\$26,747	\$34,028	

Fund Overview

TOTAL BUDGET - ALL FUNDS \$63,288,470

Governmental Funds

General Fund	\$ 30,487,270
Special Revenue	
Hotel Fund	\$ 7,263,490
Public Safety Fund	\$ 70,000
Municipal Court Fund	\$ 22,990
Arbor Fund	\$ 30,000
Debt Service	
General Obligation Debt Service	\$ 4,721,880
Hotel Occupancy Debt Service	\$ 712,010
Capital Projects	
Street Capital Project Fund	\$ 2,537,000
Parks Capital Project Fund	\$ 51,000
Other Capital Project Funds	\$ 525,000

Proprietary Funds

Enterprise Funds	
Airport Fund	\$ 4,770,490
Utility Fund	\$ 11,414,340
Internal Service Funds	
Information Technology Replacement Fund	\$ 102,500
Capital Equipment Replacement Fund	\$ 580,500

Note: Descriptions of each fund are included in the individual fund pages.

Project 2030 Vision

The Goals for Addison and the 2030 Vision Project represent general guidelines for directing the administration and development of the Town of Addison. The goals and vision are reviewed annually by the Council and were last updated in 2006.

Introduction

The Addison 2030 Vision Project serves as guiding tool for future Addison Town Councils to use as they perform their decision making responsibilities. The 2030 Vision also lists visions for specific areas including public safety, transportation, infrastructure, Addison Airport, business development, Addison as a destination, special events, residential and community development, parks and recreation and education.

The following synopsis highlights the major tenets of the vision. The bulleted statements are intended to represent the Council's recommended vision for Addison in the year 2030.

To effectively meet the challenges of the next century, Addison should...

- Pursue the expansion of DART rail to Addison by pursuing transit-oriented zoning changes now in anticipation of DART expansion.
- Redesign Belt Line Road through an infusion of re-invention and creativity along with design and infrastructure capital to maintain and enhance its reputation as an exciting place to be.
- Make investments now to position Addison for the future.

- Recommit Addison to the promotion and installation of design aesthetics in all public spaces to include landscaping and public art.
- Cultivate Addison's brand assets needed to ensure visitors and residents of all sectors have a clear appreciation for Addison as an exciting, culturally forward and diverse in entertainment offerings where special events occur on a regular basis.
- Reinforce the Town's "business friendly" image and continually look for ways to make it easier to locate and do business in Addison.
- Provide high quality services. From recruitment and hiring of dedicated municipal employees with an intense understanding of customer service, responsiveness and fiscal responsibility; excellence in customer service is essential to Addison's success.
- Consciously plan and explore ways to connect "nodes" in the community. These nodes of connectivity focus on all types of issues to include parks, pedestrian mobility, vehicular mobility, commercial development and transportation nodes.
- Pursue alliances with learning institutions to provide adult education that builds on Addison's attributes and industries that already exist here.
- Encourage a wide variety of residential products to foster a cross-section of residents in the community.
- Pursue a strategic vision and development plan for Addison Airport. This new strategic vision for the Airport should be devised with a "self-funding" revenue philosophy.
- Direct developers to propose more high quality, high-density developments that move to a more urban feel.

Goals for Addison

Town of Addison Mission

The Town of Addison will maintain a dynamic progressive quality atmosphere in which to work, play and live with an emphasis on balanced growth.

In an effort to continually provide a high level of service to citizens, a biannual survey is conducted to gauge the level of satisfaction with services and Addison's overall quality of life. Results from the Citizen Survey conducted in February 2006 that correlate with the Goals for Addison are listed below each goal.

Goals for Addison

1. Provide Superior Public Safety, Customer Service, Social and Health Services to the Community

- Maintain a best model reputation in police and fire services; continually explore and develop programs to reduce crime
- Promote proactive programs and agreements to provide public safety (i.e. neighborhood-based crime watch; cooperative inter-agency and inter-governmental approaches; high visibility and community involvement for public safety employees)

- Support social services
- Support strict health and code enforcement
- Uphold commitment to environmental programs
- Administer all functions to assure courteous, effective and efficient service to external and internal customers
- Department operations will be structured to ensure rapid response to customer requests for service or information as well as resolution of customer complaints
- Investments will be made in technology that will optimize customer service
- The quality of customer service will be measured and reported
- Citizen survey results related to this goal included:
 - 97.5% of respondents rated the Town's overall level of service as "excellent" (60.5%) or "good" (37.0%)
 - 79.3% of respondents rated Addison as an "excellent" place to live

2. Conduct the Business of the Town in a Fiscally Responsible Manner

- Retain high bond rating and financial reputation
- Retain high financial reserves policy
- Ensure ongoing review of all service and contract providers
- Explore new and innovative revenue sources where appropriate
- Promote and utilize Addison businesses whenever possible in making municipal purchases
- Adopt Town budgets in context of the long-term financial plan which emphasizes funding of capital projects through operating revenues instead of issuing debt
- Consider issuance of general obligation debt only to fund high priority capital projects which shall have the approval of Addison voters
- Explore regional partnerships

3. Promote Quality Transportation Services

- Continue implementation of the Transportation Master Plan
- Advocate the significance of DART rail for Addison's growth and development
- Expand Addison's street system to effectively accommodate vehicular traffic while protecting the integrity of attractive median and right-of-way landscaping
- Pursue infrastructure improvements of intra-city transportation
- Enhance pedestrian-oriented means of travel in Addison and install improved pedestrian crossing systems aimed at enhancing public safety
- Citizen survey results related to this goal included:
 - A majority of survey respondents (93.5%) rated Addison's streets as "excellent" or "good"

4. Employ High-Quality, Service-Oriented Personnel

- Foster a work force made up of friendly, professional and highly qualified employees
- Promote educational standards and reeducation opportunities
- Provide innovative and flexible compensation policies
- Citizen survey results related to this goal included:
 - 37.0% of respondents indicated they had contact with a Town official in the last year
 - Of those respondents contacting the Town, 85.6% reported they were satisfied with the results of the contact and 95.2% reported the person contacted was courteous and helpful

5. Provide For A Diversified Business Climate

- Promote existing and new retail businesses in Addison
- Enhance Addison's reputation as a prime location for small, medium and start-up businesses while continuing to pursue appropriate larger businesses and corporate partners for the community
- Promote office occupancy in Addison
- Enhance open communication between local gov-

ernment, the business community, Town Hall and the residential sector

- Promote the significance of Addison's premier location as a key element to the Town's image and success
- Pursue economic development through the use of an innovative program of work that seeks to emphasize retention and the expansion of existing businesses
- Retain and enforce the Town's commitment to urban landscaping
- Implement programs to ensure the vitality of Addison's restaurant and hospitality community
- Instill "Addison pride" in existing businesses
- Citizen survey results related to this goal included:
 - In an effort to maintain a positive business climate while still keeping in mind the needs of residents, the survey asked citizens their opinion on large mural signs for commercial businesses. When asked if the Town allowed large mural signs would such signs make a sophisticated and refined visual impact, 66.8% of respondents answered "yes"

6. Continue to Attract Visitors

- Enhance Addison Conference Centre's ability to host expanded events which attract visitors to Addison
- Continue to grow and create entertaining special events
- Enlist sponsors to support and enhance Addison's high-quality special events
- Promote the arts and cultural events
- Promote the creation of additional art in public places by investigating and implementing programs that encourage developers to create public art in Addison
- Promote Addison Airport as a tourism and visitor destination through special events and on-site attractions
- Continue to explore and develop innovative uses of the hotel/motel fund which enhance tourism
- Citizen survey results related to this goal included:
 - 52.4% of respondents had attended an event at the Conference Centre in the past year and 97.5% rated the Conference Centre as "excellent" or "good"

- 31.6% of respondents had attended a Water-Tower Theatre performance in the past year, and of those attending 96.8% rated the WaterTower Theatre as "excellent" or "good"

7. Maintain Diversified Residential Housing Opportunities

- Explore creative means of developing high-quality, high-rise single and multi-family housing opportunities
- Support high-quality, high-density mixed use developments in accordance with the Master Plan for Addison Circle
- Maintain the integrity of residential neighborhoods through the use of buffers, park systems and landscaping
- Citizen survey results related to this goal included:
 - In rating the Town's zoning, 90.6% of respondents rated the Town's zoning as "excellent" (35.2%) or "good" (55.4%)

8. Pursue the Finest Educational Offerings for the Community

- Continue the Town's interlocal agreement for library services with the City of Farmers Branch and the City of Dallas as well as exploring cooperative use agreements with surrounding communities
- Pursue associations with learning institutions to provide continuing education offerings to the Town's resident and business populations
- Continue to pursue enhanced primary and secondary school opportunities for Addison children
- Citizen survey results related to this goal included:
 - When asked how often in the past year citizens had used either Farmers Branch or Dallas libraries through the Town's interlocal agreement, 10.1% responded that they had used one of the libraries weekly, 15.7% responded they had used one library at least once a month, and 14.9% responded they had used one of the libraries every several months

9. Provide Quality Leisure Opportunities

- Review existing and consider new recreational offerings for the residential and business communities

on a regular basis to satisfy the growing needs of the community

- Maintain resident-only use of the Athletic Club
- Continue implementation of the Parks Master Plan, related facilities and addition to the plan as deemed appropriate
- Maintain the excellence of the Addison park system
- Citizen survey results related to this goal included:
 - Respondents were asked to evaluate Addison parks. 99.4% reported that Town parks were well kept, 97.2% thought the Town maintained enough parks, and 93.8% thought the Town provided appropriate outdoor opportunities
 - A majority of survey respondents (93.8%) rated the Town's recreational programming as "excellent" or "good"

10. Work to instill a "Sense of Community" in Addison's residents

- Continue to build a sense of community through activities like candidate forums, Town Hall meetings, newsletters and the citizens academy
- Work to find new avenues to involve more residents in the civic process and to serve on boards and commissions with the hope of developing new leaders from a cross-section of the community
- Create avenues that allow residents and members of the business community to have a sense of pride living and working in Addison
- Citizen survey results related to this goal included:
 - When asked if they received enough information about issues and problems facing the Town, 75.9% of respondents indicated they had received enough information

11. Develop and utilize the Addison Airport as an engine to drive economic growth in the community

- Continue to upgrade and improve the Addison Airport facility and its infrastructure through the pursuit of funding from the FAA, Texas Department of

Transportation-Aviation Division and profits resulting from the superior management of the facility with the overall goal of making and retaining Addison Airport as the BEST general aviation airport in the region and the country

- Continue to operate the Airport in a manner that allows it to be self-sufficient
- Citizen survey results related to this goal included:
 - When asked if they considered the Addison Airport to be an important asset to the Town, 88.9% of respondents indicated the Addison Airport was an important asset

- Council members will actively represent the Town of Addison and participate in community groups, inter-governmental agencies, and professional associations that support the Town's goals; demonstrate the Town's commitment to social and environmental support; and advance Addison's influence at the local, state, and national levels
- Council members will utilize professional development opportunities provided by the Texas Municipal League, National League of Cities, and other professional groups
- Citizen survey results related to this goal included:
 - Of those respondents that contacted the Town in the last fiscal year, 13.3% contacted the Mayor or Council. The Mayor and Council were the second most common group to be contacted

12. Expand the leadership role of the entire Council by active participation in community groups and professional development

TOWN OF ADDISON GOALS MATRIX

The Town's goals are presented here in a matrix format. When the mission of a department corresponds with a Town goal, it is highlighted in blue on the matrix.

Department	1) Superior Customer Service	2) Fiscally Responsible	3) Quality Transportation Services	4) High Quality Personnel	5) Diversified Business Climate	6) Attract Visitors	7) Diversified Residential Housing	8) Finest Educational Offerings	9) Quality Leisure	10) Sense of Community	11) Upgrade & Improve Addison Airport	12) Council Leadership
City Manager's Office												
Financial & Strategic Services												
General Services												
Municipal Court												
Human Resources												
Information Technology												
Police												
Fire												
Development Services												
Streets												
Parks												
Recreation												
Visitor Services												
Conference Centre												
Special Events												
Airport												
Public Works												



Individual commitment
to a group effort – that
is what makes a team
work, a company work,
a society work and a
civilization work.

Vince Lombardi

General Fund

Fund Description

The fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

Fund Narrative

During the budget process, it is the General fund which receives the most scrutiny from Town staff, the council, and the public. The attention is deserved because it is this fund that reflects most of the critical issues affecting the community, from establishing a tax rate to determining employee staffing and benefits. The following narrative reports the major aspects of the General fund budget for both concluding and new fiscal years. Operational accomplishments and goals are reported in the department narratives.

Concluding Fiscal Year Financial Performance

Revenues are estimated at 3.8% above the FY 2006-07 budget and over 6% more than actually received during the 2005-06 fiscal year. While most revenue categories performed as anticipated in the budget, there are a number of minor budget to estimate variances. Building and construction permits are anticipated to be \$240,270 higher than budgeted due to several large mixed use and commercial development projects starting in Addison. Court fines are also anticipated to be \$273,400 higher than budgeted. Interest income is projected to end the year 69% over the budgeted amount.

Expenditures are expected to be \$311,970 or 1.2% less than the adopted budget. Of the fifteen operating departments, all but seven are expected to be within their original individual budgets. The greatest disparity is expected to occur in the City Manager's Office. The City Manager's Office had higher personnel expenses and library card expenses than were anticipated in the FY07 budget. Council properly recognized all excess expenditures with budget amendments in July and September 2007. The differences estimated for revenues and expenditures, combined with a higher beginning fund balance, contributed to an estimated ending fund balance of \$10,394,270, which is \$1,767,920 higher than originally budgeted.

2007 / 2008 Budget

Revenues¹

Revenues are projected to total \$28,285,240, which represents a 7.2% increase compared to the previous year's budget. Most of the increase can be attributed to increases in ad valorem, sales tax revenue and court fines. A decrease in the tax rate levied for General fund purposes from 31.10¢ to 29.90¢ is still expected to generate an additional \$863,210 in revenue for the General fund. In addition, FY 2007-08 sales tax revenue is budgeted at \$10,732,900, approximately \$511,080 higher than the sales tax budget for FY 2006-07. Building and construction permits are expected to generate an additional \$35,770 in additional revenue in FY 2007-08.

Expenditures

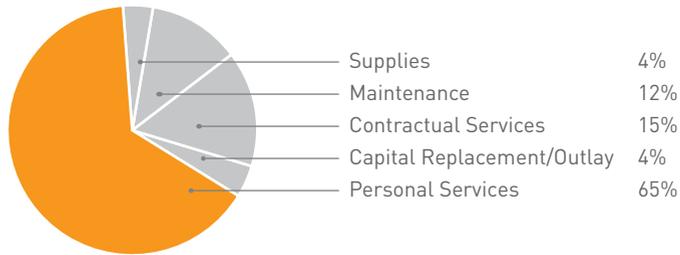
Total fund expenditures for the 2008 fiscal year have been appropriated at \$28,987,270, an increase of approximately \$3,508,090, or 13.7% compared to the 2006-07 budget. Most of the increase is associated with the personal services and maintenance portions of the budget. To provide Addison employees with a competitive compensation package, the Council approved a pay increase of 5% of salaries effective October 1, 2007. The combined cost of this adjustment to the Town's compensation plan is \$782,810 for FY 2007-08.² Staffing for FY 2007-08 is budgeted at 229.9 FTE (full-time equivalent) positions, which is 2.0 FTEs more than the previous year.³ This increase in staffing is the result of adding a Fleet Technician position in the General Services department and a Lieutenant in the Police department that will coordinate training efforts within the Police department.

¹ For a more extensive discussion of major revenue sources, please refer to Appendix D.

² For more information pertaining to the Town's pay plan, please refer to Appendix C.

³ Please refer to the Town's organization staffing chart on page 9 for a breakdown of all positions by department.

GENERAL FUND OPERATING EXPENDITURES



City government is a service industry that relies predominantly on its employees to serve the community. A majority of costs are associated with employee salaries and benefits.

BY MAJOR COST CATEGORY

Category	Actual 2005-2006	Budget 2006-2007	Estimated 2006-2007	Budget 2007-2008
Personal Services	\$16,636,812	\$17,767,680	\$17,353,470	\$18,777,830
Supplies	1,036,749	976,800	1,059,570	1,181,210
Maintenance	1,667,366	1,790,180	1,773,900	3,606,460
Contractual Services	3,951,052	3,598,210	3,743,820	4,328,650
Capital Replacement/Lease	1,070,804	1,047,310	1,047,250	1,078,120
Capital Outlay	84,886	299,000	189,200	15,000
TOTAL FUND BUDGET	\$24,447,669	\$25,479,180	\$25,167,210	\$28,987,270

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-2006	2006-2007	2006-2007	2007-2008
BEGINNING BALANCE	\$7,050,505	\$7,715,900	\$8,175,180	\$10,394,270
REVENUES:				
Ad Valorem taxes	8,546,522	9,408,480	9,270,600	10,271,690
Non-property taxes	10,907,752	11,148,820	11,386,700	11,699,300
Franchise fees	2,681,263	2,691,660	2,671,900	2,590,000
Licenses & permits	651,408	524,900	766,200	557,900
Intergovernmental	-	-	-	-
Service fees	1,296,693	1,201,270	1,275,600	1,266,850
Fines & forfeitures	1,071,624	893,000	1,166,400	1,143,000
Interest earnings	378,492	340,000	575,000	561,000
Rental income	122,622	144,000	143,700	146,500
Other	178,968	37,500	130,200	49,000
TOTAL REVENUES	25,835,344	26,389,630	27,386,300	28,285,240
TOTAL RESOURCES AVAILABLE	32,885,849	34,105,530	35,561,480	38,679,510
EXPENDITURES:				
General Government:				
City Manager	1,282,061	1,118,180	1,184,820	1,379,920
Financial & Strategic Services	1,006,195	961,610	918,200	1,032,450
General Services	800,035	753,070	770,230	931,620
Municipal Court	407,657	425,620	424,460	457,320
Human Resources	360,248	387,470	401,430	450,730
Information Technology	1,038,049	1,104,710	1,087,710	1,573,200
Combined Services	819,621	645,550	644,530	912,550
Council Projects	425,124	274,180	289,010	284,380
Public Safety:				
Police	7,204,431	6,864,820	6,611,610	7,435,230
Emergency Communications	-	942,490	967,280	1,057,820
Fire	5,493,330	5,674,120	5,722,960	6,138,000
Development Services	563,271	783,720	749,250	937,680
Streets	1,421,464	1,689,200	1,703,560	2,089,910
Parks and Recreation:				
Parks	2,372,595	2,571,550	2,411,650	2,637,690
Recreation	1,253,588	1,282,890	1,280,510	1,668,770
TOTAL EXPENDITURES	24,447,669	25,479,180	25,167,210	28,987,270
OTHER FINANCING SOURCES (USES):				
Transfer to parks capital project fund	(263,000)	-	-	-
Parking lot long-term lease	-	-	-	(1,500,000)
ENDING FUND BALANCE	\$8,175,180	\$8,626,350	\$10,394,270	\$8,192,240

STATEMENT OF REVENUES BY SOURCE

	Actual	Budget	Estimated	Budget
	2005-2006	2006-2007	2006-2007	2007-2008
Ad Valorem taxes:				
Current taxes	\$8,484,631	\$9,374,970	\$9,281,200	\$10,244,110
Delinquent taxes	15,128	10,050	(62,400)	3,450
Penalty & interest	46,763	23,460	51,800	24,130
Non-property taxes:				
Sales tax	9,941,386	10,221,820	10,420,300	10,732,900
Alcoholic beverage tax	966,366	927,000	966,400	966,400
Franchise fees:				
Electric franchise	1,563,239	1,668,010	1,642,300	1,600,000
Gas franchise	241,378	225,000	231,300	225,000
Telecommunication access fees	720,807	665,000	665,000	631,800
Cable franchise	130,128	110,650	110,700	110,700
Street rental fees	7,236	8,000	7,600	7,500
Wireless network fees	18,475	15,000	15,000	15,000
Licenses and permits:				
Business licenses & permits	159,589	149,570	150,600	146,800
Building and construction permits	491,819	375,330	615,600	411,100
Intergovernmental revenue				
Homeland Security Grant	-	-	-	-
Service fees:				
General government	76,952	900	600	600
Public safety	767,114	690,460	751,900	724,700
Urban development	8,840	4,690	5,600	4,600
Streets and sanitation	206,134	271,250	301,600	296,900
Recreation	71,253	68,960	50,900	58,400
Interfund	166,400	165,010	165,000	181,650
Court fines & forfeitures	1,071,624	893,000	1,166,400	1,143,000
Interest earnings	378,492	340,000	575,000	561,000
Rental income	122,622	144,000	143,700	146,500
Other	178,968	37,500	130,200	49,000
TOTAL REVENUES	\$25,835,344	\$26,389,630	\$27,386,300	\$28,285,240

City Manager

Department Mission

To effectively implement and administer the policies established by the Council. The City Manager is responsible for making recommendations to the Council concerning policies and programs and developing methods to insure the efficient operation of city services. The department accounts for all expenditures related to the city manager, his support staff, and the operation and maintenance of Town Hall.

Program Narrative

Accomplishments for FY2007

- Received successful approval of the Cotton Belt Rail Line on the DART 2030 Transit System Plan.
- Completed the 2006 Citizen Academy Program.
- Completed the Strategic Operations Review recommendations for Parks, Recreation, General Services, Police, Fire, Streets, and Development Services.
- Represented the Town in the 80th Legislative session which concluded with no new detrimental laws to the Town or unfunded mandates.
- Concluded the Citizen Advisory Committee process.
- Settled the through-the-fence lawsuit at Addison Airport.

Objectives for FY2008

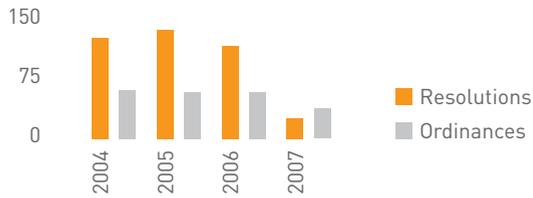
- Monitor and provide oversight of a new infill development in the Brookhaven Club area.
- Monitor and provide oversight of mixed used/multi-family housing projects in Addison Circle and Belt Line Road.
- Completion of the Addison Road Widening project.
- Provide guidance and oversight of a thorough review of the final recommendations from the Citizen Advisory Committees.
- Provide oversight of a possible bond election.

- Coordinate efforts regarding train depot renovations and future operations.
- Conduct research for a possible city charter review.
- Implement Phase I of the Belt Line reinvention program.
- Pursue the implementation of pedestrian transportation options.
- Negotiate a new airport management contract.
- Realignment and reassignment of duties and responsibilities among management staff.

Major Budget Items

- Budget Adjustment Items: municipal elections (\$10,000), additional funds for Farmers Branch library cards (\$15,350), replace carpeting (\$35,000), repairs to Town Hall front and arch doors (\$15,000), and interior/exterior painting (\$50,000).
- Library cards for Addison residents to use at the Farmers Branch library system (\$67,350).
- Library cards for Addison residents to use at the Dallas library system (\$50,440).
- Department's budget includes the General Fund's portion of the annual Town calendar (\$45,000); the remaining portion will be provided by the Hotel Fund.

ORDINANCES PASSED & RESOLUTIONS WRITTEN



A change was instituted regarding when ordinances and resolutions are required which resulted in a drop in activity in FY07.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$987,115	\$858,730	\$897,550	\$961,630
Supplies	31,074	18,650	31,160	21,350
Maintenance	20,900	23,500	22,110	119,520
Contractual Services	229,262	202,500	219,200	262,140
Capital Replacement/Lease	13,710	14,800	14,800	15,280
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,282,061	\$1,118,180	\$1,184,820	\$1,379,920

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
City Manager	N/C	1.0	1.0	1.0	1.0
Deputy City Manager	34	1.0	1.0	1.0	1.0
Assistant City Manager	32	1.0	1.0	2.0	2.0
Director-Development Services *	31	1.0	1.0	0.0	0.0
Assistant to the City Manager **	27	1.0	1.0	0.0	0.0
Secretary-Executive	11	1.0	1.0	1.0	1.0
Secretary-Administrative	9	1.0	1.0	2.0	2.0
Secretary-Department	8	1.0	1.0	0.0	0.0
Receptionist ***	6	1.0	1.0	0.5	0.5
Intern	1	1.0	1.0	1.0	1.0
TOTAL		10.0	10.0	8.5	8.5

*Position transferred to Development Services in FY07.

**Position was replaced by a new Assistant City Manager position in FY07.

***A portion of this FTE was been moved to the Hotel Fund in FY07.

Financial and Strategic Services

Department Mission

To optimally manage the Town's resources through its financial services and strategic services divisions. The Director of Financial & Strategic Services is charged with satisfying this mission by providing general supervision to the divisions as well as the Municipal Court division. The department develops the Town's comprehensive annual financial report, administers the Town's risk management and treasury functions, and assists the City Manager with development of the Town's annual budget.

Program Narrative

Accomplishments for FY2007

- Designed new informative executive dashboard pages for City Council quarterly reports.
- Completed strategic reviews of the General Services, Streets, Fire, Parks, Recreation, and Police departments.
- Completed an internal audit of banking transaction and bank reconciliation processes that concluded sufficient controls are in place to ensure process integrity.
- Documented procedures on the bank reconciliation process to expedite training for this function.
- Coordinated audit of the Washington Staubach Addison Airport Venture (WSAAV).
- Supervised outside audit and review of the Town's sales tax and hotel occupancy tax receipts.
- Finalized internal audit plan for the City Manager's Office that maps future audit projects.
- Evaluated the possibility of automating the Town's fixed asset inventory system.

Objectives for FY2008

- Complete strategic reviews for the Special Events (Oktoberfest event), Utilities, and Visitor Services departments.

- Prepare for reporting of other post employment benefits in the 2008 comprehensive annual financial report.
- Perform an internal audit of the Town's procurement card program.
- Evaluate and develop improvements for the online utility payment portal.
- Evaluate and assist the City Manager's Office with the development of a new bond program for the Town.
- Improve written procedures and successfully cross-train all staff in the Financial Services division.
- Develop a strategic plan for the department.
- Audit and compare a portion of the utility meters in service to the utility billing system.
- Assist with the review of the airport management contract.

Major Budget Items

- Budget Adjustment Item: replace carpeting (\$35,000).
- Professional services including audit (\$19,500), payments to Dallas County Appraisal District allocation (\$66,720), county tax collection (\$7,400), and cash advisory fees (\$16,500).

PROCUREMENT CARD TRANSACTIONS



PROCUREMENT TRANSACTIONS BY CATEGORY



The increased use of procurement cards has allowed operating departments to reduce the time and clerical work needed to acquire goods and services.

The department encourages the use of p-card transactions to make routine purchases more efficient and effective.

EXPENDITURES	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
Personal Services	\$717,945	\$712,110	\$629,340	\$716,380
Supplies	49,802	35,360	24,540	32,520
Maintenance	17,925	26,040	24,470	57,540
Contractual Services	206,813	172,290	224,040	209,430
Capital Replacement/Lease	13,710	15,810	15,810	16,580
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,006,195	\$961,610	\$918,200	\$1,032,450

STAFFING	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
Director-Financial & Strategic Svcs.	31	1.0	1.0	1.0	1.0
Asst. Director-Financial & Strategic Svcs.	29	1.0	1.0	1.0	1.0
Financial Services Manager	26	1.0	1.0	1.0	1.0
Strategic Services Manager	26	1.0	1.0	1.0	1.0
Financial Services Supervisor	22	0.0	0.0	0.0	1.0
Senior Management Analyst *	22	1.0	1.0	0.0	0.0
Accountant	20	1.0	1.0	1.0	1.0
Management Analyst	20	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	0.0
Accounting Specialist	7	0.0	0.0	3.0	3.0
Billing Specialist **	7	1.0	1.0	0.0	0.0
Collections Specialist **	7	1.0	1.0	0.0	0.0
A/P Specialist **	5	1.0	1.0	0.0	0.0
Collections Clerk ***		1.0	0.0	0.0	0.0
TOTAL		12.0	11.0	10.0	10.0

*Position was eliminated in FY07.

**These positions were replaced with the Accounting Specialist positions in FY07.

***Position was eliminated in FY06.

General Services

Department Mission

To ensure all Town facilities are maintained to be an attractive and comfortable environment conducive to conducting Town business, and the city's fleet of vehicles is maintained to meet the highest standards of safety and efficiency. Department staff also manages the city's inventory of office and custodial supplies, transports mail and supplies among the eight municipal buildings, and administers hazardous material handling. The Department is the Town's liaison to Addison Airport. Costs associated with operation and maintenance of the Town of Addison Service Center are reflected in the department's budget. The Service Center houses the Parks, Streets, Development Services, Public Works, Information Technology, Special Events, Human Resources, and General Services departments.

Program Narrative

Accomplishments for FY2007

- Worked with the Washington Staubach team to accomplish airport priorities, further enhance airport operations, and accentuate and communicate the positives of Addison Airport.
- Completed construction of fuel farm.
- Completed phase II of the perimeter fencing at the Addison Airport.
- Purchased a ground lease and facility that is strategically located within the southeast sector of the airport targeted for redevelopment.
- Completed the development process of the department's Strategic Operations Review.
- Coordinated and supervised several Town facilities projects such as termite treatments, upgrade of Service Center alarm panel, and replacement of Service Center parking lot lighting.
- Completed specifications, purchased, and performed make-ready to 20 new fleet vehicles.
- Added another hybrid electric vehicle to the Town's fleet.

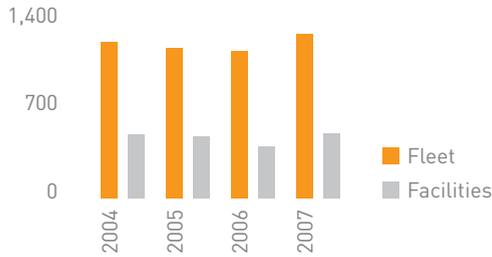
Objectives for FY2008

- Continue to work with the Washington Staubach team to accomplish airport priorities, further enhance airport operations, and accentuate and communicate the positives of Addison Airport.
- Coordinate the remediation and removal of the old fuel farm.
- Complete contract amendment negotiations with the airport management company.
- Begin design phase for Runway 15/33 improvements.
- Continue pavement improvement program at the Addison Airport.
- Coordinate and supervise all budget approved Town facilities projects.
- Implement recommendations from the department's Strategic Operations Review.
- Reorganize shop operations to enhance Public Safety support and customer service.
- Develop specifications, purchase, and perform make-ready to 14 new fleet vehicles as approved.
- Continue to expand the use and acquisition of hybrid electric vehicles.

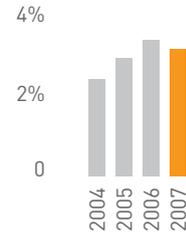
Major Budget Items

- Budget Adjustment Items: Fleet Services Technician (\$45,860), fencing for rental property (\$5,000), replace carpeting at Service Center (\$50,000), interior painting at Service Center (\$30,000), upgrade fleet shop floor (\$15,000), pavement repairs at Service Center (\$50,000), and repairs to Service Center locker rooms (\$10,000).
- Costs associated with operating the Service Center building including custodial services and HVAC maintenance for the building (\$41,420) and utilities (\$54,500).

WORK ORDERS PROCESSED



FLEET DOWNTIME



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$533,663	\$562,670	\$555,860	\$609,860
Supplies	24,643	26,430	29,840	19,250
Maintenance	130,172	76,370	88,080	206,920
Contractual Services	80,882	66,990	75,840	68,910
Capital Replacement/Lease	24,554	20,610	20,610	26,680
Capital Outlay	6,121	-	-	-
TOTAL DEPARTMENT BUDGET	\$800,035	\$753,070	\$770,230	\$931,620

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING	Level				
Director-General Services	31	1.0	1.0	1.0	1.0
Supervisor-Fleet Services	13	1.0	1.0	1.0	1.0
Supervisor-Facilities Services	11	1.0	1.0	1.0	1.0
Technician-Fleet	8	2.0	2.0	2.0	3.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Clerk-Inventory	4	1.0	1.0	1.0	1.0
Mail Carrier	4	1.0	1.0	1.0	1.0
Custodian	2	1.0	1.0	1.0	1.0
TOTAL		9.0	9.0	9.0	10.0

Municipal Court

Division Mission

To provide a fair, impartial, and timely adjudication of misdemeanor fine only offenses committed and filed in the Town of Addison. To properly administer this function, the division must schedule offenders to appear before the court, adjudicate the trial, collect fines from guilty offenders, and issue warrants of arrest.

Program Narrative

Accomplishments for FY2007

- Worked with the Office of Court Administration to develop procedures to increase collections.
- Reduced the number of time dated cases from the Court computer system.
- Updated the Interactive Voice Response system to call defendents when late on payments, in warrant, or failed to appear in a timely manner.

Objectives for FY2008

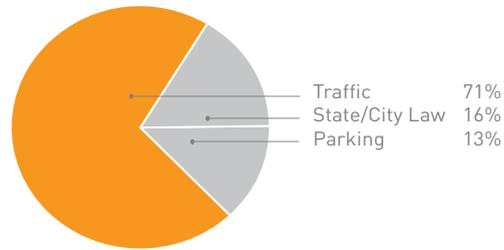
- Evaluate all new laws passed during the 2007 Texas State Legislative session to determine their impact on court procedures.
- Continue working with the Information Technology department to increase the number of electronic ticket writers for police squad cars.
- Update the Addison Municipal Court Procedures pamphlet that explains the procedures for court appearances.
- Work with the Police department to develop a standard operating procedures manual for the Warrant Officer.

Major Budget Items

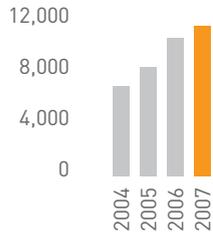
- Legal fees associated with prosecuting attorney and associate judges (\$41,500).

- Department's contribution to the Information Technology Fund for the eventual replacement of the existing hardware and software system (\$7,870).

VIOLATIONS BY TYPE

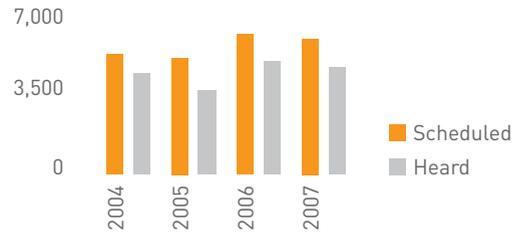


CITATIONS ISSUED



The number of citations issued in 2004 were affected by police officer vacancies.

CASES SCHEDULED & HEARD



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$329,677	\$348,780	\$360,890	\$379,880
Supplies	26,435	8,070	7,940	10,200
Maintenance	2,519	2,400	1,610	1,900
Contractual Services	37,785	55,910	43,560	57,470
Capital Replacement/Lease	11,241	10,460	10,460	7,870
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$407,657	\$425,620	\$424,460	\$457,320

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING	Level				
Administrator-Court	24	1.0	1.0	1.0	1.0
Warrant Officer	P2	1.0	1.0	1.0	1.0
Clerk-Court	7	2.0	2.0	2.0	2.0
Municipal Judge	N/C	0.7	0.7	0.7	0.7
TOTAL		4.7	4.7	4.7	4.7

Human Resources

Department Mission

The mission of the Human Resources Department is to assist the Town of Addison in providing an environment that promotes high performance, customer service, accountability, integrity, involvement and diversity by:

- Providing resources for administering employee processing, payroll, benefits and policies.
- Properly balancing the needs of the employees with the needs of the overall organization.
- Hiring and promoting the most qualified employees.
- Retaining our valued employees by providing a competitive salary and benefits package.
- Maintaining compliance with employment laws and governmental regulations.
- Ensuring a discrimination and harassment free environment.

Program Narrative

Accomplishments for FY2007

- The City Council approved the new volunteer program, The Addison Advocates, in November 2006.
- Entered into an interlocal agreement with the North Central Texas Council of Governments to enable the Town of Addison to post job notices on Monster.com at a greatly reduced rate from previous rates.
- Coordinated two training presentations on harassment and discrimination in April 2007.

Objectives for FY2008

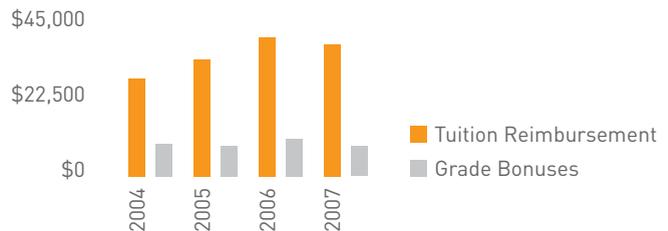
- Enhance the volunteer program by increasing opportunities for those interested in becoming Addison Advocates.
- Develop a formal internal training program for employees to enhance both their professional and personal development.

- Provide opportunities and events for both staff and the organization's successes to be formally recognized and celebrated.
- Develop a Succession Plan model to ensure continuation of The Addison Way!
- Implement The Addison Way! training program.
- Complete a comprehensive review and update of the Employee Handbook.

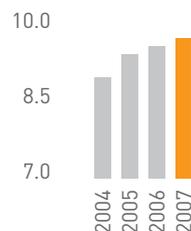
Major Budget Items

- Budget Adjustment Items: benefits consultant (\$25,000) and compensation study (\$18,000).
- Funds for advertising vacant positions (\$21,780).

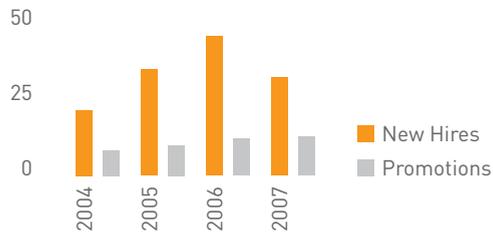
EDUCATIONAL REIMBURSEMENTS



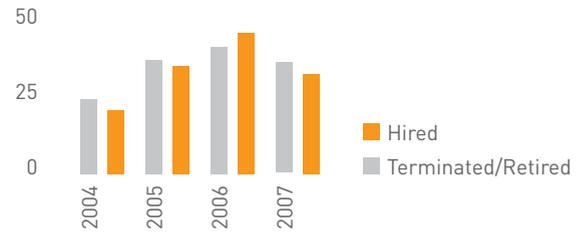
AVERAGE TENURE OF EMPLOYEES



HIRES BY TYPE



EMPLOYEES PROCESSED



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$305,868	\$331,580	\$331,830	\$353,140
Supplies	10,825	12,300	13,890	12,800
Maintenance	487	700	40	700
Contractual Services	36,968	36,350	49,130	77,340
Capital Replacement/Lease	6,100	6,540	6,540	6,750
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$360,248	\$387,470	\$401,430	\$450,730

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Director-Human Services	31	1.0	1.0	1.0	1.0
Benefits Specialist	21	1.0	1.0	1.0	1.0
Employment Specialist	21	1.0	1.0	1.0	1.0
Payroll Specialist	10	0.7	0.7	0.7	0.7
Secretary-Department	8	1.0	1.0	1.0	1.0
TOTAL		4.7	4.7	4.7	4.7

Information Technology

Department Mission

To identify, develop and maintain a standard, integrated information services architecture that enhances organization productivity and creates a customer-centered business environment. The department's responsibilities include: design and supervision of the Town's technology infrastructure; maintain a single point of contact for recording, tracking and coordinating problem resolution; provide asset management and support services for the network and desktop environment; and, coordinate all technology training and education.

Program Narrative

Accomplishments for FY2007

- Installed a video camera monitoring system in the Arts & Events District.
- Installed a video camera monitoring system at the Addison Athletic Club.
- Explored the possibility of utilizing wireless technology and/or online services for Special Events.
- Replaced computer workstations Town-wide.
- Replaced the mobile data terminals inside police cruisers.
- Completed Phase I of the upgrade of the Town's phone system.
- Implemented an Interactive Community Notification System.

Objectives for FY2008

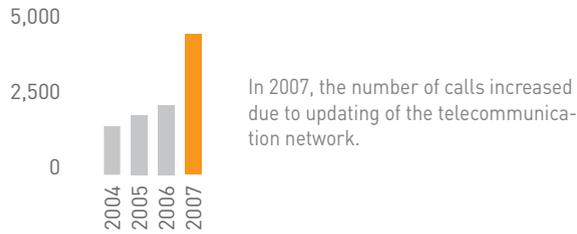
- Implement a web-enabled Inspection module.
- Implement a document management system Town-wide.
- Expand the digital citation system to 14 police cruisers.
- Continue the phone system upgrade (Phase II).
- Explore the possibility of utilizing wireless technology for a fixed network meter reading system.

- Install a video camera monitoring system at the Conference Centre.
- Upgrade the 9-1-1 system and relocate to the Emergency Operations Center (EOC).
- Implement online forms and web page enhancements.
- Migrate the Texas Law Enforcement Telecommunication System (TLETS) by September 2008.
- Enhance GIS (Geographic Information System).
- Upgrade the Computer Aided Dispatch (CAD) system.

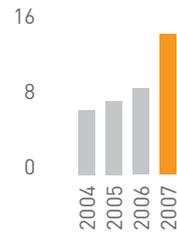
Major Budget Items

- Budget Adjustment Items: upgrade the 9-1-1 system (\$209,280), document management system (\$110,000), mapping services (\$9,000), and HVAC upgrade to the EOC and server rooms (\$90,000).
- Contracts with vendors to maintain the Town's general government information technology systems (\$125,060).
- Contracts with vendors to maintain the Town's public safety information technology systems (\$147,500).
- Telecommunications services related to the system's high-speed data network (\$32,420).

NUMBER OF SERVICE CALLS



UNIQUE WEBSITE VISITORS (in thousands)



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$624,702	\$655,200	\$661,150	\$695,900
Supplies	50,309	52,000	42,590	51,590
Maintenance	297,335	330,910	327,240	758,840
Contractual Services	54,533	54,950	45,080	54,950
Capital Replacement/Lease	11,170	11,650	11,650	11,920
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,038,049	\$1,104,710	\$1,087,710	\$1,573,200

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING	Level				
Director-Information Services	31	1.0	1.0	1.0	1.0
Network Specialist	25	5.0	5.0	5.0	5.0
TOTAL		6.0	6.0	6.0	6.0

Combined Services

Department Function

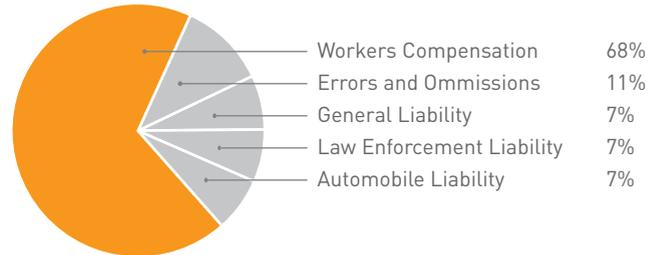
This department reflects expenditures incurred by the Town, as a single entity, in the conduct of its operations. These expenditures include the Town's membership in various state and local organizations, engineering and attorney fees, insurance premiums, and postage.

Program Narrative

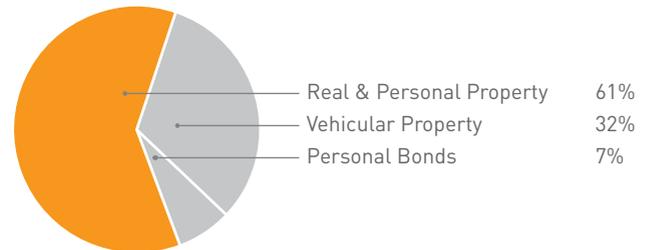
Major Budget Items

- Budget Adjustment Items: Town-wide training program (\$60,000), Town-wide celebrations (\$10,000), staff development meeting (\$7,000), special studies and projects (\$40,000), education consulting services (\$75,000), and Inwood Road consulting services (\$75,000).
- Legal fees (\$240,000).
- Delivery and postage for Town mailings (\$78,000).
- Tuition reimbursement program (\$41,100) which compensates employees who take college courses and provides cash bonuses for good grades.
- Employee committee programs (\$15,140) to encourage employees to become involved with improving the Town's levels of service and productivity.
- Includes \$126,070 for fund's share of Town-wide liability insurance.

LIABILITY INSURANCE PREMIUMS BY CATEGORY



PROPERTY INSURANCE PREMIUMS BY CATEGORY



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$69,561	\$78,190	\$76,890	\$78,190
Supplies	90,980	108,590	102,040	118,230
Maintenance	-	-	-	-
Contractual Services	659,080	458,770	465,600	716,130
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$819,621	\$645,550	\$644,530	\$912,550

City Council Projects

Department Function

The department accounts for funds appropriated by the Council for special projects not directly related to Town operations. Also included are expenses incurred by the Mayor and six members of the Council in performing their responsibilities as elected officials of the Town of Addison.

Program Narrative

Accomplishments for FY2007

- Action taken by the Addison Town Council during the 2006-07 fiscal year included adoption of a number of important ordinances and resolutions, such as:
 - Appointed approximately 85 people to serve on a Citizens Advisory Committee.
 - Authorized use of a consultant to provide landscape drawings/renderings for the Reinvention of Belt Line Road.

Major Budget Items

- Budget Adjustment Items: Bi-Annual Citizen Survey (\$15,000) and Citizen Advisory Committee support (\$20,000).
- Council compensation (\$25,350).
- Includes funds for the following non-profit agencies (\$100,000):
 - Communities in Schools Dallas, Inc. (\$40,000)
 - Metrocrest Social Services (\$20,000)
 - Senior Adult Services (\$17,000)
 - Metrocrest Chamber of Commerce (\$10,000)
 - The Family Place (\$5,000)
 - Special Care and Career Services (\$5,000)
 - Metrocrest Family Medical Clinic (\$3,000)
- Newsletters (\$48,590).

STAFFING	NAME	PROFESSION	TERM OF OFFICE
Mayor	Joe Chow	Rest. Owner/Ins. Agency Owner	5/07 through 5/09
Mayor Pro Tempore	Tom Braun	General Contractor	5/06 through 5/08
Deputy Mayor Pro Tempore	Roger S. Mellow	Investments	5/06 through 5/08
Councilmember	Gregory S. Hirsch	Sales Manager	5/07 through 5/09
Councilmember	Dennis Kraft	Attorney	5/06 through 5/08
Councilmember	Todd Meier	President, Todd Meier Investments	5/07 through 5/09
Councilmember	Jimmy Niemann	Chief Technology Officer	5/07 through 5/09

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$27,841	\$27,410	\$30,260	\$30,450
Supplies	19,570	35,580	46,520	35,590
Maintenance	-	-	-	-
Contractual Services	375,743	209,220	210,260	216,370
Capital Replacement/Lease	1,970	1,970	1,970	1,970
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$425,124	\$274,180	\$289,010	\$284,380

Police

Department Mission

The Addison Police Department is dedicated to a standard of excellence in promoting and maintaining a safe and peaceful community. We serve in a community partnership to preserve order, protect life and property, enforce laws and ordinances, and safeguard individual liberties. We conduct ourselves according to the highest ethical standards and treat others with fairness, dignity, and respect. We pledge to manage our organization with professionalism, leadership, and integrity.

Program Narrative

Accomplishments for FY2007

- Achieved authorized staffing levels for sworn positions as a result of the overfill policy, granting more flexibility in recruiting and improved retention of officers with two to five years experience.
- Completed the review of the procedures and processes of the Property Room and eliminated the backlogged property in need of disposal.
- Transitioned the patrol fleet from Dodge Durangos to Dodge Chargers and Magnums.
- Completed department-wide Strategic Review process that analyzed all aspects of the department's operations.

Objectives for FY2008

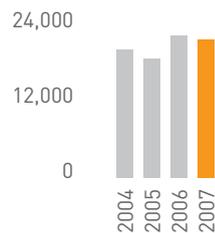
- Implement a re-alignment of job duties among the administrative staff.
- Enter into at least one resource sharing agreement with the Carrollton and Farmers Branch Police departments.
- Expand the Town's proactive enforcement capabilities in the areas of vice/narcotics as well as computer crimes investigations.
- Continue efforts to update Police facilities.
- Enhance training efforts.

- Complete physical changes to the Addison Circle Storefront that will improve its overall serviceability during special event functions.
- Provide required training to obtain state certification levels for communications personnel.
- Conduct a staff study to evaluate the changed profiles of today's dispatchers (i.e. additional assignments and equipment).
- Provide supervisory and leadership training for development of the department's dispatchers in preparation for promotional opportunities.
- Explore and develop a supervisory promotional track for those interested in future advancement opportunities.

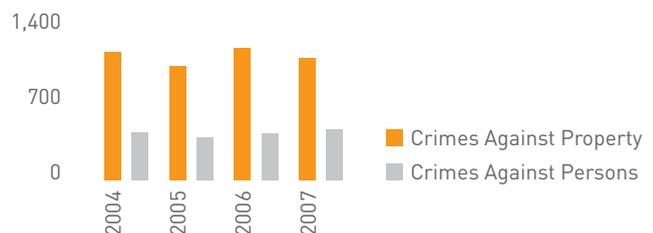
Major Budget Items

- Budget Adjustment Items: Training Lieutenant (\$92,740), replace carpeting (\$40,000), interior painting (\$60,000), refurbish locker rooms (\$50,000), and monument sign (\$10,000).
- Overtime (\$165,950).
- Fuel (\$90,000).

CALLS FOR SERVICE



PROPERTY & VIOLENT CRIME RATES



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$5,833,735	\$5,654,170	\$5,363,730	\$6,023,280
Supplies	273,323	241,900	277,590	280,150
Maintenance	249,393	180,000	157,570	311,300
Contractual Services	344,499	305,300	329,270	361,380
Capital Replacement/Lease	478,456	483,450	483,450	459,120
Capital Outlay	25,025	-	-	-
TOTAL DEPARTMENT BUDGET	\$7,204,431	\$6,864,820	\$6,611,610	\$7,435,230

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING^	Level				
Director-Police Chief	31	1.0	1.0	1.0	1.0
Assistant Police Chief **	P6	1.0	1.0	0.0	0.0
Captain	P5	2.0	2.0	2.0	2.0
Lieutenant	P4	2.0	2.0	2.0	3.0
Sergeant	P3	6.0	6.0	6.0	6.0
Manager-Public Safety Comm.	22	1.0	1.0	1.0	1.0
Supervisor-Detention	11	1.0	1.0	1.0	1.0
Police Officer *	P2	47.0	45.0	45.0	45.0
Supervisor-Communications ***	11	1.0	1.0	0.0	0.0
Dispatcher ***	D1	11.5	11.5	0.0	0.0
Jailer	7	1.0	1.0	1.0	1.0
Police Administrative Technician	9	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Investigative Specialist	6	1.0	1.0	1.0	1.0
Clerk-Police Records	5	2.0	2.0	2.0	2.0
Public Service Officer	6	1.0	1.0	1.0	1.0
Jailer/Temporary ****		3.3	3.3	3.3	3.3
TOTAL		83.8	81.8	68.3	69.3

* Two vacant police officer positions were eliminated in FY06.

**Position eliminated in FY07.

*** Positions reflected in the Emergency Communications budget beginning in FY07.

****Includes several part-time, temporary positions equal to 3.3 FTEs.

^Does not include overfill positions at Police Officer rank.

Emergency Communications

Function

This function reflects expenditures incurred by the Town for emergency communications. These expenditures include the Town's emergency dispatch services, radio maintenance, and other emergency management services related to public safety.

These expenditures were previously budgeted and recorded in the Combined Services, Police, and Fire departments. Beginning in FY 2006-07, these costs were transferred into a separate Emergency Communications budget to facilitate monitoring of these expenses.

Program Narrative

Major Budget Items

- 9-1-1- charges (\$122,500).
- Maintenance for Police and Fire portable radios (\$69,730).

	Actual	Budget	Estimated	Budget
EXPENDITURES	2005-06	2006-07	2006-07	2007-08
Personal Services	\$-	\$659,160	\$701,520	\$773,280
Supplies	-	-	-	-
Maintenance	-	76,130	70,100	69,730
Contractual Services	-	207,200	195,660	214,810
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$-	\$942,490	\$967,280	\$1,057,820

		Budget	Budget	Budget	Budget
STAFFING	Level	2004-05	2005-06	2006-07	2007-08
Supervisor-Communications *	11	0.0	0.0	1.0	1.0
Dispatcher *	D1	0.0	0.0	11.5	11.5
TOTAL		0.0	0.0	12.5	12.5

* Positions were reflected in the Police department budget prior to the FY07 budget.

Fire

Department Mission

To protect the persons and property in Addison by providing quality and innovative emergency services. To accomplish this mission, the department performs the following functions: 1) fire suppression, including crash/fire rescue for aircraft utilizing Addison Airport; 2) fire inspection, prevention, and investigation; and, 3) emergency medical services with advanced life support capabilities practiced by professionally trained paramedics. These functions are provided by three twenty-four hour shifts, each staffed with sixteen employees who operate out of two fire stations.

Program Narrative

Accomplishments for FY2007

- Applied for and received various federal grants related to emergency preparedness and weapons of mass destruction.
- Completed implementation of the 2005 Urban Area Security Initiative Grant for the installation of a security monitoring system at the Addison Arts & Events District.
- Continued the Strategic Operations Review of various department functions.
- Completed a revision of the Town's Emergency Operations Plan to bring the Town's plan into compliance with the federally mandated National Incident Management System (NIMS).
- Conducted live fire training for all Operations Division staff.
- Continued to offer CPR classes to Addison residents and employees of Addison based businesses.

Objectives for FY2008

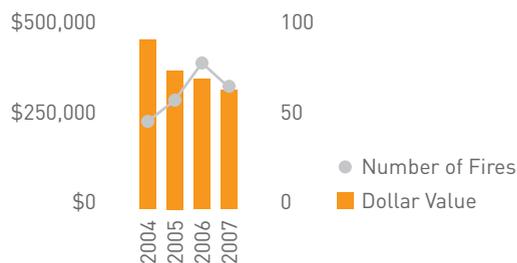
- Implement various recruitment strategies.
- Increase efforts regarding emergency management, including coordinating a tabletop exercise.
- Identify and implement various methods of retaining employees.

- Enhance succession planning efforts.
- Correct major deficiencies in the emergency alerting systems at both stations.
- Acquire an EMS response cart to use during Special Events.
- Increase practical fire suppression training.

Major Budget Items

- Budget Adjustment Items: replacement of fire station alerting systems for both Stations One and Two (\$56,000), assignment pay adjustment (\$3,840), dress uniforms (\$19,320), industrial washing machine for firefighting gear (\$11,000), replace ceiling tiles at Station Two (\$15,000), replace apparatus bay overhead doors at Station One (\$50,000), and replace apparatus bay overhead doors at Station Two (\$20,000).
- Uniforms (\$84,640).
- Medical supplies (\$61,000).
- Overtime (\$197,330).

NUMBER OF FIRES & CORRESPONDING PROPERTY LOSS



The Fire department staff actively works with insurance adjusters to obtain the information needed to correctly calculate fire losses. In FY06, Addison experienced a larger number of minor fires that caused relatively minimal damage.

EMERGENCY MEDICAL SERVICES	2003-04	2004-05	2005-06	2006-07
Mutual Aid EMS Calls	79	111	74	86
Addison EMS Calls	1,414	1,440	1,368	1,497
TOTAL AVERAGE RESPONSE TIME**	4:21	4:44	4:28	4:25

FIRE

Calls for Service	1,133	970	1,063	1,111
Fire Incidents With Ignition *	50	55	74	35
TOTAL AVERAGE RESPONSE TIME**	5:16	4:44	5:13	4:35

*Calls in which a fire is in progress at time of arrival by Fire Department.

**Final response time includes alarm processing time, turnout time, and time en route to the scene. For 2004-05 this time is for Fire and EMS combined.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$4,553,853	\$4,749,340	\$4,777,030	\$4,934,180
Supplies	181,144	181,510	211,110	294,730
Maintenance	164,215	141,210	142,680	260,470
Contractual Services	210,386	220,580	210,660	258,580
Capital Replacement/Lease	383,732	381,480	381,480	390,040
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$5,493,330	\$5,674,120	\$5,722,960	\$6,138,000

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Director-Fire	31	1.0	1.0	1.0	1.0
Chief-Operations	F5	1.0	1.0	1.0	1.0
Chief-Prevention	F5	1.0	1.0	1.0	1.0
Chief-Emergency Medical Services & Training	F5	1.0	1.0	1.0	1.0
Fire Captain	F4	6.0	6.0	6.0	6.0
Fire Prevention Specialist	FP2	1.0	1.0	1.0	1.0
Fire Lieutenant	F3	6.0	6.0	6.0	6.0
Fire Prevention Technician	FP1	1.0	1.0	1.0	1.0
Firefighter/Paramedic FEO	F2	3.0	3.0	9.0	9.0
Firefighter/Paramedic	F2	33.0	33.0	27.0	27.0
Secretary-Department	8	1.0	1.0	1.0	1.0
TOTAL		55.0	55.0	55.0	55.0

Development Services

Department Mission

To manage the planning, development, and growth of the Town in a manner that results in a pleasant, safe, and attractive environment, and an enhanced quality of life, for all of Addison's citizens and visitors.

To protect the public's health and welfare through the enforcement of the Town's building, signage, plumbing, and electrical codes for the construction and maintenance of safe residential and commercial structures, and the inspection of restaurants, swimming pools, apartments, and vacant lots and the control of mosquitoes with spraying programs. The staff is also required to enforce Environmental Protection Agency regulations, and monitor transportation and disposal of liquid wastes.

Program Narrative

Accomplishments for FY2007

- Processed requests for new residential developments totaling 1,131 new housing units.
- Adopted an amendment to the Comprehensive Plan to add new Goals and Policies for the Brookhaven Club Drive neighborhood.
- Issued 1,106 permits with a valuation of \$1,000,266,649.
- Enforced the zoning ordinance, graffiti ordinance, building codes, nuisance codes, and sign ordinance.
- Coordinated, inspected, and licensed 10 new or reoccupied/remodeled food establishments to date with at least 12 others in various stages of SUP applications, plan review, or construction.
- Organized and managed the Town-sponsored fall and spring garage sales maintaining the same high quality that previous events have enjoyed.
- Issued 55 permits to private businesses hosting special outdoor events.
- Adopted complete rewrites of the Texas Food Establishment Rules and Standards for Public Pools and Spas.

Objectives for FY2008

- Rezone the Brookhaven Club Drive neighborhood to a Planned Development district and approve development standards and a concept plan for the development of the neighborhood.
- Work with Parks and Public Works on connecting the existing Les Lacs jogging trail south through the Brookhaven neighborhood and into Brookhaven College, and extending the trail north to connect to the existing trail along Arapaho Road.
- Conduct a thorough review and updating of the Town's sign ordinance, including a new sign standard for Belt Line Road.
- Adopt 2006 International Building Codes.
- Concentrate on enforcement of the building codes, property maintenance code, and sign ordinance.
- Explore additional ways to enhance inspection procedures to insure code compliance.
- Work more closely and innovatively with vendors and participants in Town-sponsored events to ensure food and beverage safety.
- Increase vigilance in mosquito control matters in anticipation of a probable repeat of West Nile Virus and other possible mosquito-borne illnesses.
- Provide closer oversight and control of special events at private businesses especially regarding noise and TABC matters.

Major Budget Items

- Budget Adjustment Items: Brookhaven Development special studies (\$30,000), public-private partnership consulting services (\$50,000), and sustainability consulting services (\$25,000).
- Rental of equipment for and management of the Town Garage Sale events (\$19,500).
- Mowing of private lots (\$10,000 is recovered through liens on property).

DOLLAR VALUE OF BUILDING PERMITS ISSUED

(in millions)



NUMBER OF FOOD INSPECTIONS & AVERAGE SCORES



Environmental Services grades each food establishment for sanitary conditions. Any score higher than 80 is acceptable. Establishments with lower scores are given 24 hours to correct any deficiencies depending on their size and grade history. Restaurants are inspected two to six times per year.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$458,166	\$679,590	\$644,740	\$713,230
Supplies	19,290	18,600	17,320	18,650
Maintenance	1,353	5,050	2,460	4,000
Contractual Services	67,988	65,950	70,200	179,050
Capital Replacement/Lease	16,474	14,530	14,530	22,750
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$563,271	\$783,720	\$749,250	\$937,680

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING	Level				
Director-Development Services *	31	0.0	0.0	1.0	1.0
Official-Building	28	1.0	1.0	1.0	1.0
Official-Environmental Services	28	1.0	1.0	1.0	1.0
Inspector-Building	13	2.0	2.0	2.0	2.0
Environmental Health Specialist	12	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	7.0	7.0

*Position transferred from City Manager's Office in FY07.

Streets Division

Department Mission

The Streets Division is a sub-unit of the Public Works Department. The division has a multi-faceted mission which is comprised of the following components: 1) maintain the Town's streets at a level so that none of the estimated 150,000 vehicles which traverse the city's streets every day are delayed due to pavement failure; 2) maintain the Town's drainage system to remove storm water at the peak levels for which the system was designed; 3) ensure all traffic signalization is operated to safely and efficiently move vehicular traffic through the community; 4) collect all residential brush within two business days; 5) administer the contract with private waste haulers for the effective collection and recycling of residential waste; 6) humane enforcement of the Town's animal control and leash laws; and 7) supervise and coordinate the placement of all utility lines within Town right-of-ways to minimize the potential for disruption of utility services; 8) administer the contract with a private street sweeping company to maintain clean streets; and 9) oversee the installation, repair and maintenance of street lighting facilities citywide.

Program Narrative

Accomplishments for FY2007

- Contracted major pavement repairs on Midway Road, Quorum Drive, Marsh Lane, and Surveyor Boulevard.
- Managed the Oaks North Subdivision street lighting upgrade project.
- Contracted the replacement of pavement markers and buttons on various roadways.
- Hired a new Traffic Signal Technician.
- Accomplished the repair of all traffic signal pre-emption equipment.
- Developed a street light repair program to begin maintenance of all Town owned street lighting facilities including lighting associated with the Arapaho Road Bridge.

- Hired a contract Animal Control Officer to assist with weekend animal control activities.
- Assisted Engineering staff with private development projects.

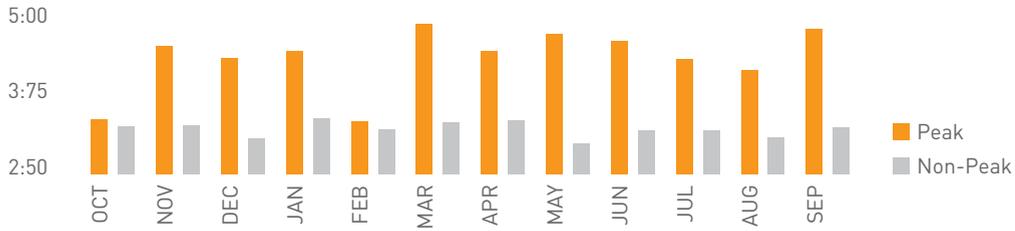
Objectives for FY2008

- Repair failed concrete pavement on Midway Road, Quorum Drive, Kellway Circle, Celestial Road, and Winnwood Road.
- Repair failed asphalt pavement on Addison Road and Sakowitz Drive.
- Seal pavement joints and cracks on Belt Line Road, Landmark Boulevard, and Kellway Circle.
- Develop a pavement management system for projecting future pavement maintenance priorities and expenses.
- Continue upgrading traffic signals with LED indicators.
- Continue increased efforts to replace worn and missing pavement markings Town-wide.

Major Budget Items

- Budget Adjustment Items: pavement repairs for concrete streets (\$139,000), pavement repairs for asphalt streets (\$30,000), joint and crack sealing (\$60,400), pavement markings (\$25,000), pavement management system (\$20,000), Service Center yard surface enhancement (\$20,000), residential curb repair (\$25,000), improvements to Addison Circle (\$38,000), and sidewalk repair program (\$50,000).
- Annual contracted street repair and paving (\$131,650).
- Electricity for street lights and signals (\$299,080).
- Signal and sign maintenance (\$123,800).
- Contracted out street sweeping (\$53,000).
- Residential garbage collection services (\$224,160).

AVERAGE TRAVEL TIME ON BELT LINE ROAD IN 2007 (in minutes)



Belt Line Road is Addison's heaviest traveled thoroughfare handling an average of 51,300 cars per day. To evaluate the effectiveness of traffic signalization and intersection improvements, the Streets division measures the time it takes to travel between the Town's west and east boundaries (approximately 2 miles). Peak time is lunch when Addison's restaurants are busiest.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$415,979	\$508,120	\$487,000	\$527,490
Supplies	19,658	20,520	20,770	21,650
Maintenance	338,847	489,540	479,890	814,900
Contractual Services	617,319	618,570	665,250	694,450
Capital Replacement/Lease	29,661	27,450	27,450	31,420
Capital Outlay	-	25,000	23,200	-
TOTAL DEPARTMENT BUDGET	\$1,421,464	\$1,689,200	\$1,703,560	\$2,089,910

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Streets Superintendent	24	1.0	1.0	1.0	1.0
Supervisor-Street Services	11	1.0	1.0	1.0	1.0
Technician-Signals/Signs	11	1.0	1.0	2.0	2.0
Senior Maintenance Worker	5	1.0	1.0	1.0	1.0
Animal Control Officer/Maintenance	8	1.0	1.0	1.0	1.0
Maintenance-II	4	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	7.0	7.0

Parks

Department Mission

To preserve and enhance the Town's exceptional quality of life through the landscaping of the community's public and private properties. To accomplish its mission, the department supervises the construction and meticulous maintenance of parks, boulevard medians, jogging trails, and entrances to the Town. The department is also responsible for the strict enforcement of the landscaping ordinance, which requires all commercial properties to enhance their buildings with landscaped areas.

Program Narrative

Accomplishments for FY2007

- Completed the construction of new perimeter residential masonry screening walls at the Grand Homes and Chatham Court subdivisions in the Les Lacs area.
- Completed landscape improvements on the Landmark Boulevard right-of-way which was fully funded (\$35,000) by the adjacent office building development.
- Completed the construction and opened the second dog park east of the Easement Park.
- Completed the landscaping on the Midway Road median underneath the Arapaho Road Bridge, which was the third beautification project funded by the Addison Arbor Foundation.
- Completed painting of the Blueprints Sculpture art panels in Addison Circle.
- With the assistance of Financial & Strategic Services, completed and began implementation of the department's Strategic Operations Review.
- Completed the Addison Arbor Foundation Town-wide tree inventory program, which was funded by a \$10,000 matching grant from the Texas Forest Service.

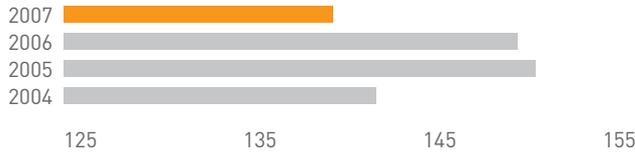
Objectives for FY2008

- Complete the design and bidding process for construction of the 1.58-acre future park in the Addison Circle Fairfield development.
- Complete the design and funding phases of the Les Lacs/Brookhaven Club Drive Redevelopment pedestrian trail extension and park development.
- Update the landscape regulations for private development.
- Assist with the implementation of the first phase of the Belt Line Road streetscape re-invention.
- Complete park structure repairs and renovation of old landscape areas throughout the Town.
- Renew annual contracts for Town-wide mowing, outdoor lighting maintenance, and display fountain and waterfall pumping systems maintenance.
- Continue to evaluate ways to conserve water through improved technology.

Major Budget Items

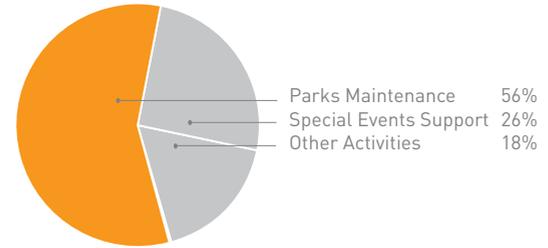
- Budget Adjustment Items: herbicide power sprayer replacement (\$15,000), parks infrastructure and landscape repairs and maintenance (\$78,500), contracted landscape and irrigation maintenance for the Cityhomes streetscape (\$5,000), Town Hall and Beltway/Proton median lighting (\$14,800), Addison Circle improvements (\$76,000), and Easement Park playground improvements (\$75,000).
- The following landscape items are included: color contract for planting (\$68,000), Addison Circle maintenance (\$57,000), and lighting and fountain maintenance (\$55,000).
- Mowing contract (\$146,000).
- Water utility costs (\$307,690).

ACRES MAINTAINED



In FY04, Parks staff began maintaining the Arts & Events district property. In FY05, Parks staff began maintaining the property associated with Arapaho Road Phase III. The closing of the Trinity Christian Academy facility in FY06 reduced the acreage maintained by Parks staff.

TASKS-DISTRIBUTION OF WORK HOURS



EXPENDITURES	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
Personal Services	\$1,078,671	\$1,208,020	\$1,129,840	\$1,212,460
Supplies	162,463	141,600	151,110	154,100
Maintenance	340,725	290,010	292,750	583,870
Contractual Services	695,582	615,790	629,880	618,880
Capital Replacement/Lease	41,414	42,130	42,070	53,380
Capital Outlay	53,740	274,000	166,000	15,000
TOTAL DEPARTMENT BUDGET	\$2,372,595	\$2,571,550	\$2,411,650	\$2,637,690

STAFFING	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
Director-Parks & Recreation	31	1.0	1.0	1.0	1.0
Manager-Parks	26	1.0	1.0	1.0	1.0
Foreman-Parks	20	1.0	1.0	1.0	1.0
Supervisor-Parks	11	1.0	1.0	1.0	1.0
Crew Leader-Irrigation		0.0	0.0	0.0	0.0
Irrigation Technician	10	3.0	3.0	3.0	3.0
Secretary-Administration	9	1.0	1.0	1.0	1.0
Chemical Specialist		0.0	0.0	0.0	0.0
Senior Groundskeeper	9	2.0	2.0	2.0	2.0
Groundskeeper-III	8	1.0	1.0	2.0	2.0
Groundskeeper-II	4	2.0	2.0	2.0	2.0
Groundskeeper-I	3	7.0	7.0	6.0	6.0
TOTAL		20.0	20.0	20.0	20.0

Recreation

Department Mission

To offer and maintain for the Town's residents a wide array of recreation, health, fitness, and athletic programs at the Athletic Club. Facilities at the Club include an indoor, four-lane lap/swim pool with whirlpool, four racquetball courts, a gymnasium, aerobics room, indoor running track, one lighted outdoor tennis court, an expanded 6,500 sq. ft. weight & fitness room & outdoor leisure pool.

Program Narrative

Accomplishments for FY2007

- Completed Phase II of the Strategic Operations Review.
- Successfully completed several special events including the Halloween Bash with 200 participants, the Pacesetter Thanksgiving with 60 participants, and the Easter Eggstravaganza with 300 participants.
- Coordinated the children's entertainment for Oktoberfest and Taste Addison and the arts/crafts for the Holiday Open House.
- Updated, increased participation, and offered several new programs for the Pacesetters senior adult program with new leadership and additional funding.
- Completed recommendations from Phase I of the Strategic Operations Review.
- Completed installation of the video camera monitoring system at the Athletic Club.
- Completed facility projects including indoor pool deck and ceiling repairs and painting of the second floor fitness area.

Objectives for FY2008

- Offer new and innovative programs for seniors, children, and adults based on local and national trends.

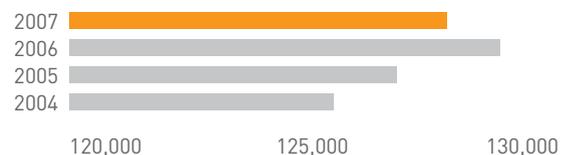
- Maintain a high level of cleanliness throughout the entire facility and aquatic areas. Work closely with the locker room contract cleaning crew to make sure they are cleaning to specifications.
- Implement a building maintenance program to include: locker conversion, locker door lock retrofit, painting, carpet replacement, replacement of pool/spa controllers, refinishing wood floors, racquetball court repairs, roof replacement, fire protection upgrade, and parking lot light pole retrofit.
- Replace non-capital equipment as funding allows.
- Implement recommendations of Phase II of the Strategic Operations Review.
- Offer customer service training for Recreation staff.

Major Budget Items

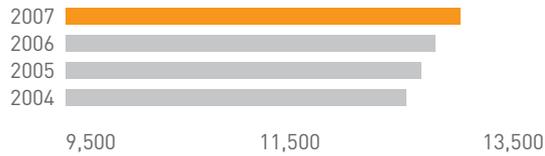
- Budget Adjustment Items: run children's summer camp completely in-house (\$10,770), convert half length lockers to full length (\$25,000), retrofit lockers with automatic locks (\$13,000), carpet replacement (\$55,000), interior painting (\$75,000), replace indoor pool and spa controllers (\$10,000), refinish wood floors (\$35,000), racquetball court repairs (\$25,000), roof replacement (\$60,000), and fire protection upgrade to main building (\$50,000).
- Building maintenance for the Addison Athletic Club (\$50,040).
- Instructor fees (\$32,000 - costs recovered through charges to participants).
- Utility costs associated with the operation of the Addison Athletic Club (\$252,110).

ADDISON ATHLETIC CLUB FACILITY USAGE

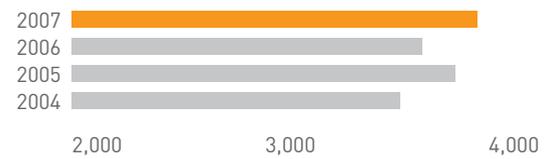
(number of visits)



ATHLETIC CLUB PARTICIPATION IN SCHEDULED EVENTS



OUTDOOR POOL VISITS



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$700,036	\$734,610	\$705,840	\$768,480
Supplies	77,233	75,690	83,150	110,400
Maintenance	103,495	148,320	164,900	416,770
Contractual Services	334,212	307,840	310,190	338,760
Capital Replacement/Lease	38,612	16,430	16,430	34,360
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,253,588	\$1,282,890	\$1,280,510	\$1,668,770

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Manager-Recreation	27	1.0	1.0	1.0	1.0
Supervisor-Recreation *	11	2.0	2.0	1.0	1.0
Seasonal Pool Supervisor	9	0.2	0.2	0.2	0.2
Coordinator-Recreation	9	2.0	2.0	2.0	2.0
Coordinator-Fitness	9	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
Seasonal Senior Lifeguard	5	0.2	0.2	0.2	0.2
Custodian	2	2.0	2.0	2.0	2.0
Seasonal Lifeguard	2	1.6	1.6	1.6	1.6
Recreation Associate *	5	5.5	5.0	4.0	4.0
Seasonal Camp Counselor	2	0.2	0.2	0.2	0.2
Seasonal Recreation Associate-TCA		0.2	0.0	0.0	0.0
Porter	2	1.0	1.0	1.0	1.0
TOTAL		17.9	17.2	15.2	15.2

* Position eliminated in FY07.

The citizen can bring our political and governmental institutions back to life, make them responsive and accountable, and keep them honest. No one else can.

John Gardner



Hotel Fund

Fund Description

The Hotel fund accounts for the use of Hotel/Motel Occupancy tax revenue generated by the Town's twenty-two hotels (representing 3,953 rooms) and which is restricted by State legislation to directly enhancing and promoting tourism and the convention and hotel industry.

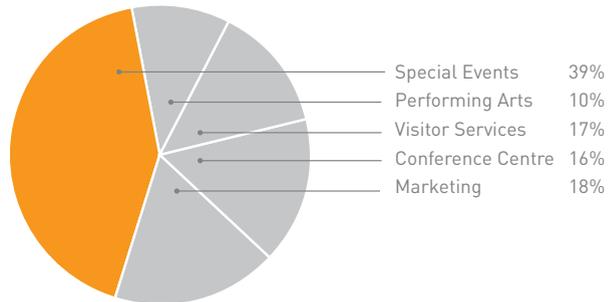
Fund Narrative

The hotels in Addison continue to show improvement from the declines that followed the 2001 terrorist attacks. Hotel occupancy rates and revenue per available room continue to increase in Addison and the surrounding area.¹ Hotel occupancy tax revenue for fiscal year 2007 is estimated to be approximately \$477,500 above the budgeted amount of \$4.67 million. For FY 2008, hotel occupancy taxes are expected to generate approximately \$5,400,000, more than \$720,000 above what was collected in FY 2006.

For FY 2007, total fund revenues are estimated to be \$7,465,000 compared to the budget of \$6,643,200. The increases in revenue are primarily due to increased hotel occupancy taxes, increased revenue from special events and increased interest earnings. Ending fund balance is estimated at \$5,278,010, \$1,185,520 more than budgeted.

The Hotel fund budget for FY 2007-08 anticipates a 4.9% increase in hotel tax of \$250,000. Combined with income from other sources, total revenue is budgeted to be \$7,710,000. Operating expenditures are budgeted at \$6,763,490 or 11.8% more than the FY 2007 budget. The greatest increase is in Conference Centre, which saw its budget grow \$142,220 to accommodate facility improvements. In addition, \$500,000 is budgeted for the Hotel Fund's portion of the parking structure public-private partnership. Ending fund balance is projected to grow to be \$5.02 million, or 74% of fund operating expenditures.

EXPENDITURES BY DEPARTMENT

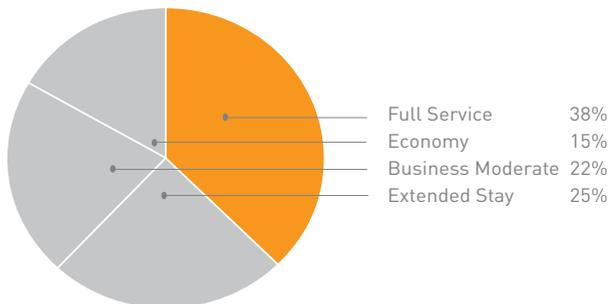


¹ Please refer to Appendix D for more discussion of Hotel Occupancy Tax revenues.

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$4,617,539	\$4,206,050	\$4,639,050	\$5,278,010
REVENUES:				
Hotel/Motel occupancy taxes	4,679,099	4,672,500	5,150,000	5,400,000
Intergovernmental	-	99,000	99,000	-
Proceeds from special events	1,117,761	1,122,000	1,400,000	1,456,000
Conference Centre rental	454,948	500,000	506,000	516,000
Theatre Centre rental	79,418	81,000	85,000	88,000
Interest earnings and other	208,408	168,700	225,000	250,000
TOTAL REVENUES	6,539,634	6,643,200	7,465,000	7,710,000
TOTAL AVAILABLE RESOURCES	11,157,173	10,849,250	12,104,050	12,988,010
EXPENDITURES:				
Visitor Services	718,449	829,920	867,810	1,103,260
Marketing	994,054	1,077,440	1,019,700	1,216,480
Special Events	2,469,938	2,561,760	2,661,720	2,655,940
Conference Centre	1,118,079	955,150	952,920	1,097,370
Performing Arts	500,884	625,780	617,180	690,440
Capital Projects	10,829	-	-	500,000
TOTAL EXPENDITURES	5,812,233	6,050,050	6,119,330	7,263,490
OTHER FINANCING USES:				
Transfer to debt service fund	(705,890)	(706,710)	(706,710)	(700,000)
TOTAL OTHER FINANCING USES	(705,890)	(706,710)	(706,710)	(700,000)
ENDING FUND BALANCE	\$4,639,050	\$4,092,490	\$5,278,010	\$5,024,520

PERCENTAGE OF ROOMS BY HOTEL CATEGORY



Visitor Services

Department Mission

The mission of the Visitor Services department is to provide quality and innovative services to increase leisure and business travel to the Town of Addison.

Program Narrative

Accomplishments for FY2007

- Generated 66,321 room nights for Addison hotels, an 8% increase over 2006.
- Represented Addison hotels at four trade shows to increase awareness of Addison as a meeting destination.
- Expanded the reach of the “Addison Direct Campaign” to companies located in and within a 5-mile radius of Addison as well as area members of Meeting Professionals International.
- Continued direct mail campaign to create awareness of Addison as a meeting destination.
- Reengineered the “Limited Service Hotel Incentive” program.

Objectives for FY2008

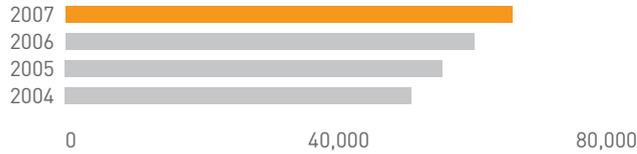
- Generate 71,770 room nights for Addison hotels, an 8% increase over 2007.
- Represent Addison hotels at four trade shows to increase awareness of Addison as a meeting destination.
- Continue the “Addison Direct Campaign” to companies located in and within a 5-mile radius of Addison as well as area members of Meeting Professionals International.
- Expand direct mail campaign to create awareness of Addison as a meeting destination.
- Develop plan for attracting amateur sporting events to overnight in Addison hotels.
- Expand program with Hotel Resources to develop new group business leads for Addison hotels.

- Develop email marketing campaign to meeting planner database.

Major Budget Items

- Budget Adjustment Items: pro rata share in hosting Superbowl 2011 (\$15,000), Train Depot renovation expenses (\$150,000), promotional video (\$50,000), and relocation of Visitor Services (\$50,000).
- Funding of the hotel support program in the amount of \$260,000 to provide Addison hotels with incentives of as much as \$5,000 for booking group and conference meetings.

**HOTEL ROOM NIGHTS GENERATED
BY VISITOR SERVICES DEPARTMENT**



Room nights decreased in FY04 due to the hotel support program funding being decreased by one third.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$330,033	\$318,100	\$306,510	\$338,790
Supplies	9,920	26,920	10,570	19,260
Maintenance	22,148	23,370	23,380	25,060
Contractual Services	352,398	457,400	523,220	565,930
Capital Replacement/Lease	3,950	4,130	4,130	4,220
Capital Outlay	-	-	-	150,000
TOTAL DEPARTMENT BUDGET	\$718,449	\$829,920	\$867,810	\$1,103,260

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Director-Visitor Services	31	1.0	1.0	1.0	1.0
Sales Manager	22	1.0	1.0	1.0	1.0
Department Secretary *	8	1.0	1.0	0.0	0.0
Receptionist **	6	0.0	0.0	0.5	0.5
TOTAL		3.0	3.0	2.5	2.5

*Position eliminated in FY07.

**In prior years, this FTE was fully reflected in the City Manager Office.

Conference Centre

Department Mission

The mission of the Conference Centre/Theatre is to increase hotel room bookings by providing additional meeting facilities.

Program Narrative

Accomplishments for FY2007

- Increased Conference Centre revenues by 5.5%.
- Generated 695 hotel room nights at Addison hotels.
- Hosted 717 events an increase of 9.6% over last year.
- Sent 30 full brochures, 1,000 wedding brochures, and 1,000 postcards regarding Addison Conference Centre/Theatre.
- Rented 1,700,000 square feet of space.
- Hosted 58,400 event attendees.

Objectives for FY2008

- Increase events hosted by 4%.
- Generate an increase in revenue of 8%.
- Increase Addison hotel room nights by 3%.
- Increase revenue through in-house ancillary services and rentals.
- Secure multiple day events.
- Maintain the facilities and equipment in an attractive, safe, and updated manner to enhance the client's experience.
- Streamline the billing process by integrating with the Town's financial system.

Major Budget Items

- Budget Adjustment Items: restroom panels (\$23,000), Stone Cottage floor replacement (\$15,000), video camera system (\$65,500), tables and chairs for the Pavilion (\$12,900), LCD directional signs (\$6,000), and set of three flag poles at Conference/Theatre Centre (\$9,800).
- General facility maintenance, HVAC maintenance, and custodial services (\$86,360).
- Utilities related to operation of the facilities (\$162,210).

SQUARE FOOTAGE RENTED (thousands of square feet)



	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$461,992	\$481,930	\$475,850	\$504,040
Supplies	95,820	52,200	56,270	64,620
Maintenance	129,649	178,630	183,040	189,780
Contractual Services	273,288	230,070	225,440	236,110
Capital Replacement/Lease	7,330	6,820	6,820	9,920
Capital Outlay	150,000	5,500	5,500	92,900
TOTAL DEPARTMENT BUDGET	\$1,118,079	\$955,150	\$952,920	\$1,097,370

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Manager-Conference Centre	26	1.0	1.0	1.0	1.0
Coordinator-Technical	13	1.0	1.0	1.0	1.0
Coordinator-Conference Centre	11	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
Houseman	4	3.5	3.5	3.5	3.5
TOTAL		7.5	7.5	7.5	7.5

Marketing

Mission

The goals of the Marketing initiatives are to coordinate the Town's various communication efforts to ensure that they reflect the Town's philosophy and message.

Program Narrative

Accomplishments for FY2007

- Implemented Addison Perks, a preferred customer campaign that markets the Town's various activities.
- Implemented a new restaurant campaign in conjunction with the Addison Perks campaign.
- Continued the Dallas Morning News campaign which highlights the many unique venues and happenings in Addison and enhanced the program to include web advertising.
- Continued the summer event series marketing initiatives.
- Continued to refine and enhance the addisontexas.net website which showcases Addison restaurants, hotels and current calendar of events.

Objectives for FY2008

- Redesign the Town's current newsletter, Inside Addison, so that it is more timely and able to be distributed in various formats.

- Continue to build the usage of addisontexas.net and work with the various departments to build usage of the addisontx.gov website.
- Continue to showcase Addison, including restaurants, hotels, events and Addison Circle Park, in a prominent way that projects "there is always something happening in Addison".
- Continue to refine and enhance the marketing efforts of the Addison Perks program.
- Continue to diversify and target marketing efforts to maximize the Town's message.

Major Budget Items

- Budget Adjustment Item: branding study (\$50,000).
- Department's budget includes the Hotel Fund's portion of the annual Town calendar (\$45,000); the remaining portion will be provided by the General Fund.
- Krause & Associates contract (\$216,000).
- Dallas Morning News Friday Guide (\$160,000).
- Addison/North Dallas Corridor Business Guide (\$111,750).
- Marketing for Special Events (\$115,000).

	Actual	Budget	Estimated	Budget
EXPENDITURES	2005-06	2006-07	2006-07	2007-08
Personal Services	\$151	\$170	\$170	\$210
Supplies	489	5,500	480	5,500
Maintenance	-	-	-	-
Contractual Services	993,414	1,071,770	1,019,050	1,210,770
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL BUDGET	\$994,054	\$1,077,440	\$1,019,700	\$1,216,480

Special Events

Department Mission

The mission of the Special Events department is to produce special events to attract tourists and enhance the Town's assets.

Program Narrative

Accomplishments for FY2007

- Exceeded revenue goal by 8%.
- Generated \$322,000 in sponsorships, up 24%.
- Added 3 new events to the calendar: Waiter Races, Italia, and Music Man.
- Increased Taste Addison attendance by 30% and revenue by 35%.
- Booked 978 hotel room nights for the North Texas Jazz Festival and increased attendance by almost 40% and revenue by 24%.

Objectives for FY2008

- Analyze the viability of the events and identify elements to maximize the effectiveness and efficiencies while reducing expenditures in the execution of events.

- Produce a maximum of 5 large festivals with a series of smaller events that keep Addison a popular tourist destination.
- Retain market share for the existing events.
- Develop a comprehensive business plan that identifies marketing/operational strategies.
- Develop strategic sponsorship relationships that generate marketing value and revenue.
- Generate \$1,293,000 in overall revenue.
- Work with 3rd party event producers to bring a variety of cultural events to Addison Circle Park.
- Work with the Human Resources department to expand the use of volunteers at the events.

Major Budget Items

- Budget Adjustment Item: Special Events reorganization (\$46,450).
- Oktoberfest (\$490,000).
- Taste Addison (\$600,000).
- Kaboom Town (\$192,500).
- Jazz Fest (\$178,100).

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$657,168	\$670,710	\$715,450	\$706,160
Supplies	24,049	8,600	9,800	11,000
Maintenance	168,643	159,700	167,060	181,460
Contractual Services	1,616,408	1,566,290	1,589,960	1,715,690
Capital Replacement/Lease	3,670	6,460	6,460	41,630
Capital Outlay	-	150,000	172,990	-
TOTAL DEPARTMENT BUDGET	\$2,469,938	\$2,561,760	\$2,661,720	\$2,655,940

	Level	Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING					
Administrator-Special Events	28	1.0	1.0	1.0	1.0
Senior Coordinator-Special Events	13	0.0	0.0	0.0	1.0
Coordinator-Special Events	11	2.0	2.0	2.0	2.0
Intern	11	0.0	1.0	1.0	0.0
TOTAL		3.0	4.0	4.0	4.0

Performing Arts

Department Mission

The mission of the department is to provide artistic experiences for the citizens of Addison and the surrounding communities as well as to attract and promote tourism. To meet this mission the Town will provide the highest quality facilities, equipment and staff to effectively support events and performances.

Program Narrative

Accomplishments for FY2007

- Hosted 30,000 patrons.
- Hosted 220 performances.

Objectives for FY2008

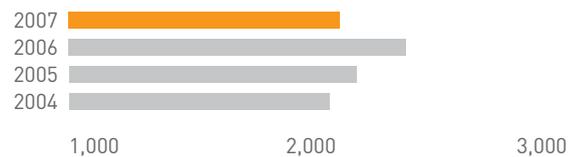
- WaterTower Theatre is planning to produce the following performances:
 - The Great American Trailer Park Musical
 - Rockin' Christmas Party
 - As You Like It
 - The Foreigner
 - Intimate Apparel
 - A Funny Thing Happened...On the Way to the Forum
 - The Santaland Diaries

- Out of the Loop Festival
- Discover Series
 - Little Dog Laughed
 - Almost Maine
 - Tuesdays with Morrie
- Host 31,500 patrons.
- Host 260 performances.

Major Budget Items

- Budget Adjustment Items: lighting console (\$30,000), theatre facility study (\$50,000), and roof repairs (\$75,000).
- Budget includes funding of several nonprofit performing arts groups (\$427,000):
 - WaterTower Theatre (\$390,000)
 - Richardson Symphony Orchestra (\$30,000)
 - Dance Council (\$7,000)

NUMBER OF SEASON TICKET HOLDERS



	Actual	Budget	Estimated	Budget
EXPENDITURES	2005-06	2006-07	2006-07	2007-08
Personal Services	\$12,227	\$8,380	\$12,520	\$8,310
Supplies	10,699	8,700	13,040	19,990
Maintenance	51,981	61,100	51,990	143,910
Contractual Services	423,537	513,150	506,150	483,200
Capital Replacement/Lease	2,440	4,450	4,450	5,030
Capital Outlay	-	30,000	29,030	30,000
TOTAL DEPARTMENT BUDGET	\$500,884	\$625,780	\$617,180	\$690,440

Other Special Revenue Funds

Public Safety Fund

Fund Description

In prior years, the Public Safety fund accounted for a variety of revenues including police forfeiture, court technology, and court building security funds. During the Town's 2002 audit, our auditors recommended that the Public Safety fund be used to account only for police forfeiture funds. To comply with this recommendation, the Town created the Municipal Court fund in FY2002-03 to account for court building security and technology fees that were previously recorded in the Public Safety fund. Police forfeiture funds are awards of monies or property by the courts related to cases that involve the Addison Police Department.

According to Chapter 59, Article 6, Paragraph (d) of the Code of Criminal Procedure, "Proceeds awarded under this chapter to a law enforcement agency may be spent by the agency after a budget for the expenditures of the proceeds has been submitted to the governing body of the municipality."

Fund Narrative

The budget includes funds for special response team (SRT) equipment and supplies (\$5,000) and training (\$15,000). In addition, \$50,000 has been budgeted for the purchase of the digital citation system for the Town's patrol vehicles.

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$38,154	\$85,150	\$101,920	\$89,420
REVENUES:				
Court awards	62,767	5,000	2,500	3,000
Interest earnings and other	3,622	1,000	5,000	4,500
TOTAL REVENUES	66,389	6,000	7,500	7,500
TOTAL AVAILABLE RESOURCES	104,543	91,150	109,420	96,920
EXPENDITURES:				
Supplies	-	5,000	5,000	5,000
Contractual services	2,620	15,000	15,000	15,000
Capital equipment	-	50,000	-	50,000
TOTAL EXPENDITURES	2,620	70,000	20,000	70,000
ENDING BALANCE	\$101,923	\$21,150	\$89,420	\$26,920

Arbor Fund

Fund Description

The Arbor fund is used to account for transactions related to the Addison Parks Foundation, a Texas non-profit corporation organized to fund public beautification projects to enhance the urban forest through donations and gifts from the public, as well as, recycling revenue recovered from Addison businesses and residents.

Fund Narrative

The Addison Arbor Foundation (AAF) meets annually to determine appropriate projects for Arbor fund donations. For FY 2008, funding has been reserved for various landscaping projects near the historic Addison train depot (\$30,000).

The Foundation will sponsor the Third Annual Arbor Day Event to be held in the in November 2007. The AAF will begin the 2008 membership drive by delivering membership applications to residents as part of the Town calendar delivery in December 2007.

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$87,337	\$83,900	\$84,840	\$121,330
REVENUES:				
Recycling proceeds	29,311	20,000	27,000	25,000
Contributions	10,115	5,000	12,400	6,000
Interest earnings and other	3,808	2,000	3,500	3,500
TOTAL REVENUES	43,234	27,000	42,900	34,500
TOTAL AVAILABLE RESOURCES	130,571	110,900	127,740	155,830
EXPENDITURES:				
Maintenance & materials	37,540	6,000	6,410	30,000
Contractual services	8,196	-	-	-
TOTAL EXPENDITURES	45,736	6,000	6,410	30,000
ENDING BALANCE	\$84,835	\$104,900	\$121,330	\$125,830

Municipal Court Fund

Fund Description

The court building security & technology fees represented in this fund are generated from court citation fines. By law, these funds can only be spent on the Town's municipal court.

Fund Narrative

For FY 2008, the budget anticipates that funds generated by the building security fee will pay a portion of the warrant officer's salary (\$8,990) and courtroom improvements (\$4,000). Funds generated by the court technology fee will be used for training of court personnel (\$2,000) and upgrading the Court's interactive telephone system (\$8,000).

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$86,517	\$100,500	\$106,550	\$145,560
REVENUES:				
Court security fees	22,183	20,000	22,000	20,000
Court technology fees	28,519	25,000	27,000	25,000
Interest earnings and other	14,147	7,000	13,500	10,000
TOTAL REVENUES	64,849	52,000	62,500	55,000
TOTAL AVAILABLE RESOURCES	151,366	152,500	169,050	200,560
EXPENDITURES:				
Personal services	15,458	8,990	8,990	8,990
Supplies	4,603	4,000	4,000	4,000
Contractual services	-	2,000	2,000	2,000
Capital outlay	24,753	-	8,500	8,000
TOTAL EXPENDITURES	44,814	14,990	23,490	22,990
ENDING BALANCE	\$106,552	\$137,510	\$145,560	\$177,570

Debt Service Funds

General Obligation Debt Service Fund

Fund Description

The debt service funds, also known as interest and sinking funds, are established by ordinances authorizing the issuance of bonds and providing for the payment of bond principal and interest as they come due. In the General Obligation Debt Service fund, an ad valorem (property) tax rate and tax levy is required to be computed and levied that will be sufficient to produce the money to satisfy annual debt service requirements. General obligation bonds of the Town carry an "Aa3" rating from Moody's Investor's Service and an AA from Standard & Poor's Ratings Service.

Fund Narrative

The Town issued no debt during the 2007 fiscal year. Shown below is the Town's debt position as of the beginning of FY 2008.

Total outstanding general obligation debt	\$58,125,000
less self-supporting debt from the Hotel, Airport & Utility funds	- 24,655,231
NET OUTSTANDING GENERAL OBLIGATION DEBT	<u>\$33,469,769</u>

The Town has adopted two policies to limit debt issued in the future. First, as part of the long-term financial plan¹ adopted for the General fund, the Town intends to utilize surplus operating funds to support capital projects. In those instances when debt has to be issued for projects which cannot be delayed, a second policy stipulates that debt will not be issued for any period longer than fifteen years in order to rapidly retire outstanding debt.²

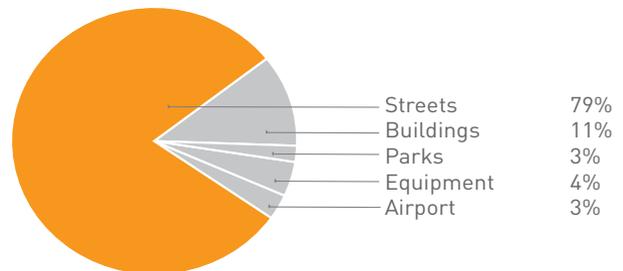
The Town's legal capacity for additional debt is very large. Rules promulgated by the Office of the Attorney General of Texas stipulate that such Office will not approve tax bonds of any city unless the city can demonstrate its ability to pay debt service requirements on all outstanding tax debt, including the issue to be approved, from a tax levy of \$1.50 per \$100 of valuation, based on 90% collection of the tax. Assuming the maximum tax

rate for debt service of \$1.50 on the 2007 taxable assessed valuation of \$3,481,842,180 at 90% collection, tax revenue of \$47,004,869 would be produced. This revenue could service the debt of almost \$488 million issued as 5% 15-year serial bonds, which is more than \$430 million greater than the Town's outstanding obligations.

1) For more information regarding the long-term financial plan, please refer to Appendix F.

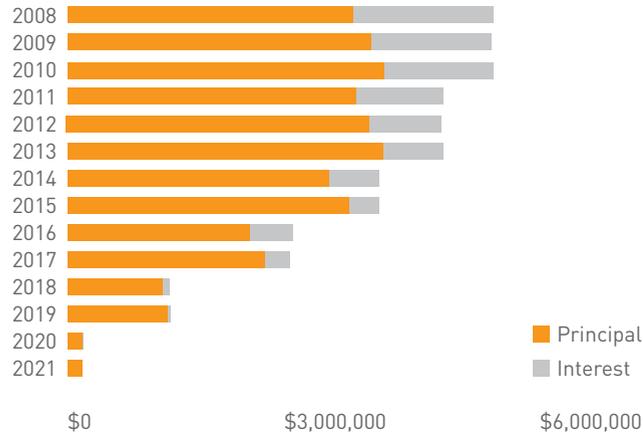
2) The Town's financial policies can be found in Appendix B.

DISTRIBUTION OF 2007-08 DEBT SERVICE BY APPLICATION OF BOND PROCEEDS



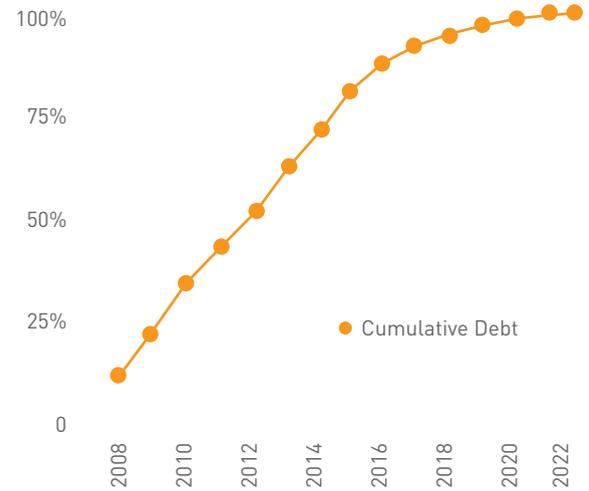
ANNUAL REQUIREMENT TO AMORTIZE GENERAL OBLIGATION DEBT

Net of Self-Supported Debt Paid by Hotel, Airport, and Utility Funds
October 1, 2007 to Maturity



% CUMULATIVE DEBT RETIRED UNTIL MATURITY

The Town's financial policies encourage the rapid retirement of debt. Within ten years the Town will have retired 93.95% of its outstanding debt.



STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$1,401,992	\$1,577,300	\$1,649,430	\$1,575,170
REVENUES:				
Ad valorem taxes	4,747,185	4,628,620	4,500,000	4,627,410
Investment earnings	99,503	70,000	119,000	75,000
TOTAL REVENUES	4,846,688	4,698,620	4,619,000	4,702,410
TOTAL AVAILABLE RESOURCES	6,248,680	6,275,920	6,268,430	6,277,580
EXPENDITURES:				
Debt service-principal	3,105,000	3,255,000	3,255,000	3,419,770
Debt service-interest	1,505,998	1,428,260	1,428,260	1,292,110
Fiscal fees	114,666	10,000	10,000	10,000
TOTAL EXPENDITURES	4,725,664	4,693,260	4,693,260	4,721,880
OTHER FINANCING SOURCES (USES):				
Proceeds from refunding bonds issued	6,355,000	-	-	-
Payment to refunded bond escrow agent	(6,228,588)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	126,412	-	-	-
ENDING BALANCE	\$1,649,428	\$1,582,660	\$1,575,170	\$1,555,700

Hotel Occupancy Tax Debt Service Fund

Fund Description

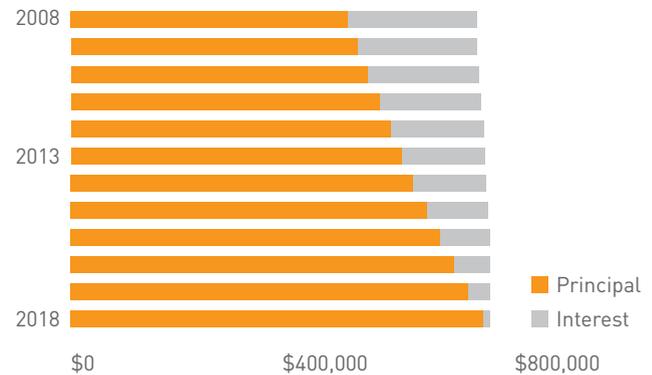
The Occupancy Tax Revenue Debt Service fund receives, as a transfer from the Hotel fund, occupancy taxes to meet the debt service requirements associated with the \$8,000,000 of certificates of obligation issued in 2003 to fund the Arts & Events District. The CO issue carries the Town's Aa3 and AA general obligation ratings.

Fund Narrative

The financial statement for this particular fund is fairly straightforward. Transfers are made to the fund from the Hotel Occupancy fund sufficient for supporting annual debt service requirements. Although the Town pledged its full faith and credit for repayment of debt, including the levying of a property tax rate if needed, there will be sufficient resources in the Hotel fund to pay for the annual debt service and support operating expenditures.

ANNUAL REQUIREMENT TO AMORTIZE OCCUPANCY TAX REVENUE DEBT

October 1, 2007 to Maturity



STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
BEGINNING BALANCE	\$778,627	\$799,130	\$810,940	\$862,940
REVENUES:				
Interest earnings	32,607	20,000	52,000	45,000
TOTAL REVENUES	32,607	20,000	52,000	45,000
TOTAL AVAILABLE RESOURCES	811,234	819,130	862,940	907,940
EXPENDITURES:				
Debt service-principal	465,000	480,000	480,000	500,000
Debt service-interest	241,188	226,710	226,710	212,010
Fiscal fees	-	500	-	-
TOTAL EXPENDITURES	706,188	707,210	706,710	712,010
OTHER FINANCING SOURCES (USES):				
Transfer from Hotel fund	705,890	706,710	706,710	700,000
TOTAL OTHER FINANCING SOURCES (USES)	705,890	706,710	706,710	700,000
ENDING BALANCE	\$810,936	\$818,630	\$862,940	\$895,930

Capital Project Funds

Fund Description

Capital project funds are created to account for proceeds from the sale of general obligation or revenue bonds to be used for the acquisition or construction of major capital facilities. Descriptions of the projects, as well as the impact these projects may have on operating budgets, are included in the Town Chronicle Section. Budgets are developed by project that may transcend more than one fiscal year.

Fund Narratives

Street Capital Project Fund

For fiscal year 2007, most of the expenses were associated with the Addison Road Widening Project (\$1.3 million) and the North Quorum Improvement project (\$472,000).

The budget for fiscal year 2008 reflects construction related to completion of Addison Road (\$820,000), the Town's contribution toward streets serving the Ashton Woods development (\$1,000,000), and the funding of the Town-wide signalization project (\$717,000) that will be funded with DART LAP/CMS funds and a TxDOT grant.

Parks Capital Project Fund

During the 2007 fiscal year, the fund received \$184,250 from developers of the Fairfield apartment project that will eventually be used to supplement city funds to build Fairfield Park. Construction of the park is scheduled for fiscal year 2009 following the completion of the apartments.

2000 Capital Project Fund

This capital project fund's resources were exhausted with design fees related to the Belt Line Road Streetscape project and the fund has been closed out.

2002 Capital Project Fund

During the 2007 fiscal year, funds were applied to expenditures related to the completion of the Arapaho Road extension (\$101,050) and professional services for the Belt Line Road Streetscape project (\$95,000). For 2008, the fund will support the anticipated design of the Belt Line Road Streetscape project (\$225,000) and engineering associated with the redevelopment of the Brookhaven Club area.

2004 Capital Project Fund

Fiscal year 2007 reflects finalization of the Arapaho Road extension project (\$86,330). The 2008 budget includes funds to supplement funding for engineering of streets in the Brookhaven Club area (\$70,000). The fund's ending balance (\$358,290) is allocated for future design of the Belt Line Road Urban Interchange.

2006 Capital Project Fund

In 2007 this fund supported finalization costs associated with the Arapaho Road project (\$69,000). The remaining fund balance is available to be used for other street projects.

STREET CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$3,844,051	\$3,965,050	\$3,989,290	\$2,758,290
REVENUES:				
DART Grants	-	752,000	416,000	972,000
Interest earnings and other	183,846	100,000	190,000	100,000
TOTAL REVENUES	183,846	852,000	606,000	1,072,000
TOTAL AVAILABLE RESOURCES	4,027,897	4,817,050	4,595,290	3,830,290
EXPENDITURES:				
Personal services	21,145	8,000	28,000	8,000
Engineering and contractual services	17,463	45,000	38,000	15,000
Construction and equipment	-	2,910,000	1,771,000	2,514,000
TOTAL EXPENDITURES	38,608	2,963,000	1,837,000	2,537,000
ENDING BALANCE	\$3,989,289	\$1,854,050	\$2,758,290	\$1,293,290

PARKS CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$411,016	\$629,290	\$640,290	\$862,540
REVENUES:				
Interest earnings and other	28,167	20,000	38,000	-
Developer contributions	-	-	184,250	-
TOTAL REVENUES	28,167	20,000	222,250	-
TOTAL AVAILABLE RESOURCES	439,183	649,290	862,540	862,540
EXPENDITURES:				
Personal services	1,252	-	-	1,000
Engineering and contractual services	25,408	-	-	50,000
Construction and equipment	35,230	-	-	-
TOTAL EXPENDITURES	61,890	-	-	51,000
OTHER FINANCING SOURCES (USES):				
Transfer from General fund	263,000	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	263,000	-	-	-
ENDING BALANCE	\$640,293	\$649,290	\$862,540	\$811,540

2000 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$70,114	\$-	\$-	\$-
REVENUES:				
Interest earnings and other	765	-	-	-
TOTAL REVENUES	765	-	-	-
TOTAL AVAILABLE RESOURCES	70,879	-	-	-
EXPENDITURES:				
Personal services	353	-	-	-
Engineering and contractual services	70,526	-	-	-
TOTAL EXPENDITURES	70,879	-	-	-
ENDING BALANCE	\$-	\$-	\$-	\$-

2002 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$2,316,150	\$1,986,930	\$2,148,180	\$2,052,130
REVENUES:				
Intergovernmental grants	-	-	-	-
Interest earnings and other	100,547	60,000	100,000	60,000
TOTAL REVENUES	100,547	60,000	100,000	60,000
TOTAL AVAILABLE RESOURCES	2,416,697	2,046,930	2,248,180	2,112,130
EXPENDITURES:				
Personal services	27,309	25,000	25,000	25,000
Engineering and contractual services	241,207	200,000	74,150	430,000
Construction and equipment	-	-	96,900	-
TOTAL EXPENDITURES	268,516	225,000	196,050	455,000
ENDING BALANCE	\$2,148,181	\$1,821,930	\$2,052,130	\$1,657,130

2004 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$2,582,984	\$299,980	\$396,770	\$408,290
REVENUES:				
Intergovernmental grants	1,440,734	-	72,850	-
Interest earnings and other	59,971	10,000	25,000	20,000
TOTAL REVENUES	1,500,705	10,000	97,850	20,000
TOTAL AVAILABLE RESOURCES	4,083,689	309,980	494,620	428,290
EXPENDITURES:				
Personal services	325	-	-	-
Engineering and contractual services	89,311	-	-	70,000
Construction and equipment	3,597,286	-	86,330	-
TOTAL EXPENDITURES	3,686,922	-	86,330	70,000
ENDING BALANCE	\$396,767	\$309,980	\$408,290	\$358,290

2006 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
BEGINNING BALANCE	\$-	\$-	\$378,900	\$324,900
REVENUES:				
Bond proceeds	1,500,000	-	-	-
Interest earnings and other	40,064	-	15,000	15,000
TOTAL REVENUES	1,540,064	-	15,000	15,000
TOTAL AVAILABLE RESOURCES	1,540,064	-	393,900	339,900
EXPENDITURES:				
Personal services	77	-	-	-
Engineering and contractual services	8,355	-	7,000	-
Construction and equipment	1,152,735	-	62,000	-
TOTAL EXPENDITURES	1,161,167	-	69,000	-
ENDING BALANCE	\$378,897	\$-	\$324,900	\$339,900



The strongest principle
of growth lies in
human choice.

George Eliot

Airport Fund

Fund Description

The Town of Addison owns a general aviation airport, which the Town considers to be one of the community's greatest assets. The Airport is a single runway facility and is ranked by the Federal Aviation Administration as one of the busiest airports of its kind. The airport is used extensively by corporate executives who wish to conduct business in offices located in the North Dallas area.

The airport's operations are financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Airport fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

The Town of Addison is contracted with Washington Staubach Addison Airport Venture (WSAAV) for operation and maintenance of the airport. Under the terms of the agreement WSAAV is responsible for collecting all operating revenue (primarily lease and rent payments and the fuel flowage fee) and remitting the amount to the Town, less operating costs and WSAAV's management fee. The management fee is approximately 20% of collected revenue.

Fund Narrative

For the 2007 fiscal year, operating income is expected to total \$4,082,800 that is 3.8% less than budget. The decline is due delay in opening the airport's new fuel farm, which will bring in higher rental fee from fixed base operators and a modification of through-the-fence agreements that will allow tenants outside the airport to access airport facilities at a lower fee. Operating expenses are expected to be within budget resulting in net income of \$606,850 (excluding depreciation). Working capital was reduced due to the expenditure of funds for construction of the new fuel farm.

For fiscal year 2008, the budget anticipates operating revenue of \$4,072,000 and operating expenses of \$3,394,320. The budget contemplates removal and remediation of the old fueling facility, and resurfacing of taxiways and aprons throughout the airport.¹ Working capital is projected to decline by \$523,490 due to the use of funds for these capital projects.

Accomplishments for FY2007

- Replaced doors and painted a number of hangars.
- Made repairs to vehicle access road.
- Installed the second phase of black vinyl fencing around the airport's perimeter.
- Launched new web site.
- Developed fuel spill prevention, containment, and countermeasures plan.

Goals for FY2008

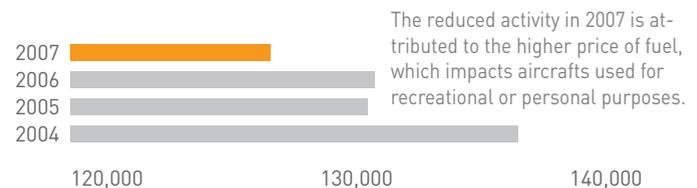
- Complete remediation of the airport's pavement with the 2008 Paving Rehabilitation Program.
- Remediate old fuel farm property.
- Upgrade gate access system.
- Repaint runway and taxiway numbers and centerlines.

1) For more information related to airport projects and initiatives, refer to Section 4 of the Town Chronicle section of this document.

AVERAGE VALUE OF CORPORATE AIRCRAFT



NUMBER OF TAKEOFFS & LANDINGS



AIRPORT ENTERPRISE FUND

INCOME STATEMENT

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
Operating Revenues:				
Operating grants	\$30,000	\$30,000	\$30,000	\$50,000
Fuel flowage fees	1,025,291	1,050,000	935,300	975,000
Rental	3,002,820	3,128,000	3,082,500	3,012,000
User fees	30,416	35,000	35,000	35,000
TOTAL OPERATING REVENUES	4,088,527	4,243,000	4,082,800	4,072,000
Operating expenses:				
Town - Administration	815,014	765,230	866,600	861,000
Grant - Maintenance	-	60,000	60,000	100,000
Operator - Operations and maintenance	1,682,481	1,867,330	1,635,750	1,488,720
Operator - Service contract	942,648	984,700	922,100	944,600
TOTAL OPERATING EXPENSES	3,440,143	3,677,260	3,484,450	3,394,320
NET OPERATING INCOME	648,384	565,740	598,350	677,680
Non-operating revenues (expenses):				
Interest earnings and other	182,187	78,000	170,000	175,000
Refund of prior year fees	(76,200)	-	-	-
Interest on debt, fiscal fees, and other	(168,943)	(161,270)	(161,500)	(153,670)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(62,956)	(83,270)	8,500	21,330
NET INCOME (EXCLUDING DEPRECIATION)	\$585,428	\$482,470	\$606,850	\$699,010
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$585,428	\$482,470	\$606,850	\$699,010
Sources (uses) of working capital:				
Retirement of long-term debt	(215,000)	(225,000)	(215,000)	(235,000)
Net additions to fixed assets with grants	(1,561,856)	-	(36,000)	(200,000)
Other net additions to fixed assets	(7,509)	(1,411,500)	(991,300)	(787,500)
Net sources (uses) of working capital	(1,784,365)	(1,636,500)	(1,242,300)	(1,222,500)
Net increase (decrease) in working capital	(1,198,937)	(1,154,030)	(635,450)	(523,490)
Beginning Fund Balance	3,180,444	1,842,290	1,981,510	1,346,060
ENDING FUND BALANCE	\$1,981,507	\$688,260	\$1,346,060	\$822,570

		Budget	Budget	Budget	Budget
	Level	2003-04	2004-05	2005-06	2006-07
STAFFING					
Police Officer	P2	2.0	2.0	2.0	2.0
TOTAL		2.0	2.0	2.0	2.0

Utility Fund

Fund Description

The Town's water and wastewater utilities are financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Utility fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

Fund Narrative

Operating revenues for fiscal year 2007 are projected to be \$9,307,500, which represents a 13.6% decline from the prior year revenues but only slightly less than budget. The decline is due to a very wet spring and summer that followed a year characterized by drought conditions. Because the Town budgets utility revenue conservatively around a normal year, the lower consumption of water was not detrimental to the fund's financial condition. Operating expenses were within budget and the fund is expected to produce net income of almost \$2.2 million (excluding depreciation). Ending working capital of over \$3.7 million represents 55% of operating expenses.

Although the 2008 budget includes no changes to utility rates, operating revenue is expected to increase 6.2% in anticipation of slightly greater water sales attributed to a normal year. Fiscal year 2008 operating expenses total \$7,040,540, just less than 1% more than the 2007 budget. The budget anticipates a decline in working capital of \$1,327,540, reducing the projected 2008 ending balance to \$2,422,070. The Utility fund's long-term plan anticipates a 10% across-the-board increase implemented in the 2009 budget year in water and sewer rates to support a capital program that will replace ageing infrastructure and will average \$1.2 million over the next five years.¹

Capital expenses scheduled for FY 2008 include:

- Replacement of water line service to Les Lacs neighborhood (\$248,000).
- First phase of water main replacement in the Brookhaven Club area (\$835,000).
- Sliplining of deteriorated sections of sewer main along Marsh Lane (\$138,000).
- Engineering of a second overhead water storage facility (\$500,000).

¹) Please refer to Appendix F for more discussion related to the Town's long-term financial plans.

UTILITY FUND
INCOME STATEMENT

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
Operating revenues:				
Water sales	\$5,697,631	\$4,696,700	\$4,329,000	\$4,726,800
Sewer charges	5,022,160	4,555,800	4,915,000	5,100,000
Tap fees	6,300	5,000	7,500	5,000
Penalties	51,752	55,000	56,000	55,000
TOTAL OPERATING REVENUES	10,777,843	9,312,500	9,307,500	9,886,800
Operating expenses:				
Water purchases	2,562,592	2,594,200	2,507,200	2,500,300
Wastewater treatment	1,807,619	2,148,300	2,103,900	1,951,200
Utility operations	2,067,129	2,239,180	2,166,030	2,589,040
TOTAL OPERATING EXPENSES	6,437,340	6,981,680	6,777,130	7,040,540
NET OPERATING INCOME	4,340,503	2,330,820	2,530,370	2,846,260
Non-Operating revenues (expenses):				
Interest earnings and other	233,547	100,000	225,100	200,000
Interest on bonded debt, fiscal charges, and other	(707,505)	(579,060)	(579,060)	(512,800)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(473,958)	(479,060)	(353,960)	(312,800)
NET INCOME (EXCLUDING DEPRECIATION)	\$3,866,545	\$1,851,760	\$2,176,410	\$2,533,460
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$3,866,545	\$1,851,760	\$2,176,410	\$2,533,460
Sources (uses) of working capital:				
Net retirement of long-term debt	(1,682,142)	(2,030,230)	(2,030,230)	(2,110,000)
Net additions to fixed assets	(225,635)	(980,400)	(185,600)	(1,751,000)
Net increase in other	(39,207)	-	-	-
Net sources (uses) of working capital	(1,946,984)	(3,010,630)	(2,215,830)	(3,861,000)
Net increase (decrease) in working capital	1,919,561	(1,158,870)	(39,420)	(1,327,540)
Beginning Fund Balance	1,869,466	2,411,440	3,789,030	3,749,610
ENDING FUND BALANCE	\$3,789,027	\$1,252,570	\$3,749,610	\$2,422,070

Utility Division

Department Mission

The Utility Division is a sub-unit of the Public Works Department. The department's mission is the supplying of safe, uninterrupted water and wastewater services to Addison residents and businesses. The Town purchases water from the City of Dallas and delivers its sewage to treatment facilities in Dallas and to the Trinity River Authority northern region treatment plant. The department staff is responsible for maintaining over 92 miles of water distribution mains, 1,020 fire hydrants, 78 miles of sewer collection lines, and related pumping and storage facilities. Typical duties include meter reading and repairs, responding to customer service orders, cleaning sewer lines, and testing for proper operation: water meters, shut-off valves, and fire hydrants.

Program Narrative

Accomplishments for FY2007

- Completed the Loos Field House and Addison Road sanitary sewer line rehabilitation project.
- Overhauled the #1 motor at Surveyor Pump Station and the #3 motor at Celestial Pump Station. Inspected and serviced three electrical switchgear units at Celestial Pump Station.
- A total of 1,120 water meters were reviewed for seven key data elements including meter size, meter number, unit of measure, and user type to ensure accuracy.
- Replaced 10 three-inch and larger commercial water meters and over 200 two-inch and smaller water meters in Route 4.
- Replaced over 236 single family residential water meters as part of the Town's 12 year change out program.
- Responded to over 3,300 customer service calls.
- Pumped over 1.9 billion gallons of water and collected over 1.2 billion gallons of wastewater.

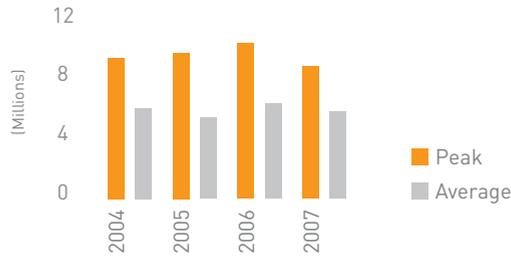
Objectives for FY2008

- Replacement of 2,200 feet of water line on Brookhaven Club Drive.
- Replacement of 38 copper water service lines on Park Place, Ridgeland Court, Lakeview Court, and Weller Run Court.
- Rehabilitation of 3,000 feet of sanitary sewer line on Marsh Lane.
- Replace 38 copper service lines in Waterford Court I.
- Upgrade water meter registers to electronic meter registers.
- Reduce unaccounted for water by 1%.

Major Budget Items

- Budget Adjustment Items: painting and sealing of Celestial and Surveyor ground storage tanks (\$65,000), Pump Station motor replacement (\$60,000), and mapping services (\$16,000).
- Costs associated with maintaining the Town's pump stations (\$80,000).
- Water mains and fire hydrants repair and maintenance (\$25,000).
- Meter and service connections repair and maintenance (\$100,000).
- Utilities for facilities (\$262,280).
- Division's share of liability and property insurance costs (\$56,000).

WATER USAGE



WATER LINE BREAKS



Addison purchases water from the City of Dallas. The payments to Dallas are based on total volume and peak day demand. To minimize the cost of water, the division attempts to satisfy peak demands through optimal management of the Town's elevated and ground storage facilities which have a total capacity of 9 million gallons.

	Actual 2005-06	Budget 2006-07	Estimated 2006-07	Budget 2007-08
EXPENDITURES				
Personal Services	\$1,078,923	\$1,276,990	\$1,179,190	\$1,362,230
Supplies	87,730	95,900	108,640	119,070
Maintenance	237,595	359,000	291,590	485,800
Contractual Services	662,881	489,580	568,900	603,960
Capital Replacement/Lease	17,410	17,710	17,710	17,980
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$2,084,539	\$2,239,180	\$2,166,030	\$2,589,040

		Budget 2004-05	Budget 2005-06	Budget 2006-07	Budget 2007-08
STAFFING	Level				
Director-Public Works	31	1.0	1.0	1.0	1.0
Assistant Public Works Director	29	1.0	1.0	1.0	1.0
Asst. City Engineer	26	1.0	1.0	1.0	1.0
Project Manager *	25	1.0	1.0	0.0	0.0
Utilities Superintendent	24	1.0	1.0	1.0	1.0
Inspector-Public Works	13	1.0	1.0	1.0	1.0
Supervisor-Utilities	13	1.0	1.0	1.0	1.0
Assistant Public Work Inspector	9	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Senior Utility Operator	11	2.0	2.0	2.0	2.0
Utility Operator III	8	2.0	2.0	2.0	2.0
Utility Operator II	6	3.0	3.0	3.0	3.0
Utility Operator I	3	2.0	2.0	2.0	2.0
TOTAL		18.0	18.0	17.0	17.0

*Position was eliminated in FY07.

Information Technology Fund

Fund Description

This fund is intended to accumulate sufficient resources to replace existing computer systems (equipment and software) that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments. The charges are calculated using a straight-line amortization of each component of a system based upon the component's expected life. When a component of a system has reached the end of its projected useful life, a decision is made as to whether the component should be replaced. If the component is still working as intended and not requiring excess maintenance expenses, it will be kept in service. However, once the component has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund and sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment.

The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of a private corporation. In addition to the income statement, the fund summary includes a statement of changes in working capital, which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc.). For the Information Technology Replacement fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions; such as, acquisition of fixed assets or retirement of debt which are not included in the income statement.

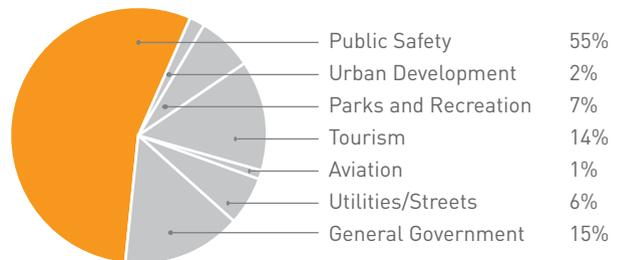
Fund Narrative

Prior to 2001, the fund accounted for all activities related to the information technology function. However, due to the issuance of GASB Statement 34, the operating and maintenance activities of this function have been transferred to the General fund. The purpose of the fund is now limited to acquiring resources over time to eventually replace all components of the Town's general government and public safety information systems.

For FY 2008, the Information Technology Replacement fund includes funding for the following:

Upgrade of public safety software	\$100,000
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IT REPLACEMENT FUND CONTRIBUTIONS



INFORMATION TECHNOLOGY FUND

INCOME STATEMENT

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
Operating revenues:				
Department contributions	\$413,730	\$419,520	\$419,520	\$435,070
TOTAL OPERATING REVENUES	413,730	419,520	419,520	435,070
Operating expenses:				
Contractual services	1,247	2,500	2,500	2,500
TOTAL OPERATING EXPENSES	1,247	2,500	2,500	2,500
NET OPERATING INCOME	412,483	417,020	417,020	432,570
Non-Operating revenues (expenses):				
Interest earnings and other	89,420	40,000	100,000	100,000
NET NON-OPERATING REVENUES (EXPENSES)	89,420	40,000	100,000	100,000
NET INCOME (EXCLUDING DEPRECIATION)	501,903	\$457,020	\$517,020	\$532,570
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$501,903	\$457,020	\$517,020	\$532,570
Sources (uses) of working capital:				
Capital hardware/software:				
General government	(2,950)	(235,000)	(235,000)	-
Public safety	(53,497)	(230,000)	(130,000)	(100,000)
Net sources (uses) of working capital	(56,447)	(465,000)	(365,000)	(100,000)
Net increase (decrease) in working capital	445,456	(7,980)	152,020	432,570
Beginning Fund Balance	1,686,008	2,060,240	2,131,464	2,283,480
ENDING FUND BALANCE	\$2,131,464	\$2,052,260	\$2,283,484	\$2,716,050

Capital Replacement Fund

Fund Description

This fund was established to accumulate sufficient resources to replace existing equipment (with values in excess of \$5,000) which have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the governmental type funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. When a piece of equipment has reached the end of its projected useful life, a decision is made as to whether the equipment should be replaced. If the costs of retaining the equipment (e.g. maintenance expenditures and length of down-time) do not exceed a predetermined amount, then the equipment will be kept in service. However, once the equipment has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund and the sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment. The fund is also used to finance replacement equipment in those instances in which the cost of replacement far exceeds the original cost of the equipment. In these instances, the fund purchases equipment "on loan" to the user departments at a loan rate equivalent to the yield the fund receives on its invested cash.

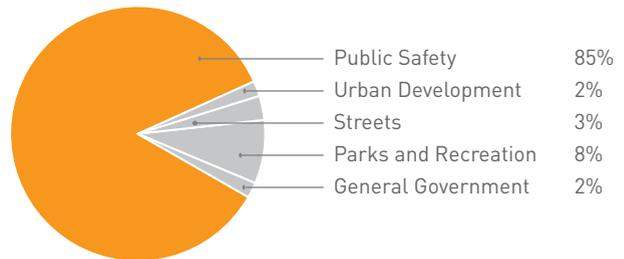
The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, the fund summary includes a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Capital Replacement fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt which are not included in the income statement.

Fund Narrative

Equipment scheduled to be replaced during FY 2007-08 includes:

Police – Four CID vehicles	\$72,000
Fire – One ambulance, three cardiac monitors and one thermal imaging camera	\$210,000
Parks – Three trucks and one backhoe	\$147,000
Streets – One truck	\$25,000
Development Services – Two vehicles (Hybrid)	\$56,000
Recreation – Seven treadmills	\$28,000
General Government - Telephone System	\$40,000

CAPITAL REPLACEMENT FUND CONTRIBUTIONS



CAPITAL REPLACEMENT FUND

INCOME STATEMENT

	Actual	Budget	Estimated	Budget
	2005-06	2006-07	2006-07	2007-08
Operating revenues:				
Department contributions	\$692,622	\$667,820	\$667,820	\$720,790
TOTAL OPERATING REVENUES	692,622	667,820	667,820	720,790
Operating expenses:				
Other	1,248	2,500	2,500	2,500
TOTAL OPERATING EXPENSES	1,248	2,500	2,500	2,500
NET OPERATING INCOME	691,374	665,320	665,320	718,290
Non-Operating Revenues:				
Interest earnings and other	117,142	90,000	120,000	120,000
Proceeds from sale of assets	103,079	25,000	-	75,000
NET NON-OPERATING REVENUES	220,221	115,000	120,000	195,000
NET INCOME (EXCLUDING DEPRECIATION)	\$911,595	\$780,320	\$785,320	\$913,290
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$911,595	\$780,320	\$785,320	\$913,290
Sources (uses) of working capital:				
Acquisition of capital equipment:				
General government	(26,805)	(250,000)	(210,000)	(40,000)
Development services	-	-	-	(56,000)
Public safety	(53,010)	(602,000)	(602,000)	(282,000)
Streets	(23,153)	-	-	(25,000)
Park and recreation	(19,501)	(78,800)	(78,800)	(175,000)
Net source (use) of working capital	(122,469)	(930,800)	(890,800)	(578,000)
Net increase (decrease) in working capital	789,126	(150,480)	(105,480)	335,290
Beginning Fund Balance	2,113,480	2,884,640	2,902,606	2,797,126
ENDING FUND BALANCE	\$2,902,606	\$2,734,160	\$2,797,126	\$3,132,416



The crucial differences
which distinguish
human societies and
human beings are not
biological. They
are cultural.

Ruth Benedict

Addison Fast Facts*

2007 Population: 15,250

(10.5% increase since 2000 Census, 1% increase since 2006)

2007 Assessed Value: \$3,481,842,180

Median Age: 31.6 years

Median Household Income: \$48,566

Average Household Income: \$70,808

Number of Households: 7,621

Total Employment in Addison: 45,650

Square Miles: 4.3 square miles

Developable Land Remaining: 6%

Housing Units:

Owner Occupied: 19.8%

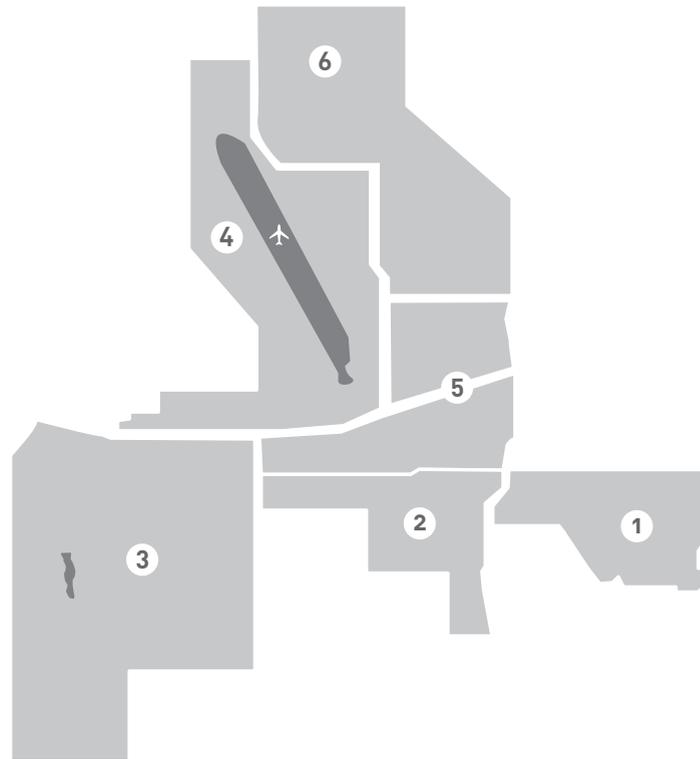
Renter Occupied: 80.2%

Education Level: 44.6% with a Bachelor's degree or higher

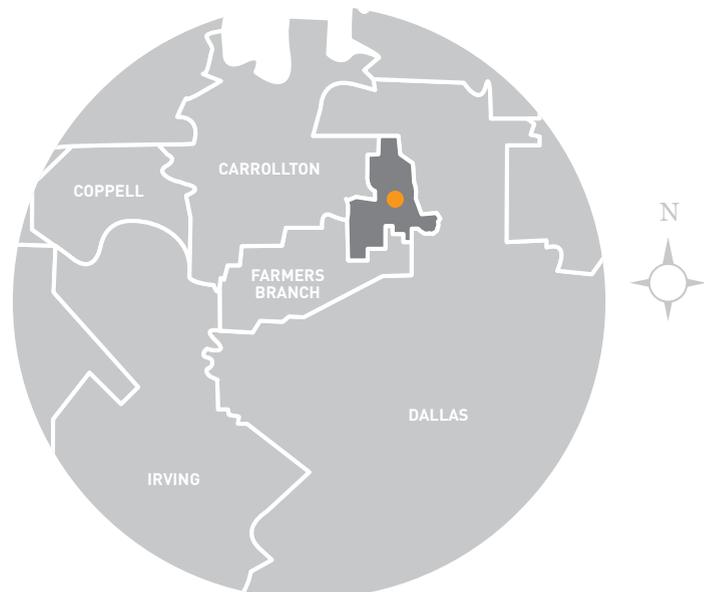
Major Employers in Addison:

- Affirmative Insurance Holdings, Inc.
- Barrett Burke Wilson & Castle
- Crowne Plaza Hotel
- Frito Lay
- General Electric Capital Corporation
- Hotel Intercontinental
- MBNA Information Services
- Mary Kay Cosmetics

ADDISON PLANNING SECTORS



ADDISON WITHIN THE DALLAS METROPLEX



*Sources: 2000 Census, Dallas Central Appraisal District, and North Central Texas Council of Governments.

Town Chronicle

Town Description

The Town of Addison is located in the Dallas North Parkway area that has been referred to as the “platinum corridor” of the Dallas Metroplex. Besides the Town of Addison, the area encompasses the Dallas suburbs of Carrollton, Farmers Branch, and Plano. The area is home to affluent residential neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls, including the prestigious Galleria. The area commands a central location in reference to downtown Dallas, DFW airport, the Richardson telecommunications corridor, and the Plano Legacy corporate campus area.

Epitomizing the best features of the area is the Town of Addison. The Town places a special emphasis on quality of life that demands all development meet the most rigorous building requirements. For example, all commercial development must submit landscaping plans to ensure attractive green areas accompany buildings. The attention to aesthetics extends to all of the Town’s major boulevards, which are also landscaped. This approach has made Addison a cosmopolitan “downtown uptown” distinguished from almost any other urban area in the nation. The Town’s blend of residential, retail, and office uses creates an open environment that avoids the confining effect usually associated with densely developed areas.

The Town’s reputation for maintaining a high quality of urban life has attracted considerable development over the past few years. Addison is home to 97 office or commercial buildings providing over 11.5 million square feet of office space. As of June 2007 average office occupancy was 81.9%, an increase over the 80.8% recorded last year.¹ The rate compares favorably to the 72.1% average of the Dallas central business district office market. Most of Addison’s office buildings are designated “Class A”, due to the amenities they offer. The Town boasts 22 hotels with 3,953 rooms and 164 restaurants, or an average of 38 per square mile.

Because of its concentration of commercial and retail development, Addison is particularly susceptible to changes in the regional and national economies. Addison’s

economy continues to improve, mirroring the expanding economy of the Dallas Metroplex. Taxable appraised values increased for the third consecutive year. Property values in 2007 (upon which the 2008 fiscal year tax levy is based) rose 14.9% compared to the average increase in Dallas County of 10.2%. The amount of income generated by an office building is used by the Dallas Central Appraisal District to determine the building’s taxable value. Continued improvement in the region’s economy will generate additional demand for office space that could further increase property tax values.

Addison’s hotels cater primarily to business travelers and are also experiencing an increase in bookings. Hotel occupancy tax collected for the 2007 fiscal year is projected to be 10% higher than the previous year. According to industry sources, hotels in the North Dallas area (which includes Addison) revenue per available room increased 5.1% for the six months ended June 20, 2007, which exceeds the 3.7% increase for the Dallas/Ft. Worth Metroplex and the 4.2% increase for all of Texas.²

According to a report issued by the Federal Reserve Bank of Dallas, the regional economy is continuing to expand but at a more moderate rate than experienced last year. Through June 2007, area employment increased 2% compared to the 3.4% recorded in 2006. Their Texas Business Cycle Index comprised of output, employment and unemployment reflected a four percent increase for the Dallas metropolitan area through August 2007, while the index for all of Texas increased 3.8%. The Bank’s report notes: “The outlook for the Texas economy continues to be positive, with the Dallas Fed’s Texas Leading Index suggesting 2007 job growth of about 2.8 percent—right at the historical average for the state economy.”³ The report explains the growth in Addison’s economy and supports the budget’s modest assumptions of revenue growth that is based on the local and regional economies.

1) Sources: Black’s Office Guide Winter/Spring 2007, Greater Dallas Office Guide 2007, and Town records.

2) Source: Trends in The Hotel Industry, June 2007, PKF Consulting

3) Source: Southwest Economy, July/August 2007, Federal Reserve Bank of Dallas

For purposes of easily identifying the events affecting the community, the Town has been divided into six planning sectors. The remainder of this Chronicle section focuses on the attributes of each area of the Town and summarizes the issues, programs, and projects related to the sectors. Estimates for costs related to capital projects are derived from current costs of engineering, building, or operating projects of similar scope, with no adjustment for inflation.

Sector 1

Sector Description

This sector of the Town is the most topographically attractive of the community. A small creek runs to the east paralleling Belt Line Road and creates several small ponds before it reaches White Rock Creek. Running along the two creeks is a jogging trail that leads to the uniquely landscaped Celestial Park. Perhaps because of these amenities, the area contains the Oaks North, Bellbrook, and Winnwood subdivisions, three of the more affluent residential developments in the Town, if not the entire north Dallas area. The northwest section of Planning Sector 1 contains a mixture of retail and restaurant business establishments.

Capital Projects

Long-Term (37 to 60 months)

Belt Line Urban Interchange – The intersection of Belt Line Road and the Dallas Parkway is one of the busiest in the entire Dallas metropolitan area. This project will improve pedestrian access to the intersection. The current project budget is \$2,500,000. Engineering of the project is scheduled the 2009 fiscal year from the 2004 Street Capital Project fund with construction scheduled beginning with the 2012 fiscal year. The project is not expected to add to the Town's operating costs.

Sector Community Issues

Stanford Court – A new residential development is currently under construction at the southeast corner of Montfort Drive and Celestial Road, the former site of the Walden School. The Stanford Court development will contain 19 owner-occupied town homes.

Village on the Parkway – The owners of this retail center have obtained zoning approval of a plan that calls for the redevelopment of the center with a high-rise, condominium project on the southeast corner of the center.

The luxury project is planned to be 11-stories in height and contain a total of 81 condominium units. The development has been suspended pending advance sales of a high proportion of the units.

Prestonwood Town Center – This new development is an exterior mall comprising a Super Wal-Mart, Barnes & Noble Bookstore, Office Depot, Circuit City, and other retailers taking up a total of 340,000 square feet of space. The shops are built on the former Prestonwood Mall location that had been vacant for over five years. The new retail area is complemented by several hundred upscale apartment units. Although the development is not in Addison's jurisdiction, with its proximity to Addison, it is likely the stores will attract shoppers to the area that will also benefit Addison retailers.

Sector 2

Sector Description

The most densely developed section of the Town is in Sector 2. Within this area are the Quorum I Office Park, two convention hotels, several motels, and most of the Town's restaurants and retail establishments. The major thoroughfares of Belt Line, Inwood, and Midway roads and the North Dallas Tollway influenced the rapid growth of the area. The area is bisected by the St. Louis and Southwestern Railroad line.

Capital Projects

Immediate (1 to 12 months)

Comprehensive Traffic Signalization – The project will update the traffic signal control hardware and software at many of the Town's signalized intersections, most of which are in Sector 2. The project will allow for remote monitoring and modification of signal timing, greatly increasing traffic flow during peak periods. The budget for the project is \$722,000, of which an estimated \$556,000 will come from federal, state, and county funds. The project is expected to be completed by the end of the 2008 fiscal year.

Intermediate (13 to 36 months)

Belt Line Road Streetscape – Belt Line Road is Addison's "Main Street" where most of Addison's restaurants and retail establishments reside. Although the road was designed for optimal vehicular traffic flow it is not conducive to pedestrian traffic. Included in the Town's 2000 Bond Capital Improvement Program was \$11 million

for relocating sidewalks away from the roadway, moving or burying overhead utilities and adding landscaping to make Belt Line a more pedestrian friendly street between Dallas Parkway and Addison Road. Project may also include architecturally compatible bus shelters at major stops along Belt Line Road. Conceptual design for the project is expected to be completed in FY2008, ROW acquisition in 2009 and construction beginning in 2010. Because any new landscaping along the street would replace existing landscaping, the project is not expected to materially impact operating expenditures.

Long-Term (37 to 60 months)

Railroad Quite Zones – The Cotton Belt Line carries freight through the North Dallas area. Federal law requires train engineers to blow their horns when approaching street crossings. The noise is disruptive to the residents and office workers residing in Sectors 2 and 5. The project would improve the crossings to add signal arms that would totally block automobile traffic from crossing the tracks and directional horns. The improvements would allow engineers to refrain from blowing the engine horns. The project is budgeted at \$426,000 and would be paid from DART LAP/CMS grants and surplus bond funds. The Town is in the process of obtaining state grants to further supplement the funding.

Arapaho Road / Tollway Overpass Modification – This project would expand the section of Arapaho Road that crosses over the Dallas North Tollway to accommodate a free lane for southbound traffic along Dallas Parkway (access road to the Tollway) to make a U-turn to go northbound. Project has been suspended because the funding that had been identified for the project (\$750,000) has yet to be identified.

Sector Community Issues

DART Rail – Located near the Addison Circle development and the planned Arts & Events District (discussed in greater detail in the Sector 5 narrative) is the DART transit center that is used by over a dozen bus routes serving Addison and the North Central Dallas corridor. The center is adjacent to the former Cotton Belt railroad line that is now owned by DART. The line extends to the DFW International Airport and represents an opportunity for commuter rail that would serve the area. The Town contracted with a consultant to study the issue. The result of their analysis is that the rail line serves more companies and a greater employment base than

all of the Dallas Central Business District. DART has included the project in its long-term 2030 capital plan. Addison staff will work to ensure the project is high on the agency's priority list and over the next few years obtains the funding needed for project design and engineering.

Addison Beverage Center/Epicurean District – When Addison began developing in the early 1980's it was the first city in the North Dallas area to allow for the sale of packaged (versus restaurant sale) alcoholic beverages. The Town's charter required that sale of these beverages had to be limited to a 1-mile section of Inwood Road. Several stores located in this area and have enjoyed tremendous success over the years. However, over the past year adjacent suburbs have had elections allowing for the sale of packaged wine and beer in their communities, which has siphoned off some of the business from Addison's retailers. In an effort to protect the viability of these stores, Addison will continue to work with the retailers to "brand" the area as the Addison Beverage Center using marketing, street signage, and special lighting in order to attract customers. This area has also been identified as a possible site for an epicurean district comprising restaurants and specialty food areas. The FY08 budget includes \$75,000 to determine the feasibility and scope of the district.

Sector 3

Sector Description

The majority of the Town's population and single-family housing is contained within the boundaries of Planning Sector 3. The sector also includes several apartment complexes. Prominent features of the sector include Fire Station #2, the Addison Athletic Club, Les Lacs Linear Park, the private Greenhill School and the Dallas Independent School District's large Loos Athletic Center.

Capital Projects

Immediate (1 to 12 months)

Brookhaven Club Water Main Replacement Program Phase I – The Brookhaven area is comprised of several apartment complexes and has some of the Town's oldest water lines. This project is the first of three phases that will replace deteriorated cast iron pipes with PVC lines. This particular project will construct approximately 1,200 linear feet of 8" water line to connect and finish a water line loop that will serve the apartment complexes as well as the adjoining Greenhaven Village shopping

center. Project budget has been established at \$835,000 and was scheduled for the 2006 fiscal year. However, a developer has expressed interest in replacing the existing apartments with more upscale housing and the replacement of lines in all phases has been suspended until development plans have been submitted and approved (see related discussion later in this sector narrative). Project is expected to save an estimated \$5,000 a year in unaccounted for water loss and repair of leaks.

Marsh Lane Sewer Rehabilitation – This project consists of “sliplining” 3,000 feet of the existing 8-inch clay tile line. This line is approximately 30 years old and is a source of inflow and infiltration into the sanitary sewer system. The use of this liner will eliminate ground water from entering the sanitary sewer system and will improve the structural and flow characteristics of the line without the need of any major line construction. Project will take place during the 2008 fiscal year with a budget of \$138,000. The completed project is expected to save an estimated \$12,000 a year in sewer treatment charges by reducing the volume of storm water infiltration.

Intermediate (13 to 36 months)

Elevated Storage Tank – To ensure adequate water pressure is provided all areas of the community, consulting engineers have recommended the Town build a second elevated water storage tank. The tank would have a capacity of 1.5 million gallons with an overflow elevation of 777 feet and be located at the property across Arapaho Road from the property housing the existing Surveyor ground storage tank. The 2008 budget includes \$500,000 for design an engineering of the tank. Construction costs are estimated to range between \$3.5 million and \$5 million depending on the type of structure that is built. The project would be funded with issuance of certificates of obligation projected to be issued in the 2009 fiscal year. Once completed, the project would require minimal operating expenses. The tank would have to be repainted every 10 to 15 years at a cost of approximately \$30,000.

Brookhaven Club Water Main Replacement Program Replacement Phase II – Project would replace 2,200 feet of 8” cast iron water main with 12” PVC pipe. Project budget is \$640,000 to be paid from the Utility fund and is scheduled for the 2007 fiscal year, but like the Phase I project, will be postponed until the Town has approved development plans for renovating the area. Once completed, the project is expected to save an estimated

\$10,000 in annual operating expenses associated with unaccounted for water loss.

Brookhaven Club Water Main Replacement Program Replacement Phase III – This is the third and final phase of the projects upgrading the water system serving the Brookhaven area. Project will upgrade 1,600 linear feet of cast iron 8” water line to a 12” PVC waterline at a cost of \$490,000. Like Phases I & II, this project has been postponed until the Town approves development plans for new housing. Once completed, the project is expected to save an estimated \$7,000 in annual operating expenses associated with unaccounted for water loss.

Sector Community Issues

A developer, Ashton-Woods, is proposing to construct Asbury Circle, a 73-home owner-occupied townhome neighborhood. Homes will range in size from 2,400 to 3,000 square feet. The plans include a pedestrian connection to the Addison Athletic Club. The Town is contributing \$1 million towards construction of the streets from the Streets Capital Project fund.

UDR Inc. is a self-administered real estate investment trust that has acquired 100 acres of the Brookhaven Club area and the related apartment complexes. Over the course of the next few years, UDR intends to demolish the aging apartments and replace them with over 5,000 new high-end apartment units. The housing would be integrated with retail uses to create an urban community similar to Addison Circle (see sector 5). UDR is seeking the Town’s participation in the project by funding such infrastructure improvements as streets and utility lines that may total as much as \$44 million. The Town has enlisted the services of a consultant to determine the appropriate level of participation. Because the Town is in preliminary negotiations with the developer and the extent of the Town’s participation is uncertain, no funds have been allocated for the development either in the 2008 budget or the long-term financial plan.

Sector 4

Sector Description

The distinguishing feature of this area is the Addison Airport, one of the busiest single-runway general aviation airports in the region. The airport has attracted considerable commercial activity including several hangar/office complexes. The south and western areas of

the sector encompass almost all of the Addison's light industrial development. Located within Sector 4 are the Town's police station, central fire station, and service center.

Capital Projects

Accomplished

Addison Airport Fueling Facility – The project constructed fifteen above-ground fuel tanks to replace an antiquated fuel farm with underground tanks. The Town owns the tanks and leases them to fixed base operators that service aircraft. The project was completed and was funded with proceeds from the issuance of certificates of obligation. The project was completed in September 2007 and will begin fueling operations in November 2007. The new facility should net a savings in costs associated with complying with TCEQ rules and regulations and generate additional lease revenue.

Immediate (1 to 12 months)

Old Fuel Farm Remediation – With the opening of the new fueling facility, the Town will demolish the existing fuel farm and remove the underground tanks under the Texas Commission on Environmental Quality (TCEQ) guidelines in order to open up this portion of the airport to future development. Project budget has been established at \$350,000 and work should be completed by the end of the 2008 fiscal year. The project will have no immediate impact on the operating budget, although future development would bring in an undetermined amount of revenue to the Airport fund.

2007 Airport Paving Rehabilitation – The project represents the final phase of a multi-year program to rehabilitate the airport's pavement. Project is budgeted at \$770,000 and involves reconstruction of Taxiway "S". Project will save approximately \$5,000 in annual operating expenses devoted to recurring pavement repair.

Addison Road Widening Phase I - This phase of the project will widen Addison Road to a 5-lane roadway to accommodate increased traffic flows. Project will be approximately 50% complete at the end of the 2007 fiscal year and will be completed in FY2008. Total project budget is \$2.5 million and will be supported by bond proceeds and contributions from Dallas County. There will be no material operating expenses associated with the roadway for the five years following completion and because the widening will add only approximately two lane

miles, there is expected to be only minimal additional long-term maintenance expenses.

Intermediate (13 to 36 months)

Runway and Taxiway Improvements – This project totally resurfaces the runway. The project would also remove the existing ditch at the northwest end of the airport from the safety area, and add an Engineered Materials Arrestor System (EMAS) at the south end of the runway. An EMAS is intended to stop aircraft that overshoot a runway when there is insufficient space for a standard runway safety area. The project will also add lighting, signage, and a Precision Approach Path Indicator (a visual navigational aid). The project is scheduled to be constructed over several years and has a budget of \$22 million with the Town supporting \$2.2 million. The project will result in minor savings to the Airport operating budget due to not having to mow and maintain the existing drainage ditch that will be replaced by the storm sewer.

Long-Term (37 to 60 months)

Airport Drainage Improvements – Areas of the airport become flooded during heavy rains. The project will improve the grade of drainage basins, replace storm sewer piping, inlets, and culverts. A master drainage study report and design for improvements must first be commissioned once operating funds are available for the report. The report will identify the project's scope and expense.

Addison Road / Keller Springs Intersection – Project would add two turn lanes on Keller Springs and replace existing traffic signals to accommodate a wider pavement section at the entrance of the Keller Springs Toll Tunnel Project. Cost is estimated to be \$250,000 and funding will be from DART LAP allocations. Project has been delayed due to problems with acquiring right-of-way and is tentatively scheduled to begin in fiscal year 2011. The project will not have a material impact to operating expenditures.

Midway Water Line Rehabilitation – Project would replace 2,000 feet of 12" cast iron pipe. Project is scheduled for fiscal year 2012 with a budget of \$770,000. Project would save approximately \$5,000 annually in water lost through leaks.

Lindbergh/Richard Byrd Sewer Rehabilitation – This

project consists of “sliplining” 2,700 feet of the existing 6-inch clay tile line. This line is approximately 30 years old and is a source of inflow and infiltration into the sanitary sewer system. The use of this liner will eliminate ground water from entering the sanitary sewer system and will improve the structural and flow characteristics of the line without the need of any major line construction. Project is scheduled to take place in fiscal year 2010 with a budget of \$108,000. The completed project is expected to save an estimated \$5,000 a year in sewer treatment charges by reducing the volume of storm water infiltration.

Suspended

Terminal Building – The building that had been used by airport administrative staff was demolished in 2004 to make way for a new private hangar. Administrative operations have been moved temporarily to a nearby office building. The project includes an approximate 7,000 square foot facility with associated ramp and parking areas. Project budget is \$800,000 with the Town contributing 50% and TxDOT paying the remaining portion. Project has been indefinitely suspended until such time as decisions are made concerning development of the south side of the airport, including possible construction of an air museum. Once completed, the Town will save \$65,000 in annual office lease payments.

Maintenance Building – Currently airport operations vehicles and equipment are stored in several hangars. Construction of a new maintenance building would allow for all equipment to be stored in one location and would free the hangars for rent to private aircraft. Total project budget is \$125,000 with design scheduled for the 2006 fiscal year and construction of the facility the following year. Like the Terminal Building, this project has been indefinitely suspended pending decisions related to a comprehensive development on the airport’s south side. Once completed, the project will allow the airport to gain several hundred dollars a month in rental income from the hangars currently used for equipment storage.

Sector Community Issues

Cavanaugh Flight Museum – Currently residing on the airport is the Cavanaugh Flight Museum, which has become a popular tourist attraction. The museum is privately owned and houses an extensive collection of vintage aircraft. The museum is limited to standard aircraft hangars that limit the museum’s ability to properly

showcase the aircraft. The Town is in negotiations with the museum’s owner to enter into a joint venture, which may include the Town constructing a new facility specially designed for the museum.

Sector 5

Sector Description

The smallest of the planning sectors, Sector 5 contains Addison’s old business district. While the area had been among the least developed in the Town, the Addison Circle development has transformed this sector into a vibrant nucleus of the Addison community. Addison Circle (Urban Community District) combines extensive park and median greenscape with upscale multi-family housing and small retail shops in the north Quorum area. The sector also includes the Town’s Conference Centre and Theatre complex and the Addison Circle Park, which is used extensively for special events such as Oktoberfest and Taste Addison.

Capital Projects

Immediate (1 to 12 months)

North Quorum Streetscape – As part of the Fairfield development (see following discussion) the Town is obligated to construct enhancements to Quorum Drive between Goodman Avenue and Airport Parkway with the addition of street parking and landscaped pedestrian walkways. The project is under construction and is expected to be completed during 2008 within a budget of \$471,000. The project will not have a material impact on operating expenditures.

Intermediate (13 to 36 months)

Fairfield Park – Also supporting the Fairfield development will be a park of approximately 1.53 acres with a budget of \$860,000. The park’s construction is funded with surplus park capital project funds, a \$184,000 developer contribution, and a \$263,000 transfer from the General fund. Annual operating and maintenance costs are estimated to total \$4,000.

Sector Community Issues

Addison Circle Residential Developments – The final residential segments of Addison Circle are in the process of being completed. The Fairfield Residential project is under construction and is expected to be completed by mid-2008. The project is located on 8.9 acres at the northwest corner Quorum Drive and Goodman Av-

enue and comprises 414 multi-family units in a 4-story format, similar to the existing Addison Circle development. SNK Realty will be building 262 multi-family units on 6.5 acres between Spectrum Drive and the Dallas North Tollway. In addition to the residential units, the SNK development will include ground-floor retail in the project's Spectrum Drive side.

Construction is underway on Two Addison Circle, a six-story, 210,000 square foot office building to be located on the northwest corner of Addison Circle and the Dallas Parkway. The building is being developed by OPUS West Group, and it will contain a 720-space garage. The town is currently in negotiations with the OPUS Group to lease parking in the garage for evening and weekend use, and for Special Events.

Sector 6

Sector Description

Sector 6 is distinguished from the other planning areas by the fact that it has the most footage fronting the North Dallas Tollway, making it conducive for future office development. Located in the sector is the private Trinity Christian Academy.

Capital Projects

Long-Term (37 to 60 months)

North Tollway Landscaping Phase III - The project would extend the landscaping on the west Tollway service road, from Westgrove Road, north of Sojourn Drive to the city limit line. The project will complete the landscaping along the Town's eastern edge to achieve a distinctive and aesthetically pleasing gateway into the Town. Project budget has yet to be determined and is dependent upon the project's scope. Projected funding would be surplus capital bond funds. The project budget has been established at \$500,000 and has yet to be scheduled. Once completed, maintenance of the additional landscaping would add approximately \$5,000 to annual Park department expenditures.

A wise and frugal
government, which
shall leave men free
to regulate their own
pursuits of industry
and improvement...
this is the sum of
good government.

Thomas Jefferson



Appendix A The Budget Process

May	1	Schedules Distributed to City Council
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1) City manager presents Council with budget schedule. Council reviews city goals and Project 2030 Vision to determine whether these goals should be revised.

May 18	2	Budget Requests Submitted & Reviewed
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2) Deadline for department budgets to be submitted to Financial & Strategic Services. Staff spends the next several weeks reviewing department budgets for presentation to the Council at work sessions conducted during August.

June - July	3	Work Sessions with City Manager
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3) A series of meetings are conducted by the City Manager with individual departments. The meetings focus on each department's budget requests.

Jul 25	4	Certified Tax Rolls Received
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4) Certified appraisal rolls from Dallas County Appraisal District are received showing taxable values of \$3,481,842,180.

Jul 31	5	2007-08 City Manager's Proposed Budget
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5) City manager's proposed budget is filed with the city secretary and made available to the public as required by the City Charter. Budget reflects total appropriations of \$62,672,380 and a tax rate of 42.53 cents.

Aug 3	6	Effective Tax Rate Published
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6) Upon receipt of the certified appraisal rolls, the Financial & Strategic Services department performs the net effective tax rate calculation as required by State law. The net effective tax rate is calculated to be 41.4278 cents with a rollback rate of 43.4087 cents.

7) Council attends General, Hotel, Airport and Utility Fund work-shops to discuss various aspects of the individual budgets.

Work sessions
with Council

7

Aug

8) Following the required newspaper notices, public hearings are scheduled for regularly scheduled Council meetings.

Public Hearing Held

8

Aug
28 &
Sep
11

9) Council approves ordinances adopting the budget for the fiscal year beginning October 1, 2007 with total appropriations of \$63,288,470 and a tax rate of 43.37 cents.

Council Adopts the
2007/2008 Budget

9

Sep
25

10) Financial & Strategic Services staff works closely to develop final budget document; document is returned from printers and distributed to users.

2007/2008 Budget
Document is Published

10

Nov

11) Typically in June, a work session is conducted with Council to discuss budget adjustments; budget amendments are adopted by ordinance.

Budget is Amended

11

June
2008

Appendix B Financial Policies

Introduction

The Town of Addison, Texas financial policies set forth the basic framework for the fiscal management of the Town. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the Town of Addison City Charter. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

Annual Budget (Charter Requirements*)

1*. The fiscal year of the Town of Addison shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.

2*. The City Manager, prior to August first of each year, shall prepare and submit to the City Secretary, the annual budget covering the next fiscal year, which shall contain the following information:

- a) The City Manager's budget message shall outline the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the Town.
- b) An estimate of all revenue from taxes and other sources, including the present tax structure rates and property valuations for the ensuing year.
- c) A carefully itemized list of proposed expenses by office, department, agency, and project for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.
- d) A description of all outstanding bonded indebtedness of the Town.
- e) A statement proposing any capital expenditure deemed necessary for undertaking during the next budget year and recommended provision for financing.
- f) A list of capital projects which should be undertaken within the next five succeeding years.

g) A five-year financial plan for the General, Hotel, Airport, and Utility funds.

3*. The City Manager's budget should assume, for each fund, operating revenues that are equal to, or exceed operating expenditures. The City Manager's budget message shall explain the reasons for any fund that reflects operating expenditures exceeding operating revenues.

4*. At least one public hearing shall be conducted before the Council, allowing interested citizens to express their opinions concerning items of expenditures, giving their reasons for wishing to increase or decrease any items of expense. The notice of hearing shall be published in the official newspaper of the Town not less than 15 days or more than 30 days following date of notice.

5*. Following the public hearing, the Council shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least three days prior to the beginning of the next fiscal year, adopt the budget by a favorable majority vote. If the Council fails to adopt the budget, the City shall continue to operate under the existing budget until such time as the Council adopts a budget for the ensuing fiscal year.

6*. On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the Council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Under conditions which may arise the Council may amend or change the budget to provide for any additional expense.

7. The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than ninety days following the date of the budget's adoption by the Council.

Basis of Accounting and Budgeting

1. The Town's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

a) The accounts of the Town are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project funds.

b) Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General fund and ad valorem tax revenues recorded in the 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. 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.

c) The Town utilizes encumbrance accounting for its Governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

d) The Town's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when

earned and expenses are recorded at the time liabilities are incurred.

2. The Town's annual budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary fund budgets. All annual appropriations lapse at fiscal year end. Under the Town's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

3. The issuance of Statement 34 by the Governmental Accounting Standards Board has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the Town will continue utilizing the accounting and budgeting processes as described in paragraphs 1. and 2. of this section. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types. Also, the Town will limit the use of internal service funds and incorporate the financial transactions of those funds into other governmental funds.

Budget Administration

1. All expenses of the Town shall be 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.

2. The following represents the Town's 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 Director of Financial & Strategic Services (DFSS). Transfers between operating departments may occur with the approval of the City Manager and DFSS 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.

Financial Reporting

1. Following the conclusion of the fiscal year, the Town's DFSS shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by the Governmental Accounting Standards Board. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.
2. The CAFR shall show the status of the city's finances on the basis of generally accepted accounting principles (GAAP). The CAFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. In all but two cases this reporting conforms to the way the city prepares its budget. Compensated absences (accrued but unused sick leave) are not reflected in the budget but are accounted for in the CAFR's long-term debt account group. Depreciation expense is not shown in the budget's proprietary funds, although the full purchase price of equipment and capital improvements is reflected as uses of working capital.
3. Included as part of the Comprehensive Annual Financial Report shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.
4. The DFSS shall within sixty days following the conclusion of each calendar quarter, issue a report to the Council reflecting the Town's financial condition for that quarter. The quarterly report format shall be consistent with the format of the annual budget document.

Revenues

1. To protect the Town's financial integrity, the Town will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the Town will attempt to reduce its dependence on sales tax revenue.
2. For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service fund. The operation and maintenance levy shall be accounted for in the General fund. The operation and maintenance levy will be established within the eight percent (8%) rollback rate as defined by the State of Texas Property Tax Code. Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.
3. The Town will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The Town will not provide tax abatements to encourage development.
4. The Town will establish user charges and fees at a level that attempts to recover the full cost of providing the service.
 - a) User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.
 - b) Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.
 - c) The Town will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, accuracy of water meters).
5. The Town will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and pri-

vate agencies for the provision of public services or the construction of capital improvements.

6. The Town will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.

7. The Town will invest idle cash to obtain interest income within the constraints of the Town's annually adopted investment policy. That policy established the following five objectives: a.) conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy, b.) preservation of capital and the protection of investment principal, c.) maintenance of sufficient liquidity to meet anticipated disbursement and cash flow, d.) diversification to avoid incurring unreasonable risks regarding securities owned, e.) attainment of a market rate of return equal to or higher than the performance measure established from time to time by the Director Financial and Strategic Services of the Town which is commensurate with the acceptable risk and liquidity objectives of this policy.

8. When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

Operating Expenditures

1. Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:

- a. Operating, Recurring Expenditures
 - i. Personal Services
 - ii. Supplies
 - iii. Maintenance
 - iv. Contractual Services
 - v. Capital Replacement / Lease
- b. Operating, Non-Recurring Expenditures
 - i. Capital Equipment

2. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.

3. The Town will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

4. Personal service expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the Town shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.

5. Supply expenditures shall be sufficient for ensuring the optimal productivity of Town employees.

6. Maintenance expenditures shall be sufficient for addressing the deterioration of the Town's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.

7. The Town will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the Town. The Town will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the Town.

8. Capital equipment is defined as equipment that exceeds \$5,000 and has a useful life of at least one year. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General fund operations will be amortized by charges to the departments using the equipment. The amortization charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The amortization charges and application of those funds will be accounted for in the Capital Replacement Fund.

9. Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

10. To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the Director of Financial & Strategic Services. Projected expenditures that exceed the ceiling must be submitted as separate Budget Adjustment requests. The City Manager will recommend the adjustment requests in the recommended budget to the Council.

Fund Balance

1. The annual budget shall be presented to Council with each fund reflecting an ending fund balance which is no less than 25% of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25% minimum.

2. Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.

3. The Town will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.

Fund Transfers

1. With the exceptions noted below, there will be no operating transfers between funds. Any costs incurred by one fund to support the operations of another shall be charged directly to the fund. (For example, actual hours worked by General fund employees for Hotel fund events.)

2. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

Debt Expenditures

1. The Town will issue debt only to fund capital projects that cannot be supported by current, annual revenues.

2. To minimize interest payments on issued debt, the Town will maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding

fifteen (15) years. Retirement of debt principal will be structured to ensure constant annual debt payments.

3. The Town will attempt to maintain base bond ratings (prior to insurance) of A1 (Moody's Investors Service) and A+ (Standard & Poor's) on its general obligation debt.

4. When needed to minimize annual debt payments, the Town will obtain insurance for new debt issues.

Capital Projects Expenditures

1. The Town will develop a multi-year plan for capital projects, which identifies all projects likely to be constructed within a five-year horizon. The multi-year plan will reflect for each project the likely source of funding and attempt to quantify the project's impact to future operating expenditures.

2. Capital projects will be constructed to:

- a) Protect or improve the community's quality of life.
- b) Protect or enhance the community's economic vitality.
- c) Support and service new development.

3. To minimize the issuance of debt, the Town will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. "pay-as-you-go").

Utility Capital Expenditures

1. The Town will design utility rates sufficient for funding a depreciation reserve which will accumulate resources to replace or rehabilitate aging infrastructure which no longer can be serviced by regular maintenance. Attempts should be made to fund the reserve at a level approximate to annual depreciation of assets as reported in the Town's annual Comprehensive Annual Financial Report.

Long-Term Financial Plans

1. The Town will adopt every annual budget in context of a long-term financial plan for the General Fund. Financial plans for other funds may be developed as needed.

2. The General fund long-term plan will establish assumptions for revenues, expenditures and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.

Appendix C Compensation Plan

N = Non-Exempt (hourly) Position. Eligible for overtime pay when overtime is requested or approved by the supervisor in excess of 40 hours in any work week.

E = Exempt (salaried) Position. Not eligible for overtime wages.

P = Police, Non-Exempt (hourly) Position. Biweekly wages are calculated on hours worked in two 40-hour work weeks. Overtime wages are paid on hours worked in excess of 40 hours in any work week. Non-exempt (salaried) employees accumulate up 2,080 hours per year. Dispatcher hourly wages are based on a 38.75-hour work week, or 2,015 hours per year. Overtime wages are paid on hours worked in excess of 38.75 hours in any work week.

F = Fire, Non-Exempt (hourly) Position. Hourly wages are based on a 56-hour work week, 2,912 hours per year or 168 hours per 21-day work period. Half time overtime applies on the first nine hours worked over 159 hours each 21-day work period. Regular time plus one-half applies on all hours worked over 168 hours each 21-day work period.

Merit and Market Pay Plan

The purpose of the merit and market pay plan is threefold: to encourage excellence in service by tying salary increases to job performance rather than tenure; to reward employees for their efforts and job performance; and to remain competitive with other Metroplex cities in regards to our compensation program.

Performance evaluations for all employees are completed during the month of September, regardless of the anniversary date of an employee's employment. All compensation increases are awarded during the month of October. There is no set time interval employees can expect to reach the top salary of their range.

For the 2007-2008 budget year, Council approved compensation increases with every operating department receiving five percent increases of employee salaries. Council also approved a three percent adjustment to the salary ranges. These adjustments will allow the Town to continue to offer a competitive compensation package to all employees.

Promotions generally result in an immediate salary increase of at least five percent without regard to the date of the last increase. New employees who have yet complete their initial trial periods by October 1 will be eligible for a merit increase at the completion of their trial periods, which lasts a minimum of six months.

WAGE AND SALARY SCALE (Effective 10/01/07)

Level	Base Salary	Top Salary
1-N	\$20,966	\$31,470
2-N	22,256	33,384
3-N	23,608	35,422
4-N	25,064	37,568
5-N	26,582	39,874
6-N	28,226	42,286
7-N	29,931	44,886
8-N	31,741	47,632
9-N	33,675	50,523
10-N	35,734	53,601
11-N	37,918	56,888
12-N	40,227	60,361
13-N	42,681	64,022
20-E	40,643	60,944
21-E	43,763	65,645
22-E	47,133	70,678
23-E	50,752	76,128
24-E	54,662	81,973
25-E	58,843	88,296
26-E	63,398	95,077
27-E	68,266	102,378
28-E	73,582	110,261
29-E	79,186	118,747
30-E	85,259	127,899
31-E	91,832	137,738
32-E	98,883	148,346
33-E	106,496	159,744
34-E	114,691	172,037

Police Department

D1	35,746	53,599
P1	41,226	
P2	43,285	63,939
P3	64,688	73,798
P4	72,010	83,366
P5	81,349	92,830

Fire Department

F1	41,205	
F2	43,709	60,599
F3	64,850	71,460
F4	69,742	76,877
F5	75,005	97,698
FP1	43,680	60,590
FP1	69,722	76,877

Appendix D Major Revenue Sources

The revenue sources described in this section account for \$45,442,200, or 78.6% of the Town's total operating revenues (excludes interfund transfers/charges).

Property Taxes

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The Town's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the Town. Assessed values are established by the 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 year 2008 levy is based, is \$3,481,842,180. This amount is net of approximately \$306,482,603 (representing 8.8% of taxable value) of agricultural, homestead, over-65, disabled veteran, and other exemptions. The Town of Addison provides a 20% homestead exemption, a \$50,000 exemption for those individuals over 65 years of age and a \$60,000 exemption for disabled veterans. The 2007 tax roll is 14.9% more than the 2006 certified roll. The increase in values continues the reversal of declining values experienced during FY 2004-05. Over the last several years, the local economy has continued to improve. Occupancy rates for both hotels and office buildings have remained strong over the last several quarters. As such, we believe future appraisals of commercial properties should remain strong since these valuations are influenced by the income that these properties generate.

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 ending September 30, 2008 is 43.37¢ per \$100 of which 29.90¢ is allocated for general government operation and maintenance and 13.47¢ is allocated for retirement of general obligation long-term debt.

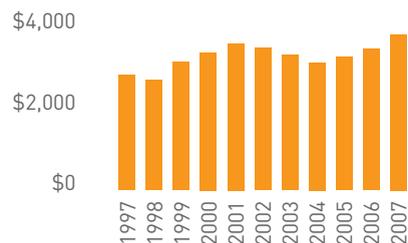
In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The

value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraised values. The Town may challenge appraised values established by the district through various appeals and, if necessary, legal action. Under this arrangement the Town continues to set tax rates on property. However, if the 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. The tax rate that equates to an 8% increase above the prior year rate is known as the "rollback rate." The FY 2007 tax levy adopted by the Town is less than the calculated 43.41¢ rollback rate.

Taxes are due January 31st following the October 1st levy date and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2007 are estimated to be 98.4% of levy and will generate \$14,859,100 in revenues. Delinquent taxes and penalties are expected to produce an additional \$40,000.

ASSESSED VALUATION OF TAXABLE PROPERTY

(As of January 1 in millions)



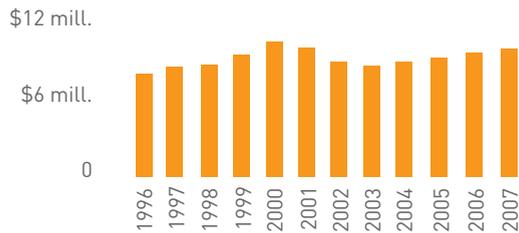
Sales Tax

The sales tax in Addison is 8.25% of goods or services sold within the Town's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly, and in some cases, a quarterly basis. Of the 8.25% tax,

the State retains 6.25% and distributes 1% to the Town of Addison and 1% to the Dallas Area Rapid Transit mass transportation authority. The State distributes tax proceeds to local entities within forty days following the period for which the tax is collected by the businesses.

For the year ending September 30, 2008, the Town of Addison expects to receive \$10,732,900 in sales and use tax revenue. This amount represents a 3.0% increase over the FY 2007 collections. Monthly collections during FY 2007 averaged about 5.7% above what was collected in FY 2006. In addition, Dallas County experienced a 3.5% increase and the State of Texas experienced a 7.6% increase over FY 2006. The increase in Town sales tax collections assumed in the budget is conservative and derived from the experience from the past year. Economic forecasts predict between an average 3% to 4% expansion in the State and regional economies for the next five years. For this reason, sales tax collections should surpass the budgeted assumption. Sales tax collections, however, are notoriously unpredictable and Addison's collections can vary significantly from one month to the next.

SALES TAX REVENUES



Another sales tax levied by the state is the alcoholic beverage tax which is applied against all mixed drinks and package liquor sold in the city. The tax is 14% of sales price and, like the general sales tax, is collected by the State. The Town's share of the dollar revenues generated by the tax is 10.7%, which is expected to produce \$966,400 for the 2008 fiscal year. Although Addison has less than 16,000 residents, its concentration of hotels and restaurants makes it the ninth highest city in Texas for alcoholic beverage sales, surpassing Plano with a population of 255,700 and Corpus Christi with a population of 380,780.

DISTRIBUTION OF SALES TAX REVENUE

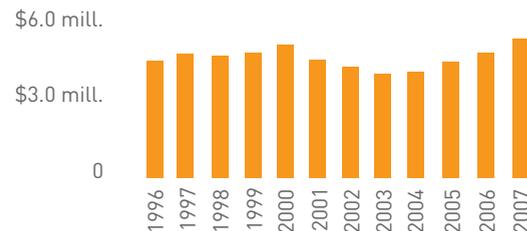
	Addison	Dallas County
Construction	5.53%	3.75%
Retail	46.01%	40.81%
Services	20.62%	11.94%
Wholesale	13.94%	8.18%
Transportation/Communications	2.60%	18.26%
Manufacturing & Other	11.30%	17.06%

Hotel/Motel Occupancy Tax

The occupancy tax is levied by both the Town and the State against a hotel or motel's gross occupancy receipts on a monthly basis. The Town's tax is 7%, the maximum allowed by law, and is levied with the State's 6% rate. Revenue generated by the tax is restricted by State law to directly enhance and promote the tourism, convention and hotel industries. According to state law, individuals renting rooms for more than 30 consecutive days are exempt from paying the tax.

Due to the tragic terrorist attacks of September 11, 2001 and an overall slowdown in the economy, hotel occupancy taxes declined from a high of \$4,957,988 in FY 2000 to \$3,346,197 in FY 2003. Collections have increased in each of the last three fiscal years though, and for the year ending September 30, 2008, the Town expects to receive \$5,400,000 in occupancy tax receipts. The 2008 budget projection assumes more revenue generated per room. The Hotel fund's long-term financial plan (located in Appendix F) reflects the average revenue per room assumptions for the next five years. Addison's collection of hotel occupancy tax ranks it 19th in the State of Texas, just behind of College Station, a city with a population of 82,750.

HOTEL OCCUPANCY TAX REVENUES



HOTEL OCCUPANCY TAX FY 2007 COLLECTIONS

Establishment	Number of Rooms	Percentage of Revenue
Full Service		
Marriott Quorum	535	14%
Intercontinental	532	13%
Crown Plaza	429	11%
Extended Stay		
Budget Suites	344	9%
Best Western	70	2%
Marriott Residence Inn	150	4%
Summerfield Suites	132	3%
Homewood Suites	128	3%
Springhill Suites	159	4%
Business Moderate		
Marriott Courtyard Quorum	176	4%
LaQuinta Inn	152	4%
Marriott Courtyard Proton	145	4%
Holiday Inn Express	102	3%
Hilton Garden Inn	96	2%
Holiday Inn-Arapaho	101	3%
Comfort Inn	86	2%
Economy		
Motel 6	126	3%
Hampton Inn	159	4%
Quality Inn	115	3%
Comfort Suites	78	2%
Super 8	78	2%
Best Value	60	1%
TOTAL	3,953	100%

Utility Fees

The Town of Addison charges fees for the provision of water and sewer services to residents and businesses located within the Town. The Town utilizes a comprehensive utility rate structure which is based upon charging minimum bills for customer classifications depending upon the demand each classification places upon the utility system. This structure allows the fund to equitably

recover a greater portion of its fixed expenses through a relatively constant revenue stream.

In FY 2006, the Town Council approved an adjustment in water and sewer rates in order to support increased operating expenses, debt service associated with capital projects of previous years, and future capital projects needed to maintain the Town's water and sewer systems. Under these rates, each customer will pay a minimum monthly bill depending upon how their account is classified. For example, a single-family customer will pay a minimum bill of \$7.28 for water which includes 2,000 gallons. At the other end of the scale, an industrial customer with a meter greater than 2" in size pays a minimum bill of \$150.80 with an allowance of 80,000 gallons. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The exceptions to this rule are single-family residential customers who cease paying sewage fees once water consumption exceeds 8,000 gallons. The combined monthly water and sewer bill for a single-family residence which consumes 10,000 gallons is \$57.84.

The Town's rate schedule includes a conservation water rate that was first implemented in 2003. This rate applies to all customers with irrigation meters and single-family customers who consume more than 15,000 gallons in a month. The conservation rate is \$3.68 per 1,000 gallons compared to the base water rate of \$1.84 per 1,000 gallons.

On the following page is a distribution of customers by classification (as of 9/30/07) and the approximate percentage of contribution each classification makes to water and sewer operating revenues. For the 2007-08 budget year, the Town's Utility Fund anticipates receiving \$4,726,800 from the sale of water and \$5,100,000 from sewer fees. The total utility fees represent a 6.2% increase over the previous year budget.

Franchise Fees

Effective January 1, 2002, the method of collecting franchise payments changed with the partial deregulation of electric power in Texas. In the past, the Town received franchise fee payments once each year based on 4% of TXU's total electric sales within Addison. Under deregulation, the franchise fee payment has been replaced by a per kilowatt hour fee. The fee is calculated by taking the total franchise amount paid by TXU to Addison in

FY 2007-08 Customer Classification	WATER		SEWER	
	Number of Accounts	Percent of Revenues	Number of Accounts	Percent of Revenues
Single Family	1,645	11.4	1,638	10.8
Multi-Family	141	19.2	141	36.6
Municipal/School	28	1.0	29	1.8
Irrigation	591	39.5	0	0.0
Hotel/Motel	31	7.1	30	10.2
Commercial	650	20.0	649	40.3
Fire Meter	301	1.6	0	0.0
Industrial	12	0.2	12	0.3
TOTAL	3,399	100%	2,499	100%

1998 and dividing the amount by the number of kilowatt hours sold that same year. That fee was calculated to be 0.25441 cents or \$0.0025441. Competing retail electric providers (REPs) will collect a per kilowatt charge from their customers, and then remit the fee to TXU's regulated transmission and distribution company. TXU will then pay the Town the fee revenue collected from the REPs. The Town expects to receive \$1,600,000 as an electric franchise fee payment in FY 2008.

Deregulation of the telecommunications industry and Federal laws governing the treatment of telecommunication companies by cities caused the Texas State Legislature to review the methods by which cities are compensated by telecommunication companies for use of public right-of-ways. A law was passed in 1999 that required cities to be compensated based on the number and type of telecommunication access lines each company has in a particular jurisdiction. This method of compensation is different from the percentage of gross receipts formula historically used by most cities. The law was passed with the goal of maintaining the cities' revenue base. Using guidelines promulgated by the Texas State Public Utilities Commission, cities across the state developed access line fees that were implemented July 1, 2000. In Addison, the computed fees that are added to telecommunication customer monthly bills are as follows:

Category 1 (Residential lines)	\$1.00
Category 2 (Non-residential or business lines)	\$2.42
Category 3 (Point-to-point or dedicated lines)	\$4.81

The FY 2008 budget anticipates \$631,800 from telecommunication access line fees. This is a modest decline compared to the \$665,000 that is estimated to be received in FY 2007. It is anticipated that this revenue source will continue to decline as the wireless telecommunications industry continues to gain market share from traditional telephone companies.

Intergovernmental Revenue

The Town anticipates receiving \$1,022,000 in intergovernmental revenue in FY 2008. The Airport fund is expected to receive \$50,000 from the Texas Department of Transportation (TxDOT) for minor maintenance projects at Addison Airport. The Streets Capital Project fund anticipates receiving \$972,000 in grant funding from TxDOT. These funds will be used to partially fund the Town-wide signalization.

Appendix E Major Budget Items Summary

The table below is a summary of the major budget items over \$50,000 that are included in each fund. The summary does not include most recurring items such as insurance, legal fees, or other annual contracts.

GENERAL FUND

City Manager	Library Cards	\$117,790
Financial & Strategic Svcs.	Dallas Central Appraisal District Fee	\$66,720
Information Technology	Annual Licensing Fees for Public Safety Computer System	\$147,500
Information Technology	Annual Licensing Fees for General Government Computer System	\$125,060
Information Technology	HVAC Upgrade to Emerg. Operation Center and Server Room	\$90,000
Police	Fuel	\$90,000
Fire	Uniforms and Protective Clothing	\$54,320
Streets	Street Concrete Repairs	\$270,650
Parks	Color Contract	\$68,000
Parks	Addison Circle Area Maintenance	\$57,000
Parks	Mowing Contract	\$146,000

HOTEL FUND

Visitor Services	Hotel Support Program	\$260,000
Visitor Services	Train Depot Renovations	\$150,000
Marketing	Dallas Morning News Friday Guide	\$160,000
Special Events	Special Events District Maintenance	\$160,000

AIRPORT FUND

Projects	2007 Paving Rehabilitation Program	\$770,000
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UTILITY FUND

Utilities	Water Service Line Replacement Program	\$248,000
Utilities	Brookhaven Club Areas Utilities Rehabilitation	\$310,000
Utilities	Greenhaven Village Water Main	\$525,000
Utilities	Marsh Lane Sewer Rehabilitation	\$138,000
Utilities	Engineering for a New Elevated Water Storage Facility	\$500,000

CAPITAL REPLACEMENT FUND

Fire	Ambulance	\$115,000
Fire	Cardiac Monitors (3)	\$84,000
Parks	Backhoe	\$80,000

Appendix F Long Term Financial Plan Narrative

In accordance with the Town's financial policies, the 2007-08 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. Plans have been developed for all the Town's major operating funds: General, Hotel, Airport, and Utility. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget for fiscal year 2008 and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on staff. The plans establish funding ceilings on recurring operating expenditures. Department heads may only exceed these ceilings by presenting to the city manager and council, budget adjustment requests that provide new or expanded services to the community. Operating budgets are increased only when Council votes to approve each request.

General Fund Long-Term Plan

The plan reflects the following assumptions based on historic trends and knowledge of economic conditions present when the budget was developed:

- Non-property taxes have posted modest gains the past two years averaging 3.8% annual increases. The projected years assume only a 3.0% annual increase.
- Property tax revenue is dependent on two variables, appraised value and the tax rate. Property values this year increased 14.9%, the third consecutive year of increased valuations. The 2008 budget includes a property tax rate of 43.37¢ per \$100 appraised values. This is a 3.03¢ reduction from the rate associated with the 2007 budget. Despite the lower rate, because of the increased taxable property values, the tax levy dedicated to the General fund will increase 10.7% over estimated 2007 tax collections. The General fund long-term plan assumes that for fiscal years 2009-2012 property values continue to recover and increase an average 3%, plus approximately \$61 million over the next four years in new construction. The plan assumes a tax rate will be levied to generate additional 8% revenue each year.
- All other revenues during the planning horizon are expected to increase 3% per year.
- The majority of the General fund's expenditures are associated with employee compensation; over 65% of the 2008 budget is allocated for this area. The base year reflects an increase of 5.6% over the 2007 budget due primarily to the five percent merit increase approved for the 2008 budget. The increase in personal services costs is also due to the addition of two new positions. Future years project average annual increases of 6% with staffing remaining constant at 229.9 FTE.
- The 2008 budget reflects a doubling of appropriations for maintenance projects associated with the Town's facilities. These projects are non-recurring and consist of items that occur only once every 7 to 10 years (e.g. interior painting and replacement of carpet). For the future, maintenance expenses are expected to increase only 3% per year for basic upkeep of facilities.
- Other expenditures are expected to increase as follows: supplies 2% per year, maintenance 3%, contractual services 3%, and capital replacement contributions remaining constant. Within the category of "other uses" are major maintenance projects that are outside routine maintenance and upkeep.
- The General fund 2008 budget includes \$1.5 million for purchase of a long-term lease for parking spaces associated with a new parking garage in Addison Circle that is being built to serve a private development but will also give the Town spaces for retail customers and visitors coming to attend Addison's special events.
- For fiscal years 2009 through 2012, revenues are projected to exceed expenditures by an average \$901,050. Fund balances above the 25% minimum established by formal financial policy, are available for non-recurring capital projects.

Hotel Fund Long-Term Plan

Addison's hotels cater to the business traveler and therefore are tied to the regional economy. Hotel occupancy tax revenues in 2007 increased an estimated 10% over the previous year. Despite this increase, the plan assumes only modest revenue projections. The plan reflects the following assumptions:

- Hotel occupancy tax revenue is expected to increase 4.9% in 2008 and generate over \$5.4 million. For the 2009-12 planning period, revenues from the tax are expected to increase an annual average 3%. The inventory of hotel rooms is assumed to remain constant at 3,953.
- Proceeds from special events are expected to increase 4% per year.
- Rental of the Addison Conference Centre and Theatre is expected to increase 2.3% per year.
- Operating expenditures are forecasted to increase 6% for employee compensation, 3% for supplies, 4% for maintenance and, depending upon the department, between 0% and 5% for contractual services.
- The fund also reflects an average annual debt service of \$700,000 for retirement of certificates of obligation that were sold to finance construction of the Arts & Events District.
- The plan reflects revenues exceeding expenditures an average of \$191,500 from fiscal year 2008 through 2012 with fund balance remaining above the 25% minimum. Unlike other funds where expenditures are directly related to critical public services, much of the Hotel fund's budget is associated with marketing and the production of special events which can be reduced should hotel occupancy taxes decline in future years.

Airport Fund Long-Term Plan

The goal of the Airport's plan is to generate sufficient revenues to support operating expenses as well as funding capital projects to minimize issuance of debt.

- Operating revenue is expected to be flat for the 2008 budget despite an increase in hangar rental rates averaging 17%. The incongruence between rates and revenues is due to the planned redevelopment of several hangars that will have no tenants until the project is complete. For fiscal years 2009 through 2012, revenue is expected to increase only 3% per year assuming no rate increases during the planning period.
- Operating expenses are projected to increase 6% for employee compensation 3% for supplies, and 5% for maintenance. The Town has a contract with a company to operate and maintain the airport. Operator maintenance expenses are budgeted to decline in 2008 because major non-recurring maintenance projects budgeted in 2007 have been completed.
- The plan recognizes the debt service associated with the issuance of \$4.4 million in certificates of obligation in 2005 to fund the new fuel farm.
- Sufficient net income is generated during the planning horizon to support all scheduled capital projects including those eligible for TxDOT matching funding.
- Primarily due to funding capital projects on a pay-as-you-go basis, ending working capital (fund balance for an enterprise fund) fluctuates above and below the 25% minimum balance. Following major capital improvements at the airport, working capital is projected to increase above the minimum balance in 2012.

Utility Fund Long-Term Plan

Like the Airport fund, the Utility fund's plan is to generate sufficient revenues to support operating expenses as well as funding capital projects to avoid issuance of debt until existing debt is retired in fiscal year 2013. Below are other features of the plan.

- Operating revenues are determined by the water and sewer rates as well as the volume of water sold and sewer treated. These revenues are highly influenced by weather patterns. Hot, dry summers result in high water sales, which to a certain extent, also generate higher sewer revenues. Fiscal year 2006 witnessed a record drought and revenue for that year increased almost 36% over 2005 as a result of rate increases imposed early in the year and a 20% increase in volume of water sold. In contrast, weather during the 2007 fiscal year was much wetter and cooler, resulting in a 13.6% reduction in operating revenues. For 2008 it is assumed only an average amount of water will be sold, resulting in operating revenue that is 6.2% greater than 2007 estimates. Fiscal year 2009 assumes an average increase in water and sewer rates of 10% in order to support capital projects from fund balance.
- Operating expenses, dominated by payments to other governments for the purchase of water and the treatment of sewage, are expected to increase an average 7% per year for water purchase and 5% for sewer services. These assumptions are based on historic trends of the last five years.
- From 2008 through 2012, net income is expected to average \$3.3 million, which is needed to retire debt principal and fund capital projects.

Capital Project Long-Term Plan

Included in Appendix G is a chart that summarizes the Town's capital improvement program over the five year planning horizon. The statement reports the timing of the projects as well as source of funding.

GENERAL FUND LONG-TERM FINANCIAL PLAN

	Actual 2005-2006	Estimated 2006-2007
BEGINNING FUND BALANCE	\$7,050,505	\$8,175,180
REVENUES:		
Ad valorem taxes	8,546,522	9,270,600
Non-property taxes	10,907,752	11,386,700
Franchise fees	2,681,263	2,671,900
Licenses and permits	651,408	766,200
Intergovernmental	-	-
Service fees	1,296,693	1,275,600
Fines and penalties	1,071,624	1,166,400
Interest income	378,492	575,000
Rental income	122,622	143,700
Miscellaneous	178,968	130,200
TOTAL REVENUES	25,835,344	27,386,300
EXPENDITURES:		
Operating:		
Personal services	16,636,812	17,353,470
Supplies	1,036,749	1,059,570
Maintenance	1,667,366	1,773,900
Contractual services	3,951,052	3,743,820
Capital replacement/lease	1,070,804	1,047,250
Capital outlay	84,886	189,200
Other uses	263,000	-
TOTAL EXPENDITURES	24,710,669	25,167,210
ENDING FUND BALANCE	\$8,175,180	\$10,394,270
Amount greater (less) than 25% minimum balance	1,997,513	4,102,468
Debt issuance variable:		
Beginning debt outstanding	\$38,004,768	\$39,979,769
Principal retired	3,105,000	3,255,000
Principal issued	5,080,001	-
Ending debt outstanding	39,979,769	36,724,769
Tax rate variables:		
Taxable values (thousands)	\$2,799,172	\$2,972,554
General fund rate	0.3060	0.3110
Debt service fund rate	0.1700	0.1530
TOTAL	\$0.4760	\$0.4640
Staffing variable:		
Full-time equivalent positions	231.4	227.9
Average cost per FTE	\$71,896	\$76,145

Base Year	Year 1	Year 2	Year 3	Year 4
Budget 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012
\$10,394,270	\$8,192,240	\$9,019,660	\$9,950,870	\$10,873,570
10,271,690	11,037,360	11,876,430	12,784,020	13,765,690
11,699,300	12,050,300	12,411,800	12,784,200	13,167,700
2,590,000	2,667,700	2,747,700	2,830,100	2,915,000
557,900	574,600	591,800	609,600	627,900
-	-	-	-	-
1,266,850	1,304,900	1,344,000	1,384,300	1,425,800
1,143,000	1,177,300	1,212,600	1,249,000	1,286,500
561,000	577,800	595,100	613,000	631,400
146,500	150,900	155,400	160,100	164,900
49,000	50,500	52,000	53,600	55,200
28,285,240	29,591,360	30,986,830	32,467,920	34,040,090
18,777,830	19,904,500	21,098,800	22,364,700	23,706,600
1,181,210	1,204,800	1,228,900	1,253,500	1,278,600
3,606,460	1,983,020	2,042,500	2,103,800	2,166,900
4,328,650	4,458,500	4,592,300	4,730,100	4,872,000
1,078,120	1,078,120	1,078,120	1,078,120	1,078,120
15,000	15,000	15,000	15,000	15,000
1,500,000	120,000	-	-	-
30,487,270	28,763,940	30,055,620	31,545,220	33,117,220
\$8,192,240	\$9,019,660	\$9,950,870	\$10,873,570	\$11,796,440
570,423	1,828,675	2,436,965	2,987,265	3,517,135
\$36,724,769	\$37,304,999	\$33,557,544	\$29,636,428	\$26,086,805
3,419,770	3,747,455	3,921,116	3,549,623	3,149,834
4,000,000	-	-	-	-
37,304,999	33,557,544	29,636,428	26,086,805	22,936,970
\$3,481,842	\$3,586,298	\$3,693,886	\$3,804,703	\$3,918,844
0.2990	0.3128	0.3267	0.3415	0.3570
0.1347	0.1332	0.1293	0.1255	0.1219
\$0.4337	\$0.4460	\$0.4560	\$0.4670	\$0.4789
229.9	229.9	229.9	229.9	229.9
\$81,678	\$86,579	\$91,774	\$97,280	\$103,117

HOTEL SPECIAL REVENUE FUND LONG-TERM FINANCIAL PLAN

	Actual 2005-2006	Estimated 2006-2007
BEGINNING FUND BALANCE	\$4,617,539	\$4,639,050
REVENUES:		
Hotel/Motel occupancy taxes	4,679,099	5,150,000
Intergovernmental	-	99,000
Proceeds from special events	1,117,761	1,400,000
Conference Centre rental	454,948	506,000
Theatre rental	79,418	85,000
Interest and miscellaneous	208,408	225,000
TOTAL REVENUES	6,539,634	7,465,000
EXPENDITURES:		
Visitor Services	718,449	867,810
Marketing	994,054	1,019,700
Special Events	2,469,938	2,661,720
Conference Centre	1,118,079	952,920
Performing Arts	500,884	617,180
Capital projects/expanded levels of service	10,829	-
Transfers to other funds/debt service	705,890	706,710
TOTAL EXPENDITURES	6,518,123	6,826,040
ENDING FUND BALANCE	\$4,639,050	\$5,278,010
Amount greater (less) than 25% minimum balance	3,188,699	3,748,178
Hotel Occupancy Tax Variables:		
Number of rooms	3,953	3,953
Average revenue per room	\$1,184	\$1,303

Base Year	Year 1	Year 2	Year 3	Year 4
Budget 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012
\$5,278,010	\$5,024,520	\$4,932,280	\$5,370,410	\$5,806,200
5,400,000	5,562,000	5,728,860	5,900,730	6,077,750
-	-	-	-	-
1,456,000	1,514,240	1,574,810	1,637,800	1,703,310
516,000	526,320	536,850	547,590	558,540
88,000	91,520	95,180	98,990	102,950
250,000	255,000	262,650	270,530	278,650
7,710,000	7,949,080	8,198,350	8,455,640	8,721,200
1,103,260	1,142,660	1,183,820	1,226,800	1,271,720
1,216,480	1,240,880	1,265,760	1,291,140	1,317,030
2,655,940	2,774,380	2,898,340	3,028,110	3,163,950
1,097,370	1,061,130	1,115,480	1,172,750	1,233,100
690,440	592,470	596,820	601,350	606,070
500,000	530,000	-	-	-
700,000	699,800	700,000	699,700	700,000
7,963,490	8,041,320	7,760,220	8,019,850	8,291,870
\$5,024,520	\$4,932,280	\$5,370,410	\$5,806,200	\$6,235,530
\$3,333,648	\$3,229,400	\$3,605,355	\$3,976,163	\$4,337,563
3,953	3,953	3,953	3,953	3,953
\$1,366	\$1,407	\$1,449	\$1,493	\$1,538

AIRPORT FUND LONG-TERM FINANCIAL PLAN

	Actual 2005-2006	Estimated 2006-2007
BEGINNING WORKING CAPITAL	\$3,180,444	\$1,981,510
NET INCOME		
Revenues:		
Operating grants	30,000	30,000
Fuel flowage fees	1,025,291	935,300
Rental	3,002,820	3,082,500
User fees	30,416	35,000
TOTAL REVENUES	4,088,527	4,082,800
Expenses:		
Administration	939,057	866,600
Grant - Maintenance	-	60,000
Operator - Operations and maintenance	1,558,438	1,635,750
Operator - Service contract	942,648	922,100
TOTAL EXPENSES	3,440,143	3,484,450
Net operating income	648,384	598,350
Non-operating revenues (expenses):		
Interest earnings and other	182,187	170,000
Interest on debt, fiscal fees, and other	(245,143)	(161,500)
Net non-operating revenues (expenses)	(62,956)	8,500
Net income (excluding depreciation)	585,428	606,850
Sources (uses) of working capital:		
Retirement of long-term debt	(222,509)	(215,000)
Net additions to fixed assets with grants	(21,285)	(36,000)
Other net additions to fixed assets	(1,540,571)	(991,300)
Net sources (uses) of working capital	(1,784,365)	(1,242,300)
ENDING WORKING CAPITAL	\$1,981,507	\$1,346,060
CAPITAL PROGRAM		
Capital (Town's share):		
Fuel Farm Foad	-	36,000
Automatic Weather Observation System	21,285	-
Runway 15/33 Overlay and Enhancement	-	-
Taxiway Rehabilitation	-	-
TOTAL	\$21,285	\$36,000
Other projects:		
Operating & Maintenance Equipment	53,094	12,600
Fencing	128,750	-
2006 Paving Rehabilitation Project	828,761	-
New Fuel Farm	529,966	500,000
2007 Paving Rehabilitation Project	-	65,000
Hangar Redevelopment	-	413,700
TOTAL	\$1,540,571	\$991,300

Budget 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012
\$1,346,060	\$822,570	\$939,690	\$804,630	\$665,800
50,000	50,000	50,000	50,000	50,000
975,000	1,004,300	1,034,400	1,065,400	1,097,400
3,012,000	3,299,360	3,398,340	3,500,290	3,605,300
35,000	36,050	37,130	38,240	39,390
4,072,000	4,389,710	4,519,870	4,653,930	4,792,090
861,000	890,610	921,550	953,880	987,670
100,000	100,000	100,000	100,000	100,000
1,488,720	1,563,160	1,641,320	1,723,390	1,809,560
944,600	1,011,300	1,038,700	1,066,800	1,095,800
3,394,320	3,565,070	3,701,570	3,844,070	3,993,030
677,680	824,640	818,300	809,860	799,060
175,000	180,250	185,660	191,230	196,970
(153,670)	(142,770)	(134,020)	(124,920)	(114,790)
21,330	37,480	51,640	66,310	82,180
699,010	862,120	869,940	876,170	881,240
(235,000)	(245,000)	(255,000)	(265,000)	(275,000)
(200,000)	(500,000)	(750,000)	(750,000)	-
(787,500)	-	-	-	-
(1,222,500)	(745,000)	(1,005,000)	(1,015,000)	(275,000)
\$822,570	\$939,690	\$804,630	\$665,800	\$1,272,040
-	-	-	-	-
-	-	-	-	-
200,000	500,000	750,000	750,000	-
-	-	-	-	-
\$200,000	\$500,000	\$750,000	\$750,000	\$-
87,500	-	-	-	-
-	-	-	-	-
-	-	-	-	-
350,000	-	-	-	-
770,000	-	-	-	-
(420,000)	-	-	-	-
\$787,500	\$-	\$-	\$-	\$-

UTILITY FUND LONG-TERM FINANCIAL PLAN

	Actual 2005-2006	Estimated 2006-2007
BEGINNING WORKING CAPITAL	\$1,869,466	\$3,789,030
NET INCOME		
Revenues:		
Water sales	5,697,631	4,329,000
Sewer charges	5,022,160	4,915,000
Tap fees	6,300	7,500
Penalties	51,752	56,000
TOTAL REVENUES	10,777,843	9,307,500
Expenses:		
Water purchases	2,562,592	2,507,200
Wastewater treatment	1,807,619	2,103,900
Utility operations	2,067,129	2,166,030
TOTAL EXPENSES	6,437,340	6,777,130
Net operating income	4,340,503	2,530,370
Non-operating revenues (expenses):		
Interest earnings and other	233,547	225,100
Interest on debt and fiscal fees	(707,505)	(579,060)
Net non-operating revenues (expenses)	(473,958)	(353,960)
Net income (excluding depreciation)	3,866,545	2,176,410
Sources (uses) of working capital:		
Net retirement of long-term debt	(1,721,349)	(2,030,230)
Net additions to fixed assets	(225,635)	(185,600)
Net sources (uses) of working capital	(1,946,984)	(2,215,830)
ENDING WORKING CAPITAL	\$3,789,027	\$3,749,610
CAPITAL PROGRAM		
Equipment:		
Meters	19,650	30,000
Motor vehicles	21,169	26,600
Capital projects:		
Water service line replacement program	108,355	-
Utilities rehabilitation/replacement projects	2,240	129,000
Sewer rehabilitation projects	74,221	-
Water line rehabilitation projects	-	-
Water main replacement projects	-	-
Surveyor elevated storage tank	-	-
TOTAL	\$225,635	\$185,600

Base Year Budget 2007-2008	Year 1 Projected 2008-2009	Year 2 Projected 2009-2010	Year 3 Projected 2010-2011	Year 4 Projected 2011-2012
\$3,749,610	\$2,422,070	\$2,282,740	\$2,391,130	\$2,532,290
4,726,800	5,355,460	5,516,100	5,681,600	5,852,000
5,100,000	5,778,300	5,951,600	6,130,100	6,314,000
5,000	2,000	2,000	2,000	2,000
55,000	55,000	55,000	55,000	55,000
9,886,800	11,190,760	11,524,700	11,868,700	12,223,000
2,500,300	2,675,300	2,862,600	3,063,000	3,277,400
1,951,200	2,048,800	2,151,200	2,258,800	2,371,700
2,589,040	2,692,600	2,800,300	2,912,300	3,028,800
7,040,540	7,416,700	7,814,100	8,234,100	8,677,900
2,846,260	3,774,060	3,710,600	3,634,600	3,545,100
200,000	96,900	91,300	95,600	101,300
(512,800)	(435,490)	(353,110)	(248,640)	(142,660)
(312,800)	(338,590)	(261,810)	(153,040)	(41,360)
2,533,460	3,435,470	3,448,790	3,481,560	3,503,740
(2,110,000)	(2,190,000)	(2,485,000)	(2,590,000)	(2,685,000)
(1,751,000)	(1,384,800)	(855,400)	(750,400)	(1,011,400)
(3,861,000)	(3,574,800)	(3,340,400)	(3,340,400)	(3,696,400)
\$2,422,070	\$2,282,740	\$2,391,130	\$2,532,290	\$2,339,630
30,000	25,800	35,400	35,400	35,400
-	30,000	30,000	30,000	30,000
248,000	103,000	87,000	100,000	-
310,000	1,130,000	-	-	-
138,000	96,000	108,000	125,000	176,000
-	-	-	-	770,000
525,000	-	595,000	460,000	-
500,000	-	-	-	-
\$1,751,000	\$1,384,800	\$855,400	\$750,400	\$1,011,400

Appendix G Capital Project Funding Summary

	Estimated 2006-07	Budget 2007-08
Parks Capital Project Fund		
Fairfield Park	\$-	\$51,000
Street Capital Project Fund		
Addison Road Widening	1,360,000	820,000
Arapaho Road Extension	-	-
Ashton Woods Development Streets	-	1,000,000
Railroad Improvements/Quiet Zones	-	-
TxDOT Signalization	5,000	717,000
North Quorum Streetscape	472,000	-
Keller Springs/Addison Road Intersection	-	-
2002 Capital Project Fund*		
Arapaho Road Extension	101,050	-
Belt Line Road Streetscape	95,000	225,000
Brookhaven Club Redevelopment - Streets	-	230,000
2004 Capital Project Fund*		
Arapaho Road Extension	86,330	-
Belt Line Road Streetscape	-	-
Brookhaven Club Redevelopment - Streets	-	70,000
2006 Capital Project Fund*		
Arapaho Road Extension	69,000	-
Midway Road Rehabilitation	-	-
Future Capital Project Funds		
Belt Line Road Streetscape	-	-
Belt Line Road Interchange	-	-
Brookhaven Club Redevelopment - Streets	-	-
Airport Enterprise Fund		
Paving Rehabilitation	-	770,000
Fuel Farm (certificate of obligation proceeds)	500,000	-
Removel of Old Fuel Farm	-	350,000
Runway Overlay and Enhancement (local share)	-	200,000
Utility Enterprise Fund		
Water Service Line Replacement	-	248,000
Brookhaven Club Area Rehabilitation	-	310,000
Tallisker Utility Replacement/Rehabilitation	129,000	-
Greenhaven Village Water Main	-	525,000
Marsh Lane Sewer Rehabilitation	-	138,000
Surveyor Elevated Storage Tank (future bond sale)	-	500,000
Wright Brothers/Wiley Post Sewer Rehabilitation	-	-
W. Lindbergh/Richard Byrd Sewer Rehabilitation	-	-
Belt Line Water Main Replacement	-	-
Addison Road Sewer Rehabilitation	-	-
Midway Road Water Line Rehabilitation	-	-
TOTAL CAPITAL PROGRAM	\$2,817,380	\$6,154,000

*Capital project funds are related to the \$48 million bond package approved by voters in 2000.

	Projected 2008-09	Projected 2009-10	Projected 2010-11	Projected 2011-12
	\$810,000	\$-	\$-	\$-
	-	-	-	-
	-	-	-	-
	-	300,000	-	-
	-	-	-	-
	-	-	220,000	-
	-	-	-	-
	660,000	1,000,000	-	-
	-	-	-	-
	-	-	-	-
	300,000	-	-	-
	-	-	-	-
	-	-	-	-
	-	2,000,000	6,625,000	-
	-	1,000,000	1,200,000	-
	4,000,000	4,000,000	4,000,000	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	500,000	750,000	750,000	-
	103,000	87,000	100,000	-
	1,130,000	-	-	-
	-	-	-	-
	-	-	-	-
	1,000,000	2,260,000	-	-
	96,000	-	-	-
	-	108,000	-	-
	-	595,000	460,000	-
	-	-	125,000	176,000
	-	-	-	770,000
	\$8,599,000	\$12,100,000	\$13,480,000	\$946,000

Appendix H Glossary of Terms

A

Accounts Payable – A liability account reflecting amount of open accounts owing to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments)

Accounts Receivable – An asset account reflecting amounts owing to open accounts from private person or organizations for goods or services furnished by a government.

Accrual Accounting – Recognition of the financial effects of transactions, events and circumstances in the period(s) when they occur regardless of when the cash is received or paid.

Ad Valorem – Latin for “value of”. Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.

Amortization – Payment of principal plus interest over a fixed period of time.

Appropriation – A legal authorization granted by a legislative body (Town Council) to make expenditures and incur obligation for designated purposes.

Arbitrage – The interest earnings derived from invested bond proceeds or debt service fund balances.

Assessed Valuation – A valuation set upon real estate or other property by a government as a basis for levying taxes.

B

Balance Sheet – The basic financial statement, which discloses the assets, liability and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

Balanced Budget – Annual financial plan in which expenses do not exceed revenues.

Bond – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s).

Budget – A plan of financial operation embodying an estimate of proposed expenditures for any given period and the proposed means of financing them.

Budget Adjustment – A request submitted for additional funding in departmental budgets for new or existing programs or services.

C

Capital Outlays – Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.

Certificate of Obligations (CO's) – Similar to general obligation bonds except the certificates require no voter approval.

Contractual Services – The costs related to services performed for the Town by individuals, business or utilities.

Cost – The amount of money or other consideration exchanged for property or services. Costs may be incurred even before the money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

Current Assets – Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and taxes receivables which will be collected within one year.

Current Liabilities – Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

D

DART – Acronym for Dallas Area Rapid Transit, a mass transit authority serving the Dallas Metroplex which is funded through a 1% sales tax levied in participating cities.

Debt Service/Lease – A cost category which typically reflects the repayment of short-term (less than 5 years) debt associated with the acquisition of capital equipment. Category also includes department contribution to the Capital Replacement Fund.

Delinquent Taxes – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

Depreciation – Change in the value of assets (equipment, buildings, etc. with a useful life of 5 years or more) due to use of the assets.

E

Encumbrances – Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

Exempt – Personnel not eligible to receive overtime pay and who are expected to put in whatever hours are necessary to complete their job assignments. Compensatory time-off, as partial compensation for overtime hours worked, may be allowed by the respective department head.

Expanded Level of Service – A request for additional funding for a service or program that will increase operational efficiency or significantly increase the quality or scope of a service.

Expenditures – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

F

FAA – Federal Aviation Administration

Fiscal Year – A 12-month period to which the annual operating budget applies and at the end of which government determines its financial position and the results of its operations. The Town of Addison's fiscal year begins October 1st and ends the following September 30th. The term FY 2008 denotes the fiscal year beginning October 1, 2007 and ending September 30, 2008.

FTE – Acronym for full time equivalent, a measurement of staffing. One FTE is a 40 hours per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would be a ½ FTE.

Fixed Assets – Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Franchise – A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Fund – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance – The difference between governmental fund assets and liabilities, also referred to as fund equity.

G

GASB – Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Obligation Bonds – Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the Town of Addison pledges to levy whatever property tax is needed to repay the bonds for a particular year. Bonds can not be issued without voter approval and are usually issued with maturities of between 15 and 30 years.

Governmental Funds – Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

I

ISD – Acronym for Independent School District, an independent school district is responsible for the education of children in a specific geographic region.

L

LAP – Acronym for Local Assistant Program, a grant program funded by DART for local transportation capital improvements.

LED – Acronym for Light Emitting Diode, a bulb that is used in traffic signal systems that has a longer life and is more energy efficient than other types of bulbs.

M

Maintenance – The upkeep of physical properties in condition for use of occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Maintenance Item – A request for additional funding to maintain the upkeep of a physical property.

Modified Accrual Accounting – Accounting system in which revenues are recognized and recorded in the accounts when they are measurable, available and collectible in the fiscal year.

N

Non-Exempt – Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

O

Operating Expenditure – Expenditure on an existing item of property or equipment that is not a capital expenditure.

Ordinance – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, usually require ordinances.

P

PVC – Acronym for polyvinyl chloride, a plastic compound used for water and sewer pipes.

Personal Services – The costs associated with compensating employees for their labor.

P-Card - Acronym for procurement card. A town-issued credit card which allows employees to make small purchases in a cost effective manner.

Project 2030 – Visioning process to identify specific goals in the areas of public safety, transportation, infrastructure, aviation, business development, special events, residential and community, parks and recreation, and education to be achieved by 2030.

Proprietary Fund – Operation that operates like a private commercial operation, in which services are financed through user charges and expenditures include the full cost of operations.

Purchase Order (PO) – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

R

Revenues – In governmental fund type net current assets for other than expenditures refunds and residual equity transfers.

ROW – Acronym for right-of-way.

S

Slipline – The process of restoring deteriorated sewer (wastewater) lines. The process involves inserting a “sock” of special material through the length of line, which, when filled with hot water, cures to produce a hard, seamless pipe.

Special Assessment – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Streetscape – The amenities of a street including landscaping, lighting, hardscape elements such as plazas, fountains, pedestrian walkways/trails/crosswalks, decorative paving and enhanced signage found within or near the street.

Supplies – A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations.

Sustainability – Practices that meet the needs of the present without compromising the ability of future generations to meet their needs.

T

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TCEQ – Acronym for Texas Commission on Environmental Quality. A state agency for enforcing federal and state environmental laws.

TxDOT – Acronym for Texas Department of Transportation, a state agency responsible for administering Addison Airport’s FAA Capital Grants.

W

WSAAV – Acronym for Washington Staubach Addison Airport Venture, a company that the Town has contracted to operate and maintain the airport under the direction of the Town.

Working Capital – The amount of current assets which exceeds current liabilities.

X

Xeriscape – A form of landscaping which minimizes consumption of water.

Appendix I Organization Charts

CITY MANAGER'S DEPARTMENT

City Manager



* Position shared with Visitor Services Department.

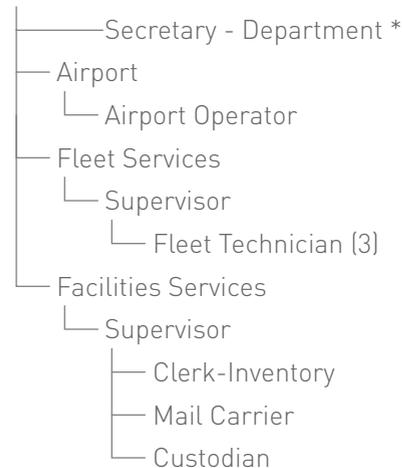
FINANCIAL & STRATEGIC SERVICES

Director



GENERAL SERVICES

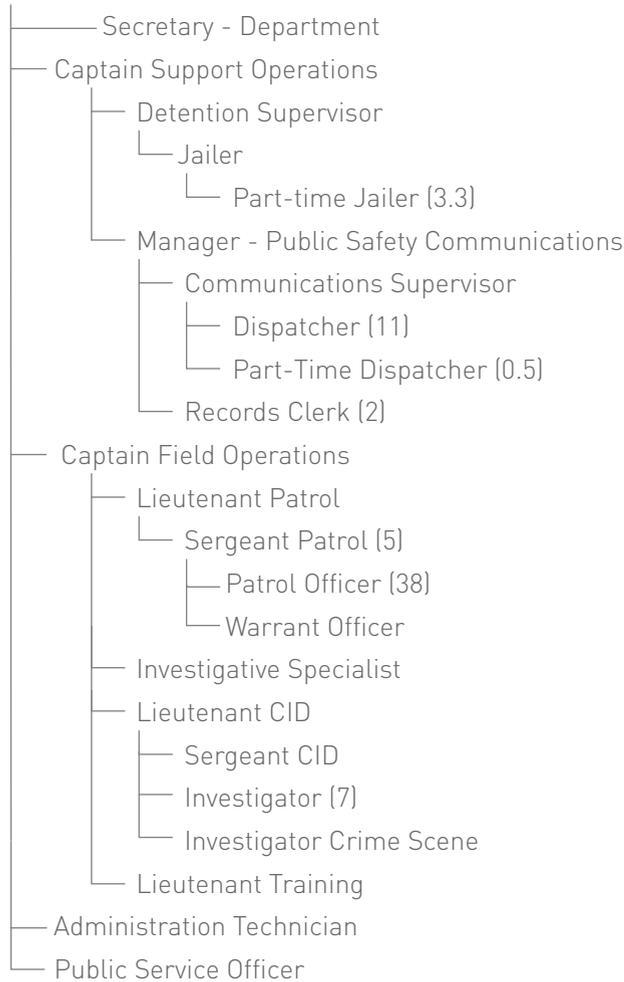
General Services Director



* Position shared with Information Technology Department

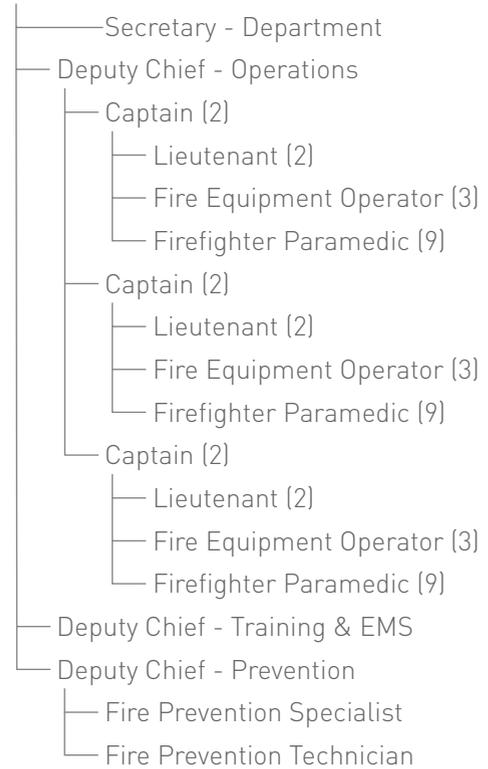
POLICE DEPARTMENT

Chief of Police



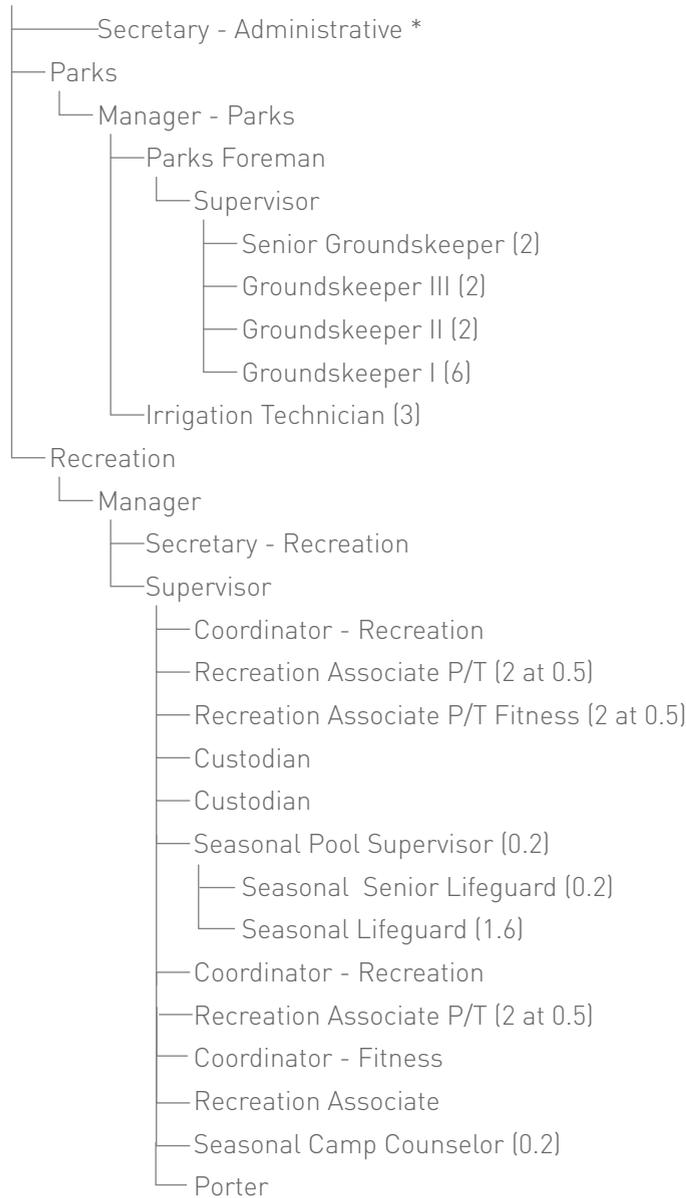
FIRE DEPARTMENT

Fire Chief



PARKS & RECREATION DEPARTMENT

Parks & Recreation Director



* Position shared with Special Events & City Manager's Office

INFORMATION TECHNOLOGY

Director - Information Technology



* Position shared with General Services Department

HUMAN RESOURCES

Director - Human Resources



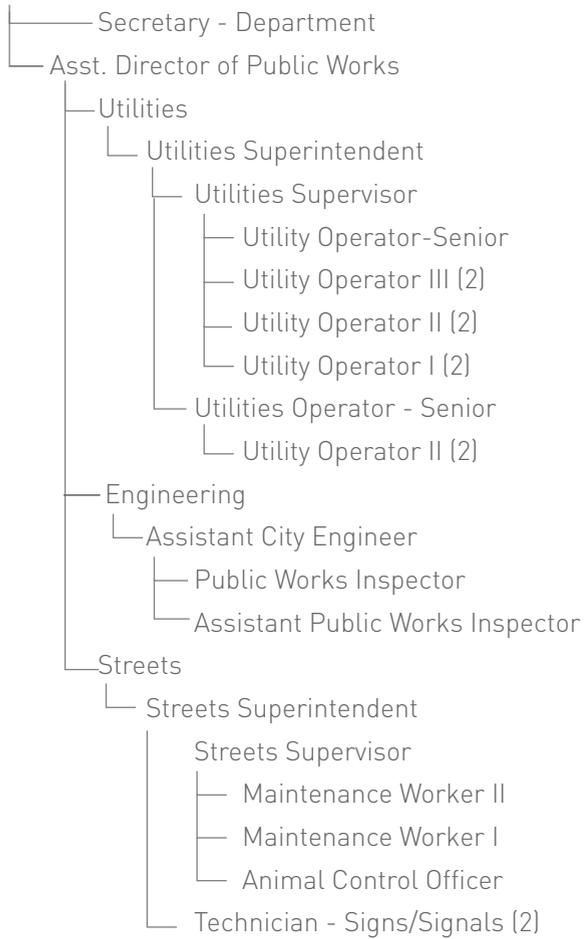
DEVELOPMENT SERVICES

Director - Development Services



PUBLIC WORKS DEPARTMENT

Director - Public Works (City Engineer)



SPECIAL EVENTS DEPARTMENT

Special Event Administrator

- Secretary - Administration *
- Special Event Senior Coordinator
- Special Event Coordinator (2)

* Position shared with Parks & Recreation and City Manager's Office

VISITOR SERVICES DEPARTMENT

Visitor Services Director

- Receptionist *
- Sales Manager
- Conference Center & Theatre Manager
 - Conference Coordinator
 - Technical Coordinator
 - Secretary - Division
 - Houseman (3.5)

* Position shared with City Manager's Office.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Addison
Texas**

For the Fiscal Year Beginning

October 1, 2006

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Addison, Texas, for its annual budget for the fiscal year beginning October 1, 2006. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

The Town was also awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2006. The certificate is the highest form of recognition for excellence in state and local government financial reporting.

Together, the award and the certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, city administrators and the general public.

Town Staff

Mayor & City Council	Joe Chow, Mayor	972/ 450/ 7026
	City Council	972/ 450/ 7027
City Manager	Ron Whitehead, City Manager	972/ 450/ 7027
	Lea Dunn, Deputy City Manager	972/ 450/ 7037
	Chris Terry, Asst. City Manager	972/ 450/ 7010
	Mario Canizares, Asst. City Manager	972/ 450/ 7017
Financial & Strategic Services	Randolph C. Moravec, Director	972/ 450/ 7050
General Services	Mark Acevedo, Director	972/ 450/ 2848
Human Resources	Lea Dunn, Acting Director	972/ 450/ 2819
Information Technology	Hamid Khaleghipour, Director	972/ 450/ 2868
Police	Ron Davis, Chief	972/ 450/ 7168
Fire	Noel Padden, Chief	972/ 450/ 7203
Development Services	Carmen Moran, Director	972/ 450/ 2886
Public Works	Nancy S. Cline, Director	972/ 450/ 2878
Parks & Recreation	Slade Strickland, Director	972/ 450/ 2869
Visitor Services	Bob Phillips, Director	972/ 450/ 6202

Consultants

Auditors	Weaver & Tidwell LLP - Jerry Gaither	972/ 490/ 1970
Bond Counsel	Vinson & Elkins - Ben Brooks	214/ 220/ 7700
City Attorney	Cowles & Thompson - John Hill	214/ 672/ 2158
Financial Advisors	First Southwest Co. - David Medanich	817/ 332/ 9710
Risk Management	RWL & Associates - Bob Lazarus	972/ 907/ 9095