

# Comprehensive Annual Financial Report



TOWN OF ADDISON, TEXAS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

For the Year Ended September 30, 2015

**City Council**

Expiration of Term

Todd Meier, Mayor	May 2017
Janelle Moore, Mayor Pro Tempore	May 2016
David Heape, Deputy Mayor Pro Tempore	May 2016
Bruce Arfsten, Councilmember	May 2017
Mary Carpenter, Councilmember	May 2016
Ivan Hughes, Councilmember	May 2017
Dale Wilcox, Councilmember	May 2017

**City Manager**

Wesley S. Pierson

**Prepared by the  
Department of Finance**

Dr. Scott Neils, Interim Chief Financial Officer  
Olivia Riley, CPA, CGMA, Assistant Finance Director  
Amanda Turner, CPA, Accounting Manager



**Town of Addison, Texas**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended September 30, 2015

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April 18, 2016

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

I am pleased to submit the Comprehensive Annual Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2015. The purpose of the report is to provide the City Council, management, staff, the public, and other interested parties with detailed information reflecting the Town's financial condition.

## THE REPORT

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

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

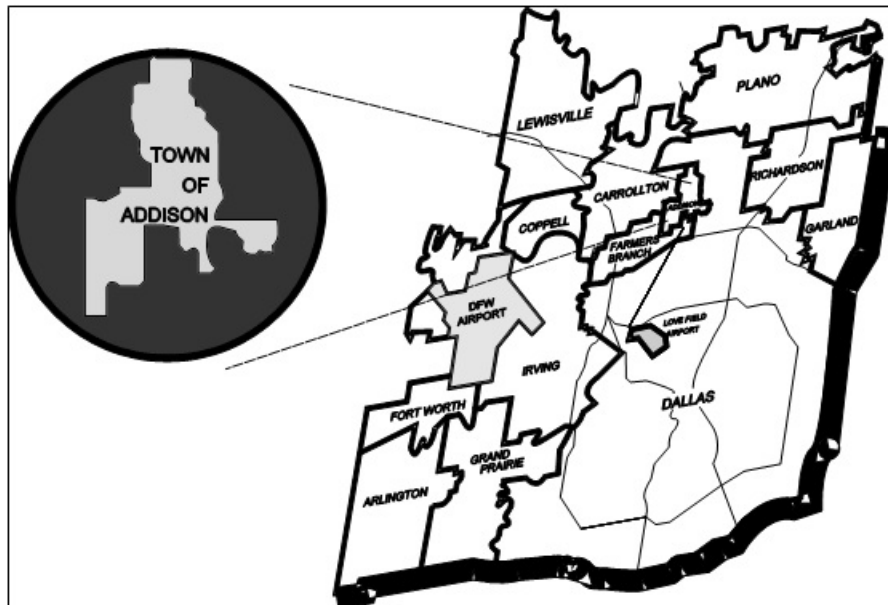
The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Addison for the fiscal year ended September 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Addison's financial statements for the fiscal year ended September 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## THE REPORTING ENTITY

The Town of Addison is located in the Dallas North Parkway area, which has been referred to as the "platinum corridor" of the Dallas Metroplex. The area, which developed rapidly over the past three decades, is home to affluent neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls. At 4.4 square miles, Addison is the smallest, yet most densely developed, of the various suburbs located in the area. Although it has just over 15,000 residents, the Town has developed into a cosmopolitan center which serves well over 125,000 business persons, shoppers, and visitors daily.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended November 2010. Under the amended Charter, the Council is comprised of a mayor and six council members who enact local legislation, determine policies, and adopt the Town's budget. The mayor and council members are elected for two-year terms with the mayor and three council members being elected each odd-numbered year and the remaining three council members elected each even-numbered year. The City Manager is appointed by the City Council and is responsible to them for the proper administration of the affairs of the Town.

The Town provides a full range of municipal services including general government, public safety (police and fire), streets, parks and recreation, planning and zoning, code enforcement, and water and sewer utilities. Sanitation collection services are provided through private contractors; non-residential customers contract with the collection firm of their choice while single-family residential customers contract through the Town with sanitation fees added to their municipal utility bills.

The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and council ordinances.

The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services). All expenses of the Town are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

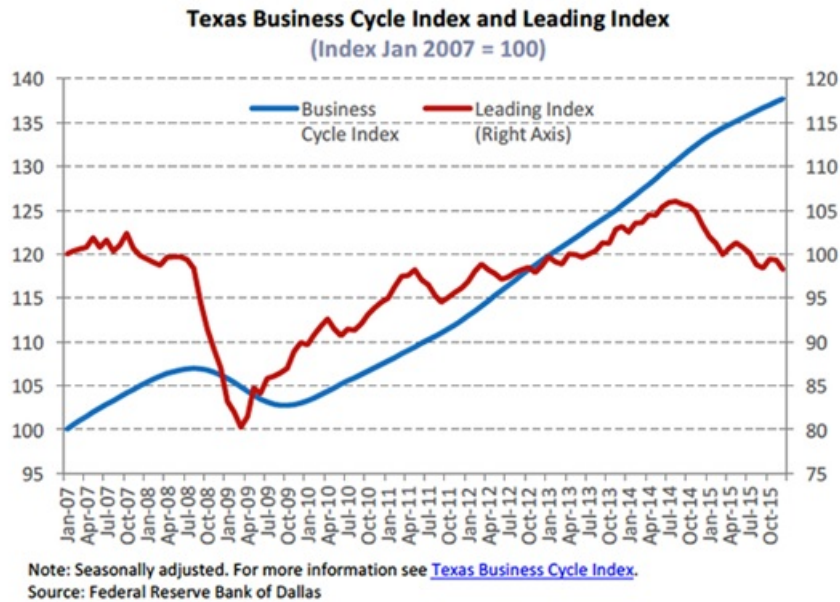
Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer. Transfers between operating departments may occur with the approval of the City Manager and Chief Financial Officer provided that a department's total budget is not changed by more than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

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted. For all non-major funds with appropriated annual budgets, this comparison is presented in the combining and individual fund financial statements section of this report.

**FACTORS AFFECTING FINANCIAL CONDITION**

**Status of Local Economy**

With its concentration of commercial and retail development, the Town of Addison's economy is strongly influenced by the region's economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the Leading Index indicators are declining however the Business Cycle Index remains strong. This trend bodes well for the continued economic strength of the Town.



The United States unemployment rate continues to decline, with Texas faring better than the nation as a whole. However, due to the drop in oil and gas prices, Texas' unemployment contracted, with the unemployment rate at 4.2% in September 2015, just slightly below that for the US.

Because Addison is densely developed with over 9.2 million square feet of office space distributed among 101 office buildings, much attention is given to the occupancy rates of buildings in Addison. Office Space in Dallas/Ft. Worth has reached a 15 year low as lease rates continue to climb. At the end of September 2015, Addison's occupancy rate stood at 86.8 percent compared with the 86.1 percent recorded a year earlier. Addison's occupancy rate is 1.1% higher than the 85.7 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 6.1 percent increase in taxable property values for the 2015 certified levy compared to a 9 percent increase for the 2014 certified levy.

For the 2015 fiscal year, General Fund revenues of \$32.1 million represented a small decrease from \$32.2 million in fiscal year 2014. The property tax levy produced 47% of the total revenue available to the Town's general fund for this year, while the sales tax revenue category produced 32%. The Town's sales tax receipts decreased 8.2 percent from fiscal year 2014, due to the loss of a major sales tax contributor. General Fund expenditures and transfers for the 2015 budget totaled \$36.9 million. The General Fund ending balance decreased by \$3.9 million to \$11.6 million, but fund balance is still 36% of general fund operating expenditures. The primary reason for the decrease was due to a onetime \$4 million transfer to seed an infrastructure investment fund.

### Long-Term Financial Planning

Users of this document as well as others interested in the programs and services offered by the Town of Addison are encouraged to read the Town's 2015-16 Annual Budget. The document details the Town's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the Town's capital improvement program. The Town's Annual Budget also includes long-term financial plans for the major operating funds that forecast revenues and expenditures over a five-year horizon. The plans are driven by financial policies adopted by the City Council that are designed to protect the Town's financial integrity. The policies include establishing significant fund balances, or reserves, to protect the Town from the boom/bust economic cycle common to the state and the region. The budget document can be obtained from the Town of Addison's Financial and Strategic Services Department by calling (972) 450-7051. The Annual Budget can also be accessed through the department's web site at [http://addisontexas.net/index.php?section=finance-department\\_Addison-budget](http://addisontexas.net/index.php?section=finance-department_Addison-budget).

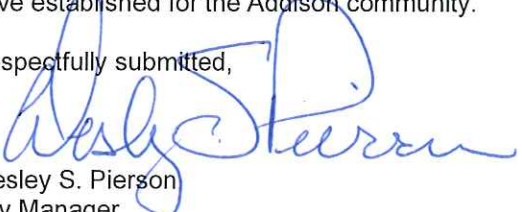
### AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014. The *Certificate*, which is reproduced herein, is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and applicable legal requirements. A *Certificate of Achievement* is valid for a period of one year only. The Town of Addison has received a *Certificate* for the last 39 consecutive years. We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA for consideration.

In addition to the *Certificate*, the Town received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2015 annual budget document. In order to qualify for the *Award*, the Town's budget document was judged to be proficient or exceptional in several categories including policy documentation, financial planning, and operations guide. The Town has received the *Award* for 28 consecutive years. Together, the *Award* and the *Certificate* are evidence of the Finance Department's dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

I wish to thank all members of the Finance Department who assisted in preparing and assembling the information presented in this report. I also acknowledge our auditors, Weaver, LLP, and the assistance they provided in meeting the deadlines established for publication of the document. I am grateful for the support provided by the City Council, and affirm our pledge to be a resource to help them achieve the goals they have established for the Addison community.

Respectfully submitted,

  
Wesley S. Pierson  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Addison  
Texas**

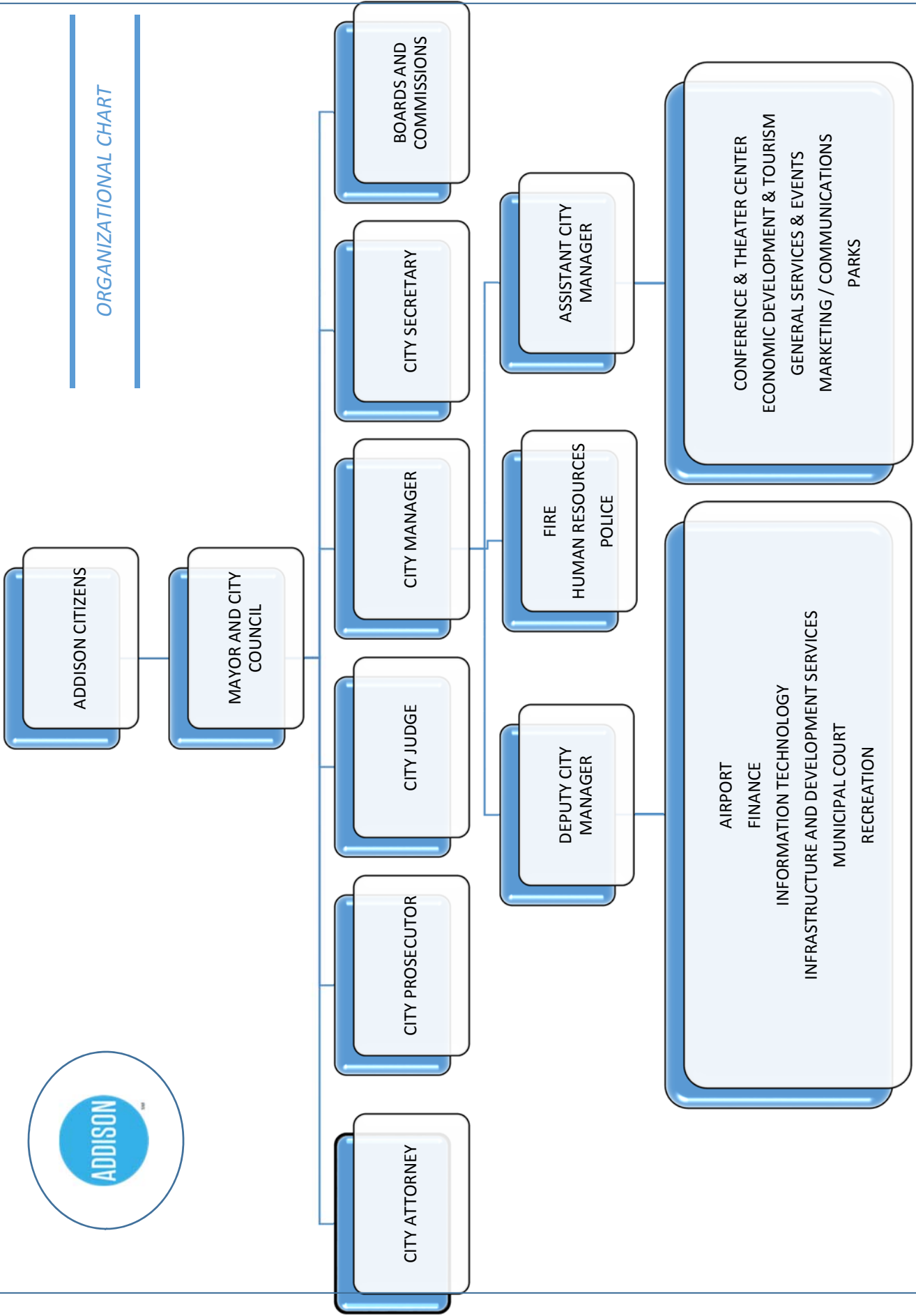
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



ORGANIZATIONAL CHART



**Town of Addison**  
**LIST OF PRINCIPAL OFFICIALS**  
**September 30, 2015**

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

**Elected Officials**

Mayor	Todd Meier	(972) 450-7000
Mayor Pro Tempore	Janelle Moore	(972) 450-7000
Deputy Mayor Pro Tempore	David Heape	(972) 450-7000
Council Member	Bruce Arfsten	(972) 450-7000
Council Member	Mary Carpenter	(972) 450-7000
Council Member	Ivan Hughes	(972) 450-7000
Council Member	Dale Wilcox	(972) 450-7000

**Town Management**

City Manager	Wesley Pierson	(972) 450-7037
Deputy City Manager	Cheryl Delaney	(972) 450-7036
Assistant City Manager	Chris Terry	(972) 450-7010
City Secretary	Laura Bell	(972) 450-7017
Director of Airport Administration	Joel Jenkinson	(972) 392-4855
Director of Economic Development & Tourism	Orlando Campos	(972) 450-7034
Interim Chief Financial Officer	Dr. Scott Neils	(972) 450-7050
Interim Fire Chief	David Jones	(972) 450-7206
Director of General Services & Events	Mark Acevedo	(972) 450-2848
Director of Human Resources	Passion Hayes	(972) 450-2819
Director of Information Technology	Hamid Khaleghipour	(972) 450-2868
Director of Infrastructure and Development Svcs	Lisa Pyles	(972) 450-2878
Interim Director of Parks and Recreation	Michael Kashuba	(972) 450-2831
Police Chief	Paul Spencer	(972) 450-7167
Director of Public Communications	Mary Rosenbleeth	(972) 450-7032











## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Addison, Texas (the Town) as of and for the year ended September 30, 2015, and the related notes to basic financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Hotel Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note IV.E. to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*, as of September 30, 2015. Also discussed in Note IV.E. to the financial statements, the Town made a prior period adjustment for the accrual of a sales tax liability, as of September 30, 2015. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios - TMRS; Schedule of Contributions - TMRS; and the Retiree Health Plan Analysis of Funding Progress on pages 11 through 18 and 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Weaver and Tidwell LLP*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
April 18, 2016



## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the Town of Addison, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Addison for the fiscal year ended September 30, 2015. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section. **All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars (000's).**

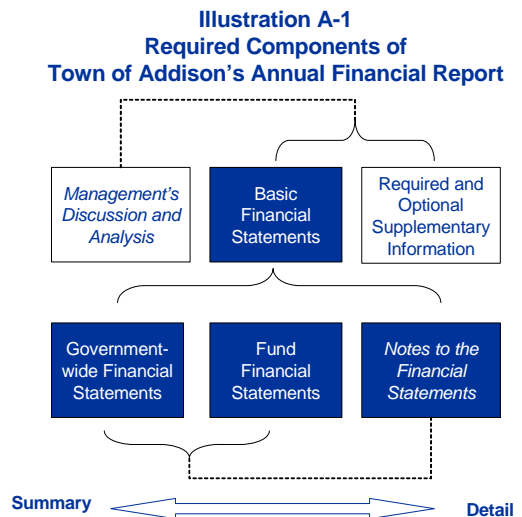
### Financial Highlights

- The Town's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2015 fiscal year by \$218,578. This amount represents an increase over the previous year of \$367.
- As of September 30, 2015, the Town's governmental funds reported combined ending fund balances of \$56,921, a decrease of \$7,306. The majority of the decrease is due to no debt issuance in 2015 with additional outlay for scheduled retirement of existing debt.
- At the end of the 2015 fiscal year, the fund balance for the General Fund was \$11,602, or 36.3 percent of total fund expenditures. Fund balance decreased \$3,904 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$132,468, a decrease of \$12,259 from the previous year, which is attributed to the scheduled retirement of existing debt during the year.

### Overview of Financial Statements

This annual report is comprised of four segments as dictated by generally accepted accounting principles (GAAP): *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town.

- The *government-wide financial statements* provide both long-term and short-term information about the Town's overall financial status.
- The fund financial statements focus on individual parts of Addison's government, reporting the Town's operations in more detail than the government-wide statements.
  - The *governmental funds statements* explain how general government services such as public safety were financed in the short-term, as well as what remains for future spending.
  - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates as business-like, such as the airport.



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



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

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

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Addison’s finances in a manner similar to a private-sector business. These statements can be located on pages 20-21 of this document.

- The *statement of net position* presents information on all of the Town’s assets, liabilities, and deferred inflows and outflows, with the difference reported as *net position*. Over time, increases or decreases in net position **may** indicate the improvement or deterioration of the Town’s financial position.
- The *statement of activities* presents information showing the Town’s change in net position during the concluded fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the Town are divided into two categories:

- *Governmental activities* – These are functions such as fire, police, and visitor services that are principally supported by taxes and intergovernmental revenue.
- *Business-type activities* – These functions are intended to recover all or a significant portion of their costs through user fees and charges. The Town’s airport and utility system fall within this category.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts used to maintain control over resources which have been segregated for specific activities or objectives. The Town of Addison, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as *governmental activities*. However, unlike the government-wide financial statements, governmental fund financial statements focus on **short-term** inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the **long-term impact** of the government’s **short-term financing** decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

The Town of Addison maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for all of these funds, with the exception of the Economic Development Fund, Municipal Court Fund, Public Safety Fund, Advanced Funding Grant Fund, and Reimbursement Grant Fund, which are considered non-major funds and are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

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

*Proprietary Funds* – Services for which the Town charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The Town of Addison maintains two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its general aviation airport, storm water (drainage), and its utility (water and sewer) system.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town’s various functions. The Town uses internal service funds to account for its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The proprietary fund financial statements provide separate information for Addison’s airport, utility system, and storm drainage system, all of which are considered to be major funds of the Town of Addison. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 - 61 of this report.

## Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Addison's funding of its obligations to provide pension benefits to Town employees through the Texas Municipal Retirement System and to provide other postemployment benefits to Town employees upon retirement.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 65 - 73. The Town has included schedules of capital assets starting on page 74.

## Government-wide Financial Analysis

As of the close of the 2015 fiscal year, the Town's net position (assets and deferred outflows exceeding liabilities and deferred inflows) totaled \$218,578 (see Table A-1). Of this amount \$184,752, or 85 percent, represents the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the Town of Addison uses these capital assets to provide services to the community, these assets are not available for future spending. A portion of net position has been restricted for the Town's long-term general obligation debt (\$555), promotion of tourism and hotel industry (\$2,529) and other restrictions (\$567). The remaining amount of net position is labeled as unrestricted and totals \$30,174. This amount is available to meet the Town's ongoing obligations to citizens and creditors.

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

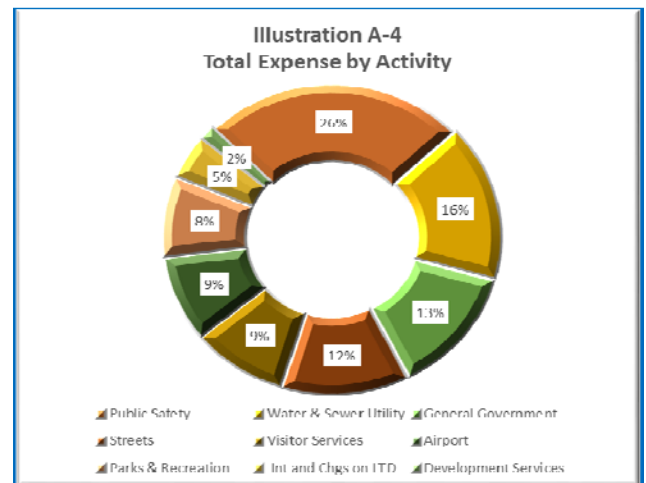
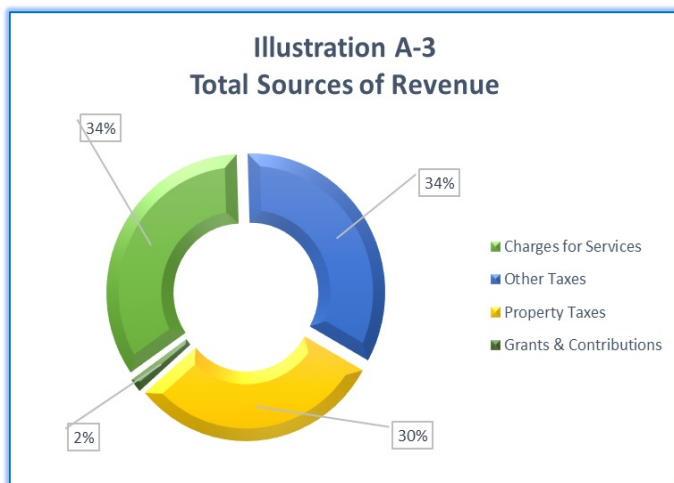
**Table A-1**  
**Town of Addison's Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and Other Assets	\$ 71,286	\$ 79,325	\$ 33,667	\$ 34,000	\$ 104,953	\$ 113,325
Capital Assets	168,887	165,827	83,156	82,642	252,043	248,469
<b>Total Assets</b>	<b>240,173</b>	<b>245,152</b>	<b>116,823</b>	<b>116,642</b>	<b>356,996</b>	<b>361,794</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charges	365	466	26	32	391	498
Deferred Outflows of Pensions	2,458	-	143	-	2,601	-
<b>Total Deferred Outflows of Resources</b>	<b>2,823</b>	<b>466</b>	<b>169</b>	<b>32</b>	<b>2,992</b>	<b>498</b>
<b>Liabilities:</b>						
Long-Term Liabilities Outstanding	104,672	92,696	27,796	27,512	132,468	120,208
Other Liabilities	5,451	4,641	2,724	2,753	8,175	7,394
<b>Total Liabilities</b>	<b>110,123</b>	<b>97,337</b>	<b>30,520</b>	<b>30,265</b>	<b>140,643</b>	<b>127,602</b>
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows of Pensions	725	-	42	-	767	-
<b>Total Deferred Inflows of Pensions</b>	<b>725</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>767</b>	<b>-</b>
<b>Net Assets:</b>						
Net Investment in Capital Assets	121,444	120,035	63,308	69,949	184,752	189,984
<b>Restricted :</b>						
Debt Service	555	606	-	-	555	606
Tourism/Hotel	2,529	1,682	-	-	2,529	1,682
Child Safety	191	102	-	-	191	102
Justice Administration	64	32	-	-	64	32
Court Technology	92	80	-	-	92	80
Building Security	177	66	-	-	177	66
Public Safety	25	-	-	-	25	-
Court Security	19	19	-	-	19	19
Unrestricted	7,052	25,659	23,122	16,461	30,174	42,120
<b>Total Net Position</b>	<b>\$ 132,148</b>	<b>\$ 148,280</b>	<b>\$ 86,430</b>	<b>\$ 86,409</b>	<b>\$ 218,578</b>	<b>\$ 234,689</b>

As reflected in Table A-2, the Town's net position increased \$367 during the 2015 fiscal year. The increase is a result of excess revenues realized by the Business-type Activities.

**Table A-2  
Town of Addison's Changes in Net Position (000's)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 5,022	\$ 5,335	\$ 16,742	\$ 16,451	\$ 21,764	\$ 21,786
Operating Grants & Contributions	158	-	-	-	158	-
Capital Grants & Contributions	26	19	1,026	7,661	1,052	7,680
<b>General Revenues:</b>						
Property Taxes	20,385	19,485	-	-	20,385	19,485
Other Taxes	22,443	22,041	-	-	22,443	22,041
Other	773	744	614	(15)	1,387	729
<b>Total Revenues</b>	<b>48,807</b>	<b>47,624</b>	<b>18,382</b>	<b>24,097</b>	<b>67,189</b>	<b>71,721</b>
<b>Expenses:</b>						
General Government	8,731	7,939	-	-	8,731	7,939
Public Safety	16,821	15,765	-	-	16,821	15,765
Development Services	1,032	932	-	-	1,032	932
Streets	8,105	6,451	-	-	8,105	6,451
Parks & Recreation	5,517	5,597	-	-	5,517	5,597
Visitor Services	6,106	7,358	-	-	6,106	7,358
Interest and Fiscal Charges on Long-Term Debt	3,019	3,038	-	-	3,019	3,038
Airport	-	-	5,894	6,027	5,894	6,027
Storm water	-	-	848	768	848	768
Water & Sewer Utility	-	-	10,749	10,317	10,749	10,317
<b>Total Expenses</b>	<b>49,331</b>	<b>47,080</b>	<b>17,491</b>	<b>17,112</b>	<b>66,822</b>	<b>64,192</b>
Increase (decrease) in net position before transfers	(524)	544	891	6,985	367	7,529
Transfers	-	(4,626)	-	4,626	-	-
<b>Change in Net Position</b>	<b>(524)</b>	<b>(4,082)</b>	<b>891</b>	<b>11,611</b>	<b>367</b>	<b>7,529</b>
Restated	-	(15,608)	-	(871)	-	(16,479)
Net Position - Beginning	132,672	152,362	85,538	74,798	218,210	227,160
<b>Net Position - Ending</b>	<b>\$ 132,148</b>	<b>\$ 132,672</b>	<b>\$ 86,430</b>	<b>\$ 85,538</b>	<b>\$ 218,578</b>	<b>\$ 218,210</b>



## Governmental Activities

Governmental activities decreased the Town of Addison's net position by \$524.

## Business-Type Activities

The Town's business-type activities experienced an \$891 increase in net position with the Airport Fund recording an increase of \$797, while the Utility Fund posted a decrease of \$824, and the Storm Water Fund an increase of \$917. Of the Airport Fund's increase, \$1,026 is attributed to capital grants for improvements at the Addison Airport.

## Financial Analysis of the Government Funds

*Governmental funds* – The focus of the Town of Addison's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the fiscal year.

As of September 30, 2015, the Town's governmental funds reported combined ending fund balances of \$56,921, a decrease of \$7,306 compared to balances a year earlier. Of the ending balance, \$11,271 or 16.0 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$40,902), promotion of tourism and hotel industry (\$2,529), debt service (\$831) or *committed* for Economic Development (\$753). Components of the net increase of total fund balance are:

- In the General Fund, expenditures totaled \$31,981 compared to revenues of \$32,092. Revenues decreased \$134 from the previous year. The decrease was due to receiving less sales taxes revenues due to a major sales tax payer moving out of Addison. Expenditures increased \$1,906 from the 2014 fiscal year. This increase is primarily due to public safety (\$806) and general government expenditures (\$1,000).
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$6,666 compared to revenues of \$7,512. Fund revenues increased \$331 from the previous year, due to an increase in non-property taxes. Expenditures decreased \$635 from fiscal year 2014 due in large part to the reduction in spending for the fiscal year 2015.
- Capital project funds recorded a net decrease in fund balance of \$4,316, primarily due to ongoing expenditures for capital projects.

*Proprietary funds* - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Airport Fund at the end of the fiscal year amounted to \$3,502; the Utility Fund reported an unrestricted net position of \$16,729, while the Stormwater Fund reported an unrestricted net position of \$2,891.

## General Fund Budgetary Highlights

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

- Revenues were amended to recognize decreases in sales tax revenue (\$803). In total, the amendments resulted in a budget decrease of \$804 in revenue and a decrease of \$401 in expenditures. Allocations to various departments were made that did not result in a net change to appropriations.

The adjustments resulted in decreasing budgeted revenue 3.0 percent and decreasing expenditures by 1.0 percent. The projected deficit of \$4,853 (expenditures and other uses exceeding revenues) changed to a deficit of \$5,241. Fund balance actually decreased \$3,904.

## Capital Asset and Debt Administration

*Capital assets* – As detailed in Table A-3 below, the Town of Addison’s investment in capital assets for its governmental and business-type activities as of September 30, 2015, totals \$252,042 (net of accumulated depreciation). This amount represents a \$3,573 increase from the previous year and is attributed to investment in new assets exceeding depreciation of existing assets. Projects that are in progress include the Belt Line Road Utility Undergrounding, Pedestrian Connectivity, Midway Road Revitalization, and Addison Road Rehabilitation. More information related to the Town’s capital assets can be found in Sections; I, D, 4 and III, D of the Notes to Financial Statements.

**Table A-3**

**Town of Addison's Capital Assets**  
(Net of Depreciation) (000's)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 66,245	\$ 66,233	\$ 16,945	\$ 16,945	\$ 83,190	\$ 83,178
Buildings	9,993	10,566	8,435	7,676	18,428	18,242
Improvements other than Buildings	75,485	77,263	55,081	48,570	130,566	125,833
Machinery and Equipment	4,725	3,657	753	666	5,478	4,323
Construction in Progress	12,439	8,109	1,941	8,784	14,380	16,893
<b>Total Capital Assets</b>	<b>\$ 168,887</b>	<b>\$ 165,828</b>	<b>\$ 83,155</b>	<b>\$ 82,641</b>	<b>\$ 252,042</b>	<b>\$ 248,469</b>

*Long-term debt* – At the end of the 2015 fiscal year, the Town of Addison had total bonded debt outstanding of \$112,019 as detailed in Table A-4. The Town did not issue new debt during 2015. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aa1” from Moody’s. Several of the Town’s outstanding debt issuances are insured. Because of the strength of the Town’s credit ratings, future bond sales should obtain competitive bids with relatively low financing rates. More information related to the Town’s long-term debt can be found in Section III, G of the Notes to Financial Statements.

**Table A-4**  
**Town of Addison's Outstanding Debt (000's)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 48,157	\$ 45,096	\$ 1,805	\$ 2,145	\$ 49,962	\$ 47,241
Certificates of Obligation	37,514	39,611	24,543	25,322	62,057	64,933
<b>Total Debt Outstanding</b>	<b>\$ 85,671</b>	<b>\$ 84,707</b>	<b>\$ 26,348</b>	<b>\$ 27,467</b>	<b>\$ 112,019</b>	<b>\$ 112,174</b>

## **Economic Factors and Next Year's Budget and Rates**

The development of the Town's budget is guided by several factors including the Town's strategic plan and prevailing economic conditions. The fiscal year 2016 budget plan adopted by the City Council adheres to the Town's financial policies and preserves the Town's strong financial position while providing excellent levels of service. The annual budget is adopted within context of five-year financial plans for the General, Hotel, Airport, and Utility funds. The long-term financial plans project operating revenues and expenses and changes in fund balances related to the Town's adopted financial policy to work to maintain a minimum 25% fund balance for these funds.

Major programs in the general fund continue to focus on public safety, community development and parks to ensure the high quality of life enjoyed by Addison citizens and visitors.

Revenues assumptions in the general fund are expected to follow the growth curve of job creation and economic activity. Other revenues, such as property tax revenue and sales tax revenue, are forecasted using historical results or specific calculations. Certified taxable property values in Addison totaled \$4,036,723,767 for fiscal year 2015 which represented a 6.0 percent increase from the previous year. The property tax rate was increased from \$.5618 to \$.5791 per \$100 appraised value. Of the 2016 budget tax rate, \$.3767 was levied for operation/maintenance and \$.2024 for debt service. (Note: The preceding tax rates are not reflected in \$000's of dollars).

Sales tax collections for the Town were conservatively budgeted due to the loss of a major sales tax contributor from the amount collected in 2014. After four consecutive years of increases in annual collections, sales tax collections are projected to remain flat for fiscal year 2016.

Hotel occupancy tax collections increased 10 percent from the previous year. This represents four consecutive years of increasing annual collections.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town of Addison's finances and to show the Town's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Town of Addison  
Finance Department  
P.O. Box 9010  
Addison, TX 75001  
Telephone: (972) 450-7098  
Email: [oriley@addisontx.gov](mailto:oriley@addisontx.gov)







# Basic Financial Statements



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

TOWN OF ADDISON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 64,912,897	\$ 24,322,595	\$ 89,235,492
Receivables, Net of Allowances for Uncollectibles	5,281,751	2,530,890	7,812,641
Prepaid Items	267,357	-	267,357
Inventories, at Cost	63,176	-	63,176
Investment in Joint Venture	760,508	6,813,249	7,573,757
Capital Assets, Net of Accumulated Depreciation			
Land	66,245,287	16,945,437	83,190,724
Buildings	9,992,668	8,435,245	18,427,913
Improvements other than Buildings	75,485,047	55,080,649	130,565,696
Machinery and Equipment	4,725,327	752,848	5,478,175
Construction in Progress	12,439,161	1,941,489	14,380,650
<b>Total Assets</b>	<b>240,173,179</b>	<b>116,822,402</b>	<b>356,995,581</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	364,646	26,452	391,098
Deferred Outflows on Pensions	2,458,079	142,810	2,600,889
<b>Total Deferred Outflows of Resources</b>	<b>2,822,725</b>	<b>169,262</b>	<b>2,991,987</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	5,390,527	1,632,167	7,022,694
Intergovernmental Payable	-	10,129	10,129
Customer Deposits	60,665	1,081,657	1,142,322
Non-Current Liabilities			
Due within One Year	5,899,099	1,337,350	7,236,449
Due in More Than One Year	98,772,768	26,458,303	125,231,071
<b>Total Liabilities</b>	<b>110,123,059</b>	<b>30,519,606</b>	<b>140,642,665</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows on Pensions	724,572	42,096	766,668
<b>Total Deferred Inflows of Resources</b>	<b>724,572</b>	<b>42,096</b>	<b>766,668</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	121,444,364	63,308,088	184,752,452
Restricted for:			
Debt Service	555,279	-	555,279
Promotion of Tourism and Hotel Industry	2,529,271	-	2,529,271
Child Safety	190,635	-	190,635
Justice Administration	63,638	-	63,638
Court Technology	91,942	-	91,942
Building Security	176,512	-	176,512
Court Security	19,190	-	19,190
Public Safety	25,484	-	25,484
Unrestricted	7,051,958	23,121,874	30,173,832
<b>Total Net Position</b>	<b>\$ 132,148,273</b>	<b>\$ 86,429,962</b>	<b>\$ 218,578,235</b>

See accompanying notes to basic financial statements.

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

TOWN OF ADDISON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Program Revenues			Net (Expense)/Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 8,730,944	\$ 688,005	\$ -	\$ -	\$ (8,042,939)	\$ -	\$ (8,042,939)
Public Safety	16,820,899	945,217	13,376	-	(15,862,306)	-	(15,862,306)
Development Services	1,032,105	1,015,053	-	-	(17,052)	-	(17,052)
Streets	8,105,373	400,561	12,430	-	(7,692,382)	-	(7,692,382)
Parks and Recreation	5,517,049	82,681	-	158,253	(5,276,115)	-	(5,276,115)
Visitor Services	6,106,103	1,890,522	-	-	(4,215,581)	-	(4,215,581)
Interest on Long-Term Debt	3,018,672	-	-	-	(3,018,672)	-	(3,018,672)
<b>Total Governmental Activities</b>	<b>49,331,145</b>	<b>5,022,039</b>	<b>25,806</b>	<b>158,253</b>	<b>(44,125,047)</b>	<b>-</b>	<b>(44,125,047)</b>
Business-Type Activities:							
Airport	5,893,611	5,138,479	-	1,025,835	-	270,703	270,703
Utilities	10,748,886	9,877,262	-	-	-	(871,624)	(871,624)
Stormwater	848,354	1,726,526	-	-	-	878,172	878,172
<b>Total Business-Type Activities</b>	<b>17,490,851</b>	<b>16,742,267</b>	<b>-</b>	<b>1,025,835</b>	<b>-</b>	<b>277,251</b>	<b>277,251</b>
<b>Total Primary Government</b>	<b>\$ 66,821,996</b>	<b>\$ 21,764,306</b>	<b>\$ 25,806</b>	<b>\$ 1,184,088</b>	<b>(44,125,047)</b>	<b>277,251</b>	<b>(43,847,796)</b>
<b>GENERAL REVENUES</b>							
Taxes							
Property Taxes, Levied for General Purposes					20,385,225	-	20,385,225
Sales Taxes					14,104,584	-	14,104,584
Franchise Taxes					2,828,420	-	2,828,420
Hotel/Motel Taxes					5,510,406	-	5,510,406
Interest on Investments					181,811	100,928	282,739
Miscellaneous					590,619	512,888	1,103,507
<b>Total General Revenues</b>					<b>43,601,065</b>	<b>613,816</b>	<b>44,214,881</b>
<b>Change in Net Position</b>					<b>(523,982)</b>	<b>891,067</b>	<b>367,085</b>
<b>NET POSITION, Beginning of Year as Restated</b>					<b>132,672,255</b>	<b>85,538,895</b>	<b>218,211,150</b>
<b>NET POSITION, End of Year</b>					<b>\$ 132,148,273</b>	<b>\$ 86,429,962</b>	<b>\$ 218,578,235</b>

See accompanying notes to basic financial statements.

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

**Governmental Funds  
Balance Sheet  
September 30, 2015**

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and Investments	\$ 11,980,579	\$ 2,371,954	\$ 833,800	\$ 488,270	\$ 42,134,997	\$ 1,200,431	\$ 59,010,031
Receivables:							
Act Valorem Taxes, Including Interest and Penalties, Net	192,464	-	119,880	-	1,275	10,543	324,162
Non-Property Taxes	2,760,698	475,994	-	-	-	-	3,236,692
Service Fees, Net	672,094	585	-	-	-	-	672,679
Ambulance, Net	247,937	-	-	-	-	-	247,937
Interest	9,085	1,510	567	272	28,607	833	40,874
Intergovernmental	-	-	-	-	-	229,837	229,837
Other	300,645	110,498	-	-	114,482	-	525,625
Interfund	519,753	-	-	-	-	-	519,753
Prepaid Items	267,357	-	-	-	-	-	267,357
Inventories, At Cost	63,176	-	-	-	-	-	63,176
Total Assets	\$ 17,013,788	\$ 2,960,541	\$ 954,247	\$ 488,542	\$ 42,279,361	\$ 1,441,644	\$ 65,138,123
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 2,777,163	\$ 569,863	\$ 3,000	\$ -	\$ 1,376,456	\$ 144,690	\$ 4,871,172
Interfund Payable	-	293,000	-	-	-	226,753	519,753
Intergovernmental Payable	116,311	1,444	-	-	-	-	117,755
Customer Deposits	13,733	46,932	-	-	-	-	60,665
Total Liabilities	2,907,207	911,239	3,000	-	1,376,456	371,443	5,569,345
Deferred Inflows of Resources:							
Unavailable Resources	2,504,720	8,573	119,881	-	1,275	13,716	2,648,165
Total Deferred Inflows of Resources	2,504,720	8,573	119,881	-	1,275	13,716	2,648,165
Fund Balances:							
Nonspendable	267,357	-	-	-	-	-	267,357
Prepaid Items	63,176	-	-	-	-	-	63,176
Inventories	-	-	-	-	-	-	-
Restricted	-	-	831,366	-	-	-	831,366
Debt Service	-	-	-	488,542	-	-	488,542
Promotion of Tourism and Hotel Industry	-	2,040,729	-	-	40,901,630	-	42,942,359
Capital Projects	-	-	-	-	-	-	-
Restricted - Child Safety	-	-	-	-	-	88,479	88,479
Justice Administration	-	-	-	-	-	28,893	28,893
Court Technology	-	-	-	-	-	77,831	77,831
Building Security	-	-	-	-	-	63,789	63,789
Court Security	-	-	-	-	-	19,190	19,190
Public Safety	-	-	-	-	-	25,484	25,484
Committed	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	752,819	752,819
Unassigned	11,271,328	-	-	-	-	-	11,271,328
Total Fund Balance	11,601,861	2,040,729	831,366	488,542	40,901,630	1,056,485	56,920,613
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 17,013,788	\$ 2,960,541	\$ 954,247	\$ 488,542	\$ 42,279,361	\$ 1,441,644	\$ 65,138,123

See accompanying notes to basic financial statements.

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

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**TOWN OF ADDISON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Total Fund Balances - Governmental Funds	\$	56,920,613
<p>The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. The effect of this consolidation is to increase net position.</p>		
		10,438,339
<p>Capital assets used in governmental activities, including infrastructure and developer contributions, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$164,350,330, net of accumulated depreciation of \$108,498,447, exclusive of the capital assets of internal service funds with a net carrying value of \$ 4,537,160 , included above, increased net position in the government-wide financial statements.</p>		
		164,350,330
<p>Investments in Joint Venture are not financial resources and are not reported in the fund financial statements. Investments in Joint Venture of \$ 760,508 increased net position in the government-wide financial statements.</p>		
		760,508
<p>Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.</p>		
		364,646
<p>Bonds payable, contractual obligations, and related premium and discount amounts have not been included in the fund financial statements.</p>		
		(85,671,168)
<p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p>		
		(900,910)
<p>Net OPEB obligation is not reflected in the fund financial statements.</p>		
		(465,473)
<p>Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		2,458,079
<p>Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements</p>		
		(724,572)
<p>Net pension liability is not reflected in fund financial statements</p>		
		(17,634,316)
<p>Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net position.</p>		
		(395,968)
<p>Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants is a deferred inflow in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide statements.</p>		
		2,648,165
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>132,148,273</b>

See accompanying notes to basic financial statements.

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

**Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended September 30, 2015**

	General Fund	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Ad Valorem Taxes	\$ 11,378,975	\$ -	\$ 7,984,536	\$ -	\$ 226,899	\$ 969,714	\$ 20,560,124
Non-Property Taxes	14,215,555	5,512,956	-	-	-	-	19,728,511
Franchise Fees	2,828,420	-	-	-	-	-	2,828,420
Licenses and Permits	1,011,223	-	-	-	-	-	1,011,223
Intergovernmental	-	-	-	-	158,253	22,359	180,612
Service Fees	1,507,653	967,659	-	-	-	68,395	2,543,707
Fines and Forfeitures	725,189	-	-	-	-	38,955	764,144
Earnings on Investments	69,431	7,376	9,892	1,416	184,005	5,560	277,680
Rental Charges	236,667	964,722	-	-	-	-	1,201,389
Recycling Proceeds	10,403	-	-	-	-	-	10,403
Other	108,504	59,334	-	-	32,042	-	199,880
<b>Total Revenues</b>	<b>32,092,020</b>	<b>7,512,047</b>	<b>7,994,428</b>	<b>1,416</b>	<b>601,199</b>	<b>1,104,983</b>	<b>49,306,093</b>
<b>EXPENDITURES:</b>							
Current:							
General Government	7,654,051	-	3,049	365	-	-	7,657,465
Public Safety	16,677,666	-	-	-	-	22,060	16,699,726
Development Services	1,090,973	-	-	-	-	-	1,090,973
Streets	1,803,139	-	-	-	-	-	1,803,139
Parks and Recreation	4,755,341	-	-	-	-	-	4,755,341
Visitor Services	-	5,454,910	-	-	-	-	5,454,910
Municipal Court	-	-	-	-	-	60,426	60,426
Economic Development	-	-	-	-	-	1,281,649	1,281,649
Debt Service:							
Principal Retirement	-	-	4,833,152	640,000	-	-	5,473,152
Interest and Fiscal Charges	-	-	3,347,020	70,800	-	-	3,417,820
Capital Projects:							
Engineering and Contractual Services	-	-	-	-	5,076,254	-	5,076,254
Construction and Equipment	-	-	-	-	3,840,912	-	3,840,912
Total Expenditures	31,981,170	5,454,910	8,183,221	711,165	8,917,166	1,364,135	56,611,767
Excess/(Deficiency) of Revenues over Expenditures	110,850	2,057,137	(188,793)	(709,749)	(8,315,967)	(259,152)	(7,305,674)
<b>OTHER FINANCING SOURCES/(USES):</b>							
Transfers In	-	-	-	710,800	4,000,000	515,282	5,226,082
Transfers Out	(4,015,000)	(1,211,082)	-	-	-	-	(5,226,082)
Total Other Financing Sources/(Uses)	(4,015,000)	(1,211,082)	-	710,800	4,000,000	515,282	-
Net Change in Fund Balance	(3,904,150)	846,055	(188,793)	1,051	(4,315,967)	256,130	(7,305,674)
Fund Balances at Beginning of Year, as Restated	15,506,011	1,194,674	1,020,159	487,491	45,217,597	800,355	64,226,287
Fund Balances at End of Year	\$ 11,601,861	\$ 2,040,729	\$ 831,366	\$ 488,542	\$ 40,901,630	\$ 1,056,485	\$ 56,920,613

See accompanying notes to basic financial statements.



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

**TOWN OF ADDISON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Total Net Change in Fund Balances - Governmental Funds \$ (7,305,674)

The Town uses internal service funds to charge the costs of certain activities such as replacement of capital assets and information technology to appropriate functions in other funds. The revenues and expenses of the internal service funds are included in governmental activities in the government-wide statement of activities. The effect of this consolidation is to increase net position. 694,771

Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. Developer contributions are recorded as capital grants and contributions in the government-wide financial statements. The effect of removing the capital outlays and recording the developer contributions is to increase net position. 8,248,806

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position. (6,501,843)

The issuance of long term debt increases the current financial resources of governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds, but both have no effect on net position. The amortization of prepaid insurance associated with the issuance of long-term debt, bond premiums, bond discounts, and deferred gain/loss on refunding of long term debts is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the increase(decrease) in net position of the following:

Bond repayments	5,473,152	
Amortization	<u>200,175</u>	5,673,327

The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's decrease in liability is to increase net position. (80,041)

The change in the net OPEB obligation is not shown in the fund financial statements. The effect of recording the increase in liability is to decrease net position. (36,483)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the decrease in accrued interest is to increase net position. 198,973

Increase in pension liability and amortization of pension costs decrease net position (916,888)

Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants not recognized in fund financial statements on the modified accrual basis is recognized on the accrual basis in the government-wide financial statements. (498,930)

**Change in Net Position of Governmental Activities \$ (523,982)**

See accompanying notes to basic financial statements.

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

**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**

	2015			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 11,736,390	\$ 11,736,390	\$ 11,378,975	\$ (357,415)
Non-Property Taxes	14,320,000	13,391,275	14,215,555	824,280
Franchise Fees	2,627,000	2,887,000	2,828,420	(58,580)
Licenses and Permits	740,000	740,000	1,011,223	271,223
Service Fees	1,443,500	1,403,500	1,507,653	104,153
Fines and Forfeitures	900,000	700,000	725,189	25,189
Earnings on Investments	20,000	50,000	69,431	19,431
Rental Charges	250,000	250,000	236,667	(13,333)
Recycling Proceeds	24,000	24,000	10,403	(13,597)
Other	25,000	100,000	108,504	8,504
<b>Total Revenues</b>	<b>32,085,890</b>	<b>31,282,165</b>	<b>32,092,020</b>	<b>809,855</b>
<b>EXPENDITURES:</b>				
General Government	7,725,574	7,917,927	7,654,051	263,876
Public Safety	16,827,332	16,411,780	16,677,666	(265,886)
Development Services	1,125,030	1,211,290	1,090,973	120,317
Streets	2,037,535	1,962,447	1,803,139	159,308
Parks and Recreation	5,193,405	5,004,266	4,755,341	248,925
<b>Total Expenditures</b>	<b>32,908,876</b>	<b>32,507,710</b>	<b>31,981,170</b>	<b>526,540</b>
Excess (deficiency) of revenues over expenditures	(822,986)	(1,225,545)	110,850	1,336,395
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers Out	(4,030,000)	(4,015,000)	(4,015,000)	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(4,030,000)</b>	<b>(4,015,000)</b>	<b>(4,015,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(4,852,986)</b>	<b>(5,240,545)</b>	<b>(3,904,150)</b>	<b>1,336,395</b>
Fund Balances at Beginning of Year, as Restated	15,506,011	15,506,011	15,506,011	-
<b>Fund Balances at End of Year</b>	<b>\$ 10,653,025</b>	<b>\$ 10,265,466</b>	<b>\$ 11,601,861</b>	<b>\$ 1,336,395</b>

See accompanying notes to basic financial statements.

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

**Hotel Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**

	2015			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Hotel/Motel Occupancy Taxes	\$ 5,439,311	\$ 5,839,311	\$ 5,512,956	\$ (326,355)
Proceeds from Special Events	1,400,000	1,350,000	967,659	(382,341)
Earnings on Investments	5,000	5,000	7,376	2,376
Rental Charges	983,750	1,033,750	964,722	(69,028)
Other	5,000	5,000	59,334	54,334
Total Revenues	<u>7,833,061</u>	<u>8,233,061</u>	<u>7,512,047</u>	<u>(721,014)</u>
<b>EXPENDITURES:</b>				
Visitor Services	-	71,500	36,304	35,196
Visit Addison	847,992	847,992	765,288	82,704
Conference Centre	1,178,942	1,178,942	959,140	219,802
Marketing	975,889	975,889	872,579	103,310
Special Events	2,358,050	2,358,050	2,279,532	78,518
Performing Arts	551,521	551,521	542,067	9,454
Total Expenditures	<u>5,912,394</u>	<u>5,983,894</u>	<u>5,454,910</u>	<u>528,984</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>1,920,667</u>	<u>2,249,167</u>	<u>2,057,137</u>	<u>(192,030)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfer to Debt Service Fund	(1,211,082)	(1,211,082)	(1,211,082)	-
Net Change in Fund Balance	709,585	1,038,085	846,055	(192,030)
Fund Balances at Beginning of Year	<u>1,194,674</u>	<u>1,194,674</u>	<u>1,194,674</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,904,259</u>	<u>\$ 2,232,759</u>	<u>\$ 2,040,729</u>	<u>\$ (192,030)</u>

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

**Proprietary Funds**  
**Statement of Net Position**  
**September 30, 2015**

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
<b>ASSETS:</b>					
Current Assets:					
Cash and Investments	\$ 4,124,027	\$ 10,489,605	\$ 9,708,963	\$ 24,322,595	\$ 5,902,866
Interest Receivable	2,499	7,120	6,552	16,171	3,945
Accounts Receivable, Net	77,578	2,186,634	250,507	2,514,719	-
Total Current Assets	4,204,104	12,683,359	9,966,022	26,853,485	5,906,811
Non-Current Assets:					
Capital Assets:					
Land	15,633,373	1,312,064	-	16,945,437	-
Buildings	2,600,302	8,069,661	-	10,669,963	-
Improvements other than Buildings	53,872,596	44,780,829	50,000	98,703,425	-
Machinery and Equipment	1,536,031	2,049,785	-	3,585,816	15,096,884
Accumulated Depreciation	(22,580,860)	(26,108,352)	(1,250)	(48,690,462)	(11,225,495)
Total Capital Assets, Net of Accumulated Depreciation	51,061,442	30,103,987	48,750	81,214,179	3,871,389
Construction in Progress	424,472	1,457,991	59,026	1,941,489	665,771
Net Property, Plant, and Equipment	51,485,914	31,561,978	107,776	83,155,668	4,537,160
Investment in Joint Venture	-	6,813,249	-	6,813,249	-
Total Assets	55,690,018	51,058,586	10,073,798	116,822,402	10,443,971
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Charge on Refunding	26,452	-	-	26,452	-
Deferred Outflows on Pension Costs	-	142,810	-	142,810	-
Total Deferred Outflows of Resources	26,452	142,810	-	169,262	-
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 475,730	\$ 793,676	\$ 85,209	\$ 1,354,615	\$ 5,632
Accrued Interest Payable	16,940	223,562	34,677	275,179	-
Current Compensated Absences Payable	-	2,373	-	2,373	-
Current Maturities of Long-Term Debt	517,500	549,850	270,000	1,337,350	-
Intergovernmental Payable	10,129	-	-	10,129	-
Customer Deposits	199,598	882,059	-	1,081,657	-
Total Current Liabilities	1,219,897	2,451,520	389,886	4,061,303	5,632
Non-Current Liabilities:					
Compensated Absences, Net of Current Portion	-	56,257	-	56,257	-
Long-Term Debt, Net of Current Portion	4,477,330	15,131,598	6,793,118	26,402,046	-
Total Liabilities	5,697,227	17,639,375	7,183,004	30,519,606	5,632
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows on Pension Costs	-	42,096	-	42,096	-
<b>NET POSITION:</b>					
Net Investment in Capital Assets	46,517,536	16,790,552	-	63,308,088	4,537,160
Unrestricted	3,501,707	16,729,373	2,890,794	23,121,874	5,901,179
Total Net Position	\$ 50,019,243	\$ 33,519,925	\$ 2,890,794	\$ 86,429,962	\$ 10,438,339

See accompanying notes to basic financial statements.

**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year ended September 30, 2015**

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
<b>OPERATING REVENUES:</b>					
Water	\$ -	\$ 5,678,134	\$ -	\$ 5,678,134	\$ -
Sewer	-	4,436,230	-	4,436,230	-
Drainage	-	-	1,729,899	1,729,899	-
Penalties	-	64,949	-	64,949	-
Water and Sewer Taps and Other Fees	-	12,580	-	12,580	-
Fuel Flowage Fees	829,044	-	-	829,044	-
Customs Agent Fees	61,379	-	-	61,379	-
Rental Charges	4,248,056	-	-	4,248,056	-
Other Income	512,888	1,200	-	514,088	-
Department Contributions	-	-	-	-	1,550,000
<b>Total Operating Revenues</b>	<b>5,651,367</b>	<b>10,193,093</b>	<b>1,729,899</b>	<b>17,574,359</b>	<b>1,550,000</b>
<b>OPERATING EXPENSES:</b>					
Salaries and Fringe Benefits	318,036	1,329,625	72,315	1,719,976	-
Supplies	58,326	132,338	946	191,610	337
Maintenance and Materials	2,520,508	415,013	803	2,936,324	-
Contractual Services	1,080,580	1,169,152	510,195	2,759,927	28,313
Water Purchases	-	3,223,750	-	3,223,750	-
Wastewater Purchases	-	2,496,828	-	2,496,828	-
<b>Total Operating Expenses (Excluding Depreciation)</b>	<b>3,977,450</b>	<b>8,766,706</b>	<b>584,259</b>	<b>13,328,415</b>	<b>28,650</b>
Depreciation	1,778,693	1,290,594	1,250	3,070,537	864,189
<b>Total Operating Expenses</b>	<b>5,756,143</b>	<b>10,057,300</b>	<b>585,509</b>	<b>16,398,952</b>	<b>892,839</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(104,776)</b>	<b>135,793</b>	<b>1,144,390</b>	<b>1,175,407</b>	<b>657,161</b>
<b>NON-OPERATING REVENUES/(EXPENSES):</b>					
Investment Income/(Expense)	13,588	48,098	39,242	100,928	25,610
Sale of Assets	-	-	-	-	12,000
Gain/(Loss) on Joint Venture	-	(251,226)	-	(251,226)	-
Interest Expense and Fiscal Charges	(137,468)	(756,191)	(266,218)	(1,159,877)	-
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>(123,880)</b>	<b>(959,319)</b>	<b>(226,976)</b>	<b>(1,310,175)</b>	<b>37,610</b>
<b>NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>(228,656)</b>	<b>(823,526)</b>	<b>917,414</b>	<b>(134,768)</b>	<b>694,771</b>
Capital Grants and Contributions	1,025,835	-	-	1,025,835	-
<b>CHANGE IN NET POSITION</b>	<b>797,179</b>	<b>(823,526)</b>	<b>917,414</b>	<b>891,067</b>	<b>694,771</b>
Net Position at Beginning of Year, as Restated	49,222,064	34,343,451	1,973,380	85,538,895	9,743,568
<b>Net Position at End of Year</b>	<b>\$ 50,019,243</b>	<b>\$ 33,519,925</b>	<b>\$ 2,890,794</b>	<b>\$ 86,429,962</b>	<b>\$ 10,438,339</b>

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

**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended September 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 6,090,069	\$ 9,857,119	\$ 1,733,385	\$ 17,680,573	\$ 1,550,000
Payments to Suppliers	(3,646,133)	(6,557,424)	(474,326)	(10,677,883)	(139,051)
Payments to Employees for Services	(318,036)	(2,287,326)	(72,315)	(2,677,677)	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>2,125,900</u>	<u>1,012,369</u>	<u>1,186,744</u>	<u>4,325,013</u>	<u>1,410,949</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and Construction of Capital Assets	(388,195)	(1,818,648)	(109,026)	(2,315,869)	(2,630,411)
Principal Paid on Long-Term Debt	(445,000)	(381,848)	(265,000)	(1,091,848)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(138,767)	(731,446)	(283,439)	(1,153,652)	-
Proceeds from Sale of Capital Assets	-	-	-	-	12,000
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(971,962)</u>	<u>(2,931,942)</u>	<u>(657,465)</u>	<u>(4,561,369)</u>	<u>(2,618,411)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on Cash and Investments	13,009	48,980	38,600	100,589	26,249
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>13,009</u>	<u>48,980</u>	<u>38,600</u>	<u>100,589</u>	<u>26,249</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	<u>1,166,947</u>	<u>(1,870,593)</u>	<u>567,879</u>	<u>(135,767)</u>	<u>(1,181,213)</u>
Cash and Cash Equivalents, October 1	<u>2,957,080</u>	<u>12,360,198</u>	<u>9,141,084</u>	<u>24,458,362</u>	<u>7,084,079</u>
Cash and Cash Equivalents, September 30	<u>\$ 4,124,027</u>	<u>\$ 10,489,605</u>	<u>\$ 9,708,963</u>	<u>\$ 24,322,595</u>	<u>\$ 5,902,866</u>
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:					
Operating Income/(Loss)	\$ (104,776)	\$ 135,793	\$ 1,144,390	\$ 1,175,407	\$ 657,161
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:					
Depreciation	1,778,693	1,290,594	1,250	3,070,537	864,189
Change in Assets and Liabilities:					
(Increase)/Decrease in Accounts Receivables	446,334	(517,466)	3,486	(67,646)	-
Increase/(Decrease) in Accounts Payable	13,281	64,766	37,618	115,665	(110,401)
Increase/(Decrease) in Customer Deposits	(7,632)	38,682	-	31,050	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 2,125,900</u>	<u>\$ 1,012,369</u>	<u>\$ 1,186,744</u>	<u>\$ 4,325,013</u>	<u>\$ 1,410,949</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Grants and Contributions	\$ 893,242	\$ -	\$ -	\$ 893,242	\$ -
Gain/(Loss) of Joint Venture	-	(251,226)	-	(251,226)	-
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ 893,242</u>	<u>\$ (251,226)</u>	<u>\$ -</u>	<u>\$ 642,016</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's charter was last amended in November 2010. The Town operates as a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the Town and its inhabitants.

The Town is a financial reporting entity as defined by GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "The Financial Reporting Entity: Omnibus: an amendment of GASB Standards No. 14 and No. 34." As required by generally accepted accounting principles (GAAP), the Town's financial statements include all required activities relating to the Town and its operations. In accordance with the standards, the Town does not have component units requiring inclusion.

**B. Basic Financial Statements**

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. "Measurement focus" refers to what is being measured, and "basis of accounting" refers to the timing of revenue and expenditure recognition in financial statements. The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied.

The governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Town considers all revenues available if they are collected within thirty (30) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad Valorem (property), sales, and hotel taxes, as well as franchise fees, recorded in the General Fund and Ad Valorem tax revenues recorded in the Economic Development Fund and General Obligation Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's airport and utility functions and various other functions of the Town, and charges of the internal service funds to the Airport and Utility funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating expenses of the Town's enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major governmental funds:

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Additionally, the Town reports the following non-major governmental funds:

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

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

Advanced Funding Grant Fund – The Advanced Funding Grant Fund accounts for grant monies that are received prior to the related expenditure, and therefore the fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year.

Economic Development Fund – The Economic Development Fund accumulates resources to support efforts that attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

Reimbursement Grant Fund – The Reimbursement Grant Fund accounts for expenditures for which the Town expects to be reimbursed. For any reimbursements not received prior to the fiscal year end, the Town will record a receivable. Amounts not received within 30 days of the fiscal year end are reported as deferred revenue.

The Town reports the following major proprietary funds:

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

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

Stormwater Fund - The Town's Stormwater Fund is 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. All operating, maintenance, and capital expenses are supported solely by the approved user fees.

Additionally, the Town reports the following internal service funds:

Capital Replacement Fund – The Capital Replacement Fund is used to accumulate sufficient resources to replace existing capital equipment that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. The funds are used to finance replacement equipment when needed.

Information Technology Replacement Fund – The Information Technology Replacement Fund is used to accumulate sufficient resources to replace existing information technology systems. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each component of a system based upon the component's expected life. The funds are used to finance replacement equipment when needed.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity

1) Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. To maximize investment opportunities, all funds participate in a pooling of cash and investments.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities; obligations of the State of Texas and related agencies; obligations of state, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service; certificates of deposit issued by state or national banks and savings banks domiciled in Texas; fully collateralized direct repurchase agreements; prime domestic banker's acceptances (BA's); commercial paper with a stated maturity of 180 days or less and a rating of not less than A-1+ or its equivalent; and state or local government investment pools.

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Town considers quoted market price at September 30, 2015 to be the fair value of investments. The government investment pools, TexPool and TexSTAR, operate in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of pool shares.

2) Receivables and Payables

All receivables for the Town are reported net of an allowance for uncollectibles. The allowances are based on historical collections data and evaluated periodically.

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

3) Inventories and Prepaid Items

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

4) Capital Assets

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

- Expected useful life must be one year or more.
- Original unit cost of the item should be \$5,000 or greater and includes all costs enabling the item into operation, such as freight, installation, and accessories.
- The item should not be consumed, unduly altered, or materially reduced in value immediately by use.
- Bulk purchases of smaller equipment with a useful life of at least one year will be capitalized if the total amount of the purchase exceeds \$25,000.

The Land and Improvements other than Buildings categories associated with governmental activities include amounts for infrastructure. Related accumulated depreciation of Improvements other than Buildings includes amounts associated with infrastructure. Subsequently, infrastructure is tracked and reported as a separate component of general capital assets associated with governmental activities.

The internal service funds may record assets that have an original cost of \$5,000 or less as assets are considered part of an overall system. Individual items may be retired and replaced as parts of the larger system.

Contributed assets are recorded at fair market value as of the date donated. Depreciation of property, plant, and equipment by major classes is provided by the straight-line method based on the following estimated useful lives by major class of depreciable capital assets:

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

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

5) Compensated Absences

Vacation, holiday, and sick pay costs are charged to operations when taken by the employees of the Town. In the event of termination, an employee is reimbursed for all accumulated vacation and holiday days not exceeding two years' accumulation. The amounts of such liabilities have been provided for in the government-wide financial statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided. The Town's liability for compensated absences increased \$93,593 for a total liability of \$959,540.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is \$1,025,835 of capital contributions for improvements at the Addison Airport and \$158,253 for improvements at Vitruvian Park. Operating grants included \$25,806 of funding for general government initiatives.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

8) Fund Equity

The Town reports governmental fund balances per GASB 54 definitions as follows:

Nonspendable – Amounts that are not in spendable form or are required to be maintained intact, such as inventory or prepaid amounts or that are legally or contractually required to remain intact

Restricted – Amounts that can be spent only for specific purposes stipulated by external parties, such as grants, court technology fees, and court building security fees or that are imposed by law through constitutional provisions or enabling legislation

Committed – Amounts whose use is constrained by specific limitations that the Town imposes itself, as determined by a resolution by the Town Council, such as economic development funding

Assigned – Amounts intended to be used for specific purposes. Intent may be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has delegated the CFO or his designee as the official authorized to assign fund balance for a specific purpose as approved by the fund balance policy.

Unassigned – Amounts not contained in other classifications that can be used for any purpose

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by Town management based on Council direction.

The Town will utilize funds for expenditures from the most restrictive fund balance first when more than one fund balance classification is available.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

9) Minimum Fund Balance Policy

It is the desire of the Town to maintain adequate General Fund fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 25 percent of budgeted expenditures.

10) Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information

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

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

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

- 5) Budgets for the General, Special Revenue, and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the Capital Project funds are normally established pursuant to the terms of the related bond indentures, that is, project basis. Accordingly, no comparison of budget to actual is presented in the financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. During the fiscal year, one budget amendment was approved by the City Council. In the General Fund, Non-Property Tax revenue was decreased \$928,725 due to the loss of a major sales tax contributor. Franchise fee revenue was increased \$195,000, as amounts received related to gas franchise fees exceeded the budgeted amount. Miscellaneous revenues were decreased \$70,000 each due to lower than anticipated activity in these accounts. The City Manager Office budget was increased \$249,994 due to a retirement of former City Manager and hiring of Interim City Manager. The City Council Projects (\$144,133) and Development Services (\$131,000), budgets were increased related to COSO initiatives and new code enforcement positions funding in fiscal year 2015. This budget amendment included departmental savings of \$401,166 due to departments delaying spending for noncrucial operations and vacant positions not filled by the end of fiscal 2015.

Excess of Expenditures over Appropriations – For the year ended September 30, 2015, expenditures in the General Fund - Police exceeded appropriations by \$58,930 due to increased salaries and overtime associated with high department turnover and unanticipated legal expenditures. Also for the General Fund, expenditures in Combined Services exceeded appropriation by \$97,583 due to the implementation of several COSO initiatives Town-wide, as directed by Council. Available fund balance was sufficient to provide for the excess expenditures.

Encumbrance accounting is employed in governmental funds.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town has six bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, Benefits Account, and the Addison Airport Account. The Controlled Disbursements and Payroll accounts are zero-balance accounts. The ACH/Wire Account is used for all receipts and expenditures made by ACH or wire transfer. The Town uses the Operating Account as an operating pool available for all funds. Each fund type's portion of this pool is reported on the Combined Balance Sheet as "Cash and Investments." The other demand accounts are reported in the same manner. The Addison Airport account is a checking account used by the management companies at the Airport to cover operational expenses.

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

Cash

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by the state statutes at September 30, 2015. Included in Cash and Investments is \$5,925 of petty cash. At year-end, the carrying amount of the Town's deposits was a debit balance of \$37,275,334. The respective bank balance totaled \$40,193,543. In addition, collateral with a market value of \$43,298,730 and unused letters of credit in the amount of \$18,827,364 were held by the pledging financial institution's account at the Federal Reserve Bank in the Town's name.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

External Investment Pools

The Town’s pool investments as of September 30, 2015 were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

Federated Investors is the full service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts. JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMFAM provides investment management, fund accounting, transfer agency and custodial services, and FSAM provides administrative, marketing and participant services.

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

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

Investments

As of September 30, 2015, the Town held the following investments:

	<u>Fair Value</u>	<u>Average Maturity (Days)</u>
Agency Securities	\$ 17,029,717	250
Commercial Paper	4,998,030	71
Certificates of Deposit	<u>35,213,550</u>	<u>228</u>
<i>Total Investment in Securities</i>	<u>57,241,297</u>	221
TexStar	25,315,391	1
TexPool	<u>4,611,095</u>	<u>1</u>
<i>Total Investment in Pools</i>	<u>29,926,486</u>	1
<i>Total Investments</i>	<u>\$ 87,167,783</u>	146

In accordance with GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” the Town records investments at fair value. However, for investments with maturities of one year or less at time of purchase, the Town reports these investments at book value. The carrying value of the Town’s investments at September 30, 2015 was \$87,167,783, of which \$34,924,516 had maturities of less than one year at time of purchase.



**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

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

- a) Debt obligations with a maturity not to exceed five years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). The Town's investments in bonds of U.S. Agencies were rated Aaa by Moody's Investors Service and AAA by Standard and Poor's. Mortgage-backed securities may be held as collateral although principal-only and interest-only mortgage-backed securities as well as all types of collateralized mortgage obligations (CMO) and real estate mortgage investment conduits (REMICs) are expressly prohibited.
- b) Prime commercial paper with an original maturity of one hundred eighty days or less which at the time of purchase, is rated at least A-1 by Standard and Poor's, P-1 by Moodys or F1 by Fitch.
  - (1) At the time of purchase, the commercial paper must be rated by at least two of the above stated ratings agencies at the above stated minimum credit rating.
  - (2) If more than two of the above rated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.
  - (3) If the commercial paper issuer has senior debt\* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:
    - A-1 by Moodys
    - A+ by Standard and Poor's
    - A+ by Fitch(\*Senior Debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year)

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

- c) Time Certificates of Deposit with a maturity not to exceed three years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch in the state of Texas which have been approved by the Town in accordance with its Investment Policy. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principal and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of the Town.
- d) State and Local Investment Pools organized under the Interlocal Cooperation Act that meets the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the CFO and authorized by the City Council. TexPool and TexSTAR are both currently rated AAAM by Standard and Poor's.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

*Concentration of Credit Risk* – It is the Town’s policy to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of securities. The applicable limits on the Town’s current investments are Instrumentality Securities (70%) of which the Town’s portfolio is currently at 20%, Commercial Paper (30%) of which the Town’s portfolio is currently at 6%, Certificates of Deposit (50%) of which the Town’s portfolio is currently at 40%, and Local Government Investment Pools (40%) of which the Town’s portfolio is currently at 34%.

**B. Ad Valorem (Property) Taxes**

Property taxes attach as an enforceable lien on property as of January 1. The Town’s property tax is levied on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Assessed values are established by Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 2014, upon which the fiscal year 2015 levy is based, was \$3,805,580,841.

The Town is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2015 was \$.5618 per \$100, of which \$.3437 was allocated for general government and \$.2181 was allocated for the payment of principal and interest on general obligation and certificates of obligation long-term debt.

Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. Current tax collections for the year ended September 30, 2015 were 95.73% of the original tax levy. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the Town may at its own expense require annual reviews of appraised values. The Town may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this arrangement, the Town continues to set tax rates on Town property.

However, if the effective tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation also provides that, if approved by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

Taxes are recognized as revenue beginning on the date of levy when they become available. “Available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred inflows of resources and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply. An allowance for uncollectible taxes is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2015 was \$82,058.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Receivables**

As of September 30, 2015, receivables for the Town's individual major governmental funds, non-major governmental funds, and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	General	Hotel	Debt Service	Hotel Debt Service	Capital Projects	Non-Major Funds	Internal Service Funds	Total
Taxes:								
Ad Valorem	\$ 241,735	\$ -	\$ 151,166	\$ -	\$ 1,342	\$ 11,978	\$ -	\$ 406,221
Non-Property	2,760,698	475,994	-	-	-	-	-	3,236,692
Franchise Fees	-	-	-	-	-	-	-	-
Service Fees	975,205	-	-	-	-	-	-	975,205
Ambulance	542,733	-	-	-	-	-	-	542,733
Interest	9,085	1,510	567	272	28,607	833	3,945	44,819
Other	308,145	111,083	-	-	114,482	229,837	-	763,547
Gross Receivables	\$ 4,837,601	\$ 588,587	\$ 151,733	\$ 272	\$ 144,431	\$ 242,648	\$ 3,945	\$ 5,969,217
Less: Allowance for Uncollectibles	654,678	-	31,286	-	67	1,435	-	687,466
Net Receivables	\$ 4,182,923	\$ 588,587	\$ 120,447	\$ 272	\$ 144,364	\$ 241,213	\$ 3,945	\$ 5,281,751

The above allowance for uncollectible accounts represents reserves for ambulance (\$294,797), court warrants (\$310,611), and property taxes (\$82,058).

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital Asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, not Depreciable:					
Land	\$ 66,233,100	\$ 12,187	\$ -	\$ -	\$ 66,245,287
Construction in Progress	8,108,551	8,386,203	(228,004)	(3,827,589)	12,439,161
<i>Total Capital Assets, not Depreciable</i>	<u>74,341,651</u>	<u>8,398,390</u>	<u>(228,004)</u>	<u>(3,827,589)</u>	<u>78,684,448</u>
Capital Assets, Depreciable:					
Buildings	22,026,374	-	-	-	22,026,374
Improvements other than Buildings	165,224,676	134,104	-	3,827,589	169,186,369
Machinery and Equipment	17,150,527	2,122,021	(558,305)	-	18,714,243
<i>Total Capital Assets, Depreciable</i>	<u>204,401,577</u>	<u>2,256,125</u>	<u>(558,305)</u>	<u>3,827,589</u>	<u>209,926,986</u>
Less Accumulated Depreciation for:					
Buildings	(11,460,566)	(573,140)	-	-	(12,033,706)
Improvements other than Buildings	(87,961,733)	(5,747,635)	8,046	-	(93,701,322)
Machinery and Equipment	(13,493,918)	(1,053,305)	558,307	-	(13,988,916)
<i>Total Accumulated Depreciation</i>	<u>(112,916,217)</u>	<u>(7,374,080)</u>	<u>566,353</u>	<u>-</u>	<u>(119,723,944)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>91,485,360</u>	<u>(5,117,955)</u>	<u>8,048</u>	<u>3,827,589</u>	<u>90,203,042</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 165,827,011</u>	<u>\$ 3,280,435</u>	<u>\$ (219,956)</u>	<u>\$ -</u>	<u>\$ 168,887,490</u>
<b>Business-type Activities:</b>					
Capital Assets, not Depreciable:					
Land	\$ 16,945,437	\$ -	\$ -	\$ -	\$ 16,945,437
Construction in Progress	8,784,117	1,867,568	-	(8,710,196)	1,941,489
<i>Total Capital Assets, not Depreciable</i>	<u>25,729,554</u>	<u>1,867,568</u>	<u>-</u>	<u>(8,710,196)</u>	<u>18,886,926</u>
Capital Assets, Depreciable:					
Buildings	9,706,870	963,093	-	-	10,669,963
Improvements other than Buildings	89,470,844	522,386	-	8,710,196	98,703,426
Machinery and Equipment	3,617,779	231,067	(263,029)	-	3,585,817
<i>Total Capital Assets, Depreciable</i>	<u>102,795,493</u>	<u>1,716,546</u>	<u>(263,029)</u>	<u>8,710,196</u>	<u>112,959,206</u>
Less Accumulated Depreciation for:					
Buildings	(2,030,950)	(203,768)	-	-	(2,234,718)
Improvements other than Buildings	(40,900,520)	(2,722,257)	-	-	(43,622,777)
Machinery and Equipment	(2,951,486)	(144,512)	263,029	-	(2,832,969)
<i>Total Accumulated Depreciation</i>	<u>(45,882,956)</u>	<u>(3,070,537)</u>	<u>263,029</u>	<u>-</u>	<u>(48,690,464)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>56,912,537</u>	<u>(1,353,991)</u>	<u>-</u>	<u>8,710,196</u>	<u>64,268,742</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 82,642,091</u>	<u>\$ 513,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,155,668</u>

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

	Governmental Activities	Business-type Activities
General Government	\$ 89,353	\$ -
Public Safety	166,921	-
Development Services	5,734	-
Streets	4,778,608	-
Parks and Recreation	746,976	-
Visitor Services	722,299	-
IT Replacement	339,924	-
Capital Replacement	524,265	-
Airport Fund		1,778,693
Utility Fund		1,290,594
Stormwater Fund		1,250
	<u>\$ 7,374,080</u>	<u>\$ 3,070,537</u>

The following tabulation presents the estimated significant commitment under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2015:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Belt Line Road Underground Utilities	\$ 20,830,000	\$ 6,371,214	\$ 14,458,786
Pedestrian Connectivity Improvements	3,500,000	809,506	2,690,494
Vitruvian Public Infrastructure	10,021,107	1,843,729	8,177,378
Public Safety Radio Replacement	3,000,000	2,588,620	411,380
Addison Road Rehabilitation	2,274,473	823,871	1,450,602
	<u>\$ 39,625,580</u>	<u>\$ 12,436,940</u>	<u>\$ 27,188,640</u>
<u>Business-type Activities</u>			
Water Storage Facility	\$ 3,531,189	\$ 1,637,514	\$ 1,893,675
Mary Kay/Keller Springs Basin Improvements	1,700,000	114,458	1,585,542
	<u>\$ 5,231,189</u>	<u>\$ 1,751,972</u>	<u>\$ 3,479,217</u>

**E. Interlocal Sanitary Sewer Interceptor Agreement**

The Town is party to an interlocal agreement, which establishes a non-profit water supply corporation (North Dallas County Water Supply Corporation) for the purpose of constructing, maintaining, and operating a joint sanitary sewer interceptor with the City of Farmers Branch. The non-profit water supply corporation is governed by a six-member board composed of three appointees from each entity.

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

The Town was obligated for construction costs of the project in proportion to its percentage of allocated flows for each specific portion of the project as set forth in the agreement. The Town is also obligated to pay 55% of all general overhead costs. Operating and maintenance costs since the project became operational shall be paid in accordance with respective percentages of allocated flows as set forth in the agreement.

The Town's net investment and its share of general overhead expenses are reported in the Town's Utility Fund (an enterprise fund). The Town's equity interest in the North Dallas County Water Supply Corporation of \$6,813,249, net of related debt, is included in Unrestricted Net Position. Complete financial statements for the North Dallas County Water Supply Corporation can be obtained from Charles Cox, Secretary/Treasurer, North Dallas County Water Supply Corporation, 13000 William Dodson Parkway, Farmers Branch, Texas.

**F. Joint Venture and Shared Radio System**

The North Texas Emergency Communications Center, Inc. (NTECC) is a joint venture between the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch (the "Cities") formed during fiscal year 2015 to establish and operate a joint public safety dispatch center. The affairs of the NTECC are managed by a four-person board of directors representing each of the four participating Cities.

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The Town financed its portion of construction funds with proceeds from Combination Tax and Revenue Certificates of Obligation, Series 2012. The Town of Addison's equity interest (19%) in the NTECC is reported as investment in joint venture in the governmental activities on the government-wide Statement of Net Position. Condensed financial information for the NTECC joint venture is presented below. Complete financial statements for the NTECC can be obtained from Pamela Hodges, Controller, City of Carrollton, 1945 E Jackson Road, Carrollton, Texas.

**STATEMENT OF NET POSITION**  
 As of September 30, 2015

	<u>Total</u>	<u>Town's Interest</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,622,936	\$ 308,358
Prepays	27,347	5,196
Capital assets:		
Construction in progress	4,002,674	760,508
<b>Total Assets</b>	<u>\$ 5,652,957</u>	<u>\$ 1,074,062</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 233,929	\$ 44,447
Unearned revenue	1,396,501	265,335
Compensated absences	19,853	3,772
<b>Total current liabilities</b>	<u>1,650,283</u>	<u>313,554</u>
Fund balances:		
Unassigned	-	-
<b>Total Liabilities and fund balances</b>	<u>1,650,283</u>	<u>313,554</u>
<b>NET POSITION</b>	<u>\$ 4,002,674</u>	<u>\$ 760,508</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
 As of September 30, 2015

	Total	Town's Interest
Operating contributions	\$ 821,382	\$ 156,063
Capital contributions	2,490,265	473,150
General & administrative current expenses	928,973	176,505
Changes in Net Position	2,382,674	452,708
Net position at beginning of year	1,620,000	307,800
Net Position at end of year	<u>\$ 4,002,674</u>	<u>\$ 760,508</u>

Additionally, the Cities have entered into an inter-local agreement to jointly procure a public safety radio system. While this agreement did not include the formation of a separate legal joint venture entity, it is possible that this system may be consolidated into the NTECC in the future. The Town has financed its portion of construction funds with proceeds from Combination Tax and Revenue Certificates of Obligation, Series 2012. The Cities are responsible for funding a portion of the radio system in the proportions stated in the inter-local agreement. The Town of Addison's portion of the system costs at September 30, 2015 of \$2,588,620 is capitalized as construction in progress in the governmental activities on the government-wide Statement of Net Position.

**G. Long-Term Debt**

The long-term debt of the Town consisted of the following as of September 30, 2015:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Combination Tax and Revenue Certificates of Obligation Series of 2008</b>		
A series of 6,900 bonds at \$5,000 each dated May 1, 2008. The bonds were issued for the purpose of constructing improvements to (i) water, sewer, drainage, park and streets including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way; (ii) acquisition and construction of a water tower; (iii) acquisition of land for street and other municipal purposes (collectively with items (i) and (ii)); and (iv) payment of professional services of attorneys, financial advisors and other professionals in connection with the issuance of the certificates. The bonds mature serially through 2033 with interest rates ranging from 4% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2018 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from a combination of Ad Valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Utility Fund.	23,148,849	7,166,151
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"		

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Refunding Bonds Series of 2011</b>		
A series of 1,778 bonds at \$5,000 each dated October 25, 2011. The bonds were issued to refund a portion of the Town's outstanding General Obligation Refunding Bonds, Series 2001, General Obligation Refund and Improvement Bonds, Series 2002 and Combination Tax and Revenue Certificates of Obligation, Series 2003; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2033 with interest rates ranging from 2.0% to 3.0%. The bonds are not callable. Bonds and interest are payable from a combination of Ad Valorem taxes and hotel occupancy taxes. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	4,455,000	-
<b>Combination Tax and Revenue Certificates of Obligation Series of 2012</b>		
A series of 2,967 bonds at \$5,000 each dated August 15, 2012. The bonds were issued for the purpose of (i) acquiring and installing radio and telecommunication equipment for Town public safety operations, (ii) designing, acquiring, improving, constructing, and renovating water, wastewater and street infrastructure improvements, including drainage infrastructure, within the Vitruvian Park area of the Town; and (iii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the certificates. The bonds mature serially through 2032 with interest rates ranging from 1.5% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from a combination of Ad Valorem taxes and a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Utility Fund. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	14,445,000	-



**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Refunding and Improvement Bonds Series of 2012</b>		
A series of 4,518 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to fund various public improvement projects up to \$19,830,000 to include construction, engineering, and other professional service; refund the Town's outstanding General Obligation Bonds, Series 2004, and General Obligation Refunding and Improvement Bonds, Series 2005; and pay the costs of issuance associated with the sale of the bonds. The bonds mature serially through 2032 with interest rates ranging from 2% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2022 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from Ad Valorem taxes.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured	21,040,000	-
<b>General Obligation Bonds, Tax-Exempt Series of 2013</b>		
A series of 933 bonds at \$5,000 each dated July 15, 2013. The bonds will be used to provide funds to (i) engineer, construct, improve, repairing, develop, extend and expand streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, included related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting and the acquisition of land therefore; (ii) acquire and improve of land and interest in land to provide improvements, additions and access to the Addison Municipal Airport, and (iii) pay the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	4,365,000	-
<b>General Obligation Bonds Series 2013A (AMT)</b>		
A series of 375 bonds at \$5,000 each dated July 15, 2013. The bonds will be used to provide funds to: (i) acquire and improve of land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the AMT bonds. The bonds mature serially through 2018 with interest rates ranging from 2% to 2.25%.		
Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	1,745,000	-

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>General Obligation Bonds Taxable Series of 2013B</b>		
A series of 250 bonds at \$5,000 each dated July 15, 2013. The bonds, together with other available Town funds, will be used to provide funds to: (i) acquire and improve of land and interests in land to provide improvements, additions and access to the Addison Municipal Airport, and (ii) pay the costs of issuing the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 3.75% to 5%. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	1,170,000	-
<b>Combination Tax and Revenue Certificates of Obligation Series of 2013</b>		
A series of 2,037 bonds at \$5,000 each dated July 15, 2013. The Certificates will be used for (i) (a) designing, acquiring, improving, constructing and renovating facilities and infrastructure at the Addison Municipal Airport and the acquisition and improvement of land and interests in land to provide improvements, additions and access to the airport, (b) designing, acquiring, improving, constructing, and renovating City drainage and stormwater infrastructure and facilities ((a) and (b) together, the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2033 with interest rates ranging from 2% to 5%. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	-	9,485,000
<b>General Obligation Bonds, Tax-Exempt Series 2014</b>		
A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds will be used to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Lind Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2032 with interest rates ranging from 3% to 3.625%. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	11,805,000	-

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Certificates of Obligation</b>		
<b>Series 2014</b>		
A series of 1,513 bonds at \$5,000 each dated February 15, 2014. The Certificates will be used for (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects, (the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2034 with interest rates ranging from 1% to 4%. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	-	7,455,000
<b>General Obligation Refunding Bonds</b>		
<b>Series 2014 (AMT)</b>		
A series of 429 bonds at \$5,000 each dated February 15, 2014. The bonds will be used to: (i) refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 2004 for debt service savings, and (ii) to pay the costs of issuing the AMT Bonds. The bonds mature serially through 2020 with interest rates ranging from 1% to 2%. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	-	1,805,000
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<u>\$ 82,173,849</u>	<u>\$ 25,911,151</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Changes in Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2015 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 48,985	\$ -	\$ (4,405)	\$ 44,580	\$ 4,210
Premium on General Obligation Bonds	3,938	-	(309)	3,629	-
Discount on General Obligation Bonds	(56)	-	4	(52)	-
Certificates of Obligation	38,662	-	(1,068)	37,594	1,590
Premium on Certificates of Obligation	20	-	(1)	19	-
Discount on Certificates of Obligation	(103)	-	4	(99)	-
Net Pension Liability	-	17,634	-	17,634	-
Compensated Absences	821	901	(821)	901	99
Net OPEB Obligation	429	199	(163)	465	-
Long-Term Liabilities – Governmental Activities	<u>\$ 92,696</u>	<u>\$ 18,734</u>	<u>\$ (6,759)</u>	<u>\$ 104,671</u>	<u>\$ 5,899</u>
<b>Business-type Activities:</b>					
General Obligation Refunding Bonds	\$ 2,145	\$ -	\$ (340)	\$ 1,805	\$ 345
<i>(Payable from levy of Ad Valorem tax)</i>					
Combination Tax and Revenue Certificates of Obligation	2,815	-	(105)	2,710	110
<i>(Payable from levy of Ad Valorem tax)</i>					
Premium on Combination Tax and Revenue C.O.	122	-	(7)	115	-
Combination Tax and Revenue Certificates of Obligation	15,003	-	(382)	14,621	549
<i>(Payable from utility system revenues)</i>					
Premium on Combination Tax and Revenue C.O.	38	-	(3)	35	-
Combination Tax and Revenue Certificates of Obligation	7,040	-	(265)	6,775	270
<i>(Payable from storm water system revenues)</i>					
Premium on Combination Tax and Revenue C.O.	304	-	(17)	287	-
Note Payable	-	375	(10)	365	62
Net Pension Liability	-	1,025	-	1,025	-
Compensated Absences	45	58	(45)	58	1
Long-Term Liabilities – Business-type Activities	<u>\$ 27,512</u>	<u>\$ 1,458</u>	<u>\$ (1,174)</u>	<u>\$ 27,796</u>	<u>\$ 1,337</u>

The Town intends to retire all of its general obligation bonds (other than those recorded in the enterprise funds), plus interest, from future Ad Valorem tax levies, interest income, and transfers from other funds. The Town is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. There is \$831,366 available in the General Obligation Debt Service Fund to service the general obligation bonds.

Proprietary fund-type debt is to be repaid from net revenues of the enterprise funds and is, accordingly, recorded as enterprise fund debt. The Note Payable referenced above in the Business-type Activities was created in July 2015 as part of a ground lease early termination agreement at the Addison Airport. The Town of Addison will pay \$375,000 in 72 equal payments of \$5,208 each month, accruing no interest, beginning August 1, 2015. This creates an annual principal only payment of \$62,500 for years 2016 through 2019 and annual payment of \$54,000 in 2020.

There are a number of limitations and restrictions contained in the various general obligations, certificates of obligation, and revenue bond indentures. The Town is in compliance with all significant limitations and restrictions at September 30, 2015.

For the governmental activities, compensated absences are generally liquidated in the General Fund, Economic Development Fund and Hotel Fund. The net OPEB obligation is generally liquidated in the General Fund.

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds:				
2016	\$ 4,210,000	\$ 1,650,208	\$ 345,000	\$ 22,875
2017	3,980,000	1,527,720	350,000	19,400
2018	3,205,000	1,410,626	360,000	15,400
2019	2,615,000	1,303,217	370,000	10,375
2020	1,710,000	1,221,748	380,000	3,800
2021-2025	9,380,000	5,020,184	-	-
2026-2030	11,710,000	2,749,660	-	-
2031-2035	7,770,000	457,767	-	-
2036-2037	-	-	-	-
	<u>\$ 44,580,000</u>	<u>\$ 15,341,130</u>	<u>\$ 1,805,000</u>	<u>\$ 71,850</u>
Certificates of Obligation:				
2016	\$ 1,590,151	\$ 1,431,135	\$ 929,850	\$ 924,197
2017	1,638,331	1,376,949	961,669	900,709
2018	1,704,148	1,319,108	990,852	876,112
2019	1,763,782	1,263,849	1,031,218	849,333
2020	1,823,417	1,206,405	1,071,583	818,277
2021-2025	10,270,602	4,942,242	6,094,398	3,429,096
2026-2030	10,434,299	2,719,027	7,415,701	1,983,681
2031-2035	7,174,119	747,360	5,610,880	410,936
2036-2037	1,195,000	40,753	-	-
	<u>\$ 37,593,849</u>	<u>\$ 15,046,828</u>	<u>\$ 24,106,151</u>	<u>\$ 10,192,341</u>

**H. Property Under Operating Leases**

The Town leases land with a book value of \$63,560 to tenants under non-cancelable lease agreements. The following is a schedule by year of minimum lease rental receipts as of September 30, 2015.

2015	2016	2017	Thereafter	Total
\$ 260,000	\$ 260,000	\$ 220,000	\$ 35,000	\$ 775,000

**I. Interfund Receivables, Payables, and Transfers**

A summary of interfund receivables and payables at September 30, 2015 is as follows:

	Interfund Receivables	Interfund Payables	
General Fund	\$ 519,753	\$ -	
Grant Fund	-	226,753	Loan for grant expenditures, reimbursement expected in next year
Hotel Fund	-	293,000	Loan for HVAC system, reimbursement expected in next year
Total	<u>\$ 519,753</u>	<u>\$ 519,753</u>	

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

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Transfers between funds during the year ended September 30, 2015 were comprised of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose of Transfer</u>
General Fund	\$ -	\$ 4,000,000	For capital projects
General Fund	-	15,000	For economic development
Capital Project Fund	4,000,000	-	For capital projects
Economic Development Fund	15,000	-	For economic development
Economic Development Fund	500,282	-	For economic development
Hotel Fund	-	500,282	For economic development
Hotel Fund	-	710,800	For payment of debt service
Hotel Debt Service Fund	710,800	-	For payment of debt service
<i>Total Transfers</i>	<u>\$ 5,226,082</u>	<u>\$ 5,226,082</u>	

**IV. OTHER INFORMATION**

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the Town maintained workers compensation, general liability and property coverage through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). The Town pays an annual premium to TMLIRP for such coverage. TMLIRP purchases reinsurance and the Town does not retain risks of loss exceeding deductibles. The Town's general liability coverage is \$5,000,000 and \$10,000,000 in the aggregate. Settled claims have not exceeded insurance coverage in each of the past four years.

Prior to the 2001 fiscal year, the Town participated in a retained-risk program with TMLIRP under which the Town assumed the risk of paying for all individual claims with a specific stop-loss of \$175,000 and an annual aggregate stop-loss of \$525,000. Outstanding claims associated with the risk retention program are accounted for in the General Fund and are recorded as Accounts Payable. During fiscal year 2008, the one remaining claim met the stop-loss of \$175,000, and the Town has no future liability for this claim.

For the period of October to December 2014, the Town offered health benefits through one of two plans operated by Blue Cross Blue Shield. Employees were able to choose either an HMO (health maintenance organization) plan or a PPO (preferred provider organization) plan. For the period of January 1, to September 30, 2015, the Town offered health benefits through one of two plans operated by Aetna, employees were able to choose either a PPO (preferred provider organization) or an HSA (high deductible health savings account). The Town also offers a dental plan through Delta Dental. The HMO, PPO, and dental plans are funded by joint contributions from the employees and the Town and are accounted for in the respective operating funds.

Blue Cross, Aetna and Delta Dental plans are fully insured contracts. Monthly premiums paid to Aetna, Blue Cross and Delta Dental were based upon fixed employee and dependent rates that are established each year.

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

**B. Employee's Retirement System**

**1) Pension Plan**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's Total Pension Liability is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

**Plan Description**

The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 860 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the

Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System's web site at: <http://www.tmr.org/publications.php>.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

Benefits depend upon the sum of the employee's contributions to the plan and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began based on an amount equal to two times what would have been contributed by the employee plus interest. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. Beginning in 1994, the Town adopted an annually repeating type of monetary credit referred to as an updated service credit which when added to the employee's accumulated contributions and the monetary credits for service since the plan began would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and Town matching percent had always been in existence. The calculation included a three year exponential average of the actual salaries paid during the prior fiscal years.

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits plus interest were used to purchase an annuity. Also in 1994, the Town adopted annually repeating annuity increases for its retirees equal to 70% of the change in the consumer price index.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Members can retire at certain ages, based on the years of service with the Town. The service retirement eligibilities for the Town are: 5 years/age 60, 20 years/any age. Plan provisions for the Town are as follows:

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

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	169
Inactive employees entitled to but not yet receiving benefits	179
Active employees	<u>256</u>
Total	<u>604</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the town. Under the state law governing TMRS, the contribution rate for the town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the Town needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town elected to contribute at the full rates for calendar year 2015 of 9.91%, and 2014 was 9.93%. Accordingly, contributions to TMRS for the years ended September 30, 2015 and 2014 were \$1,777,431 and \$1,816,613, respectively and were equal to the required contribution.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.



**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense including inflation.

Salary increases were based on service-related tables. Mortality rates for active members and retirees were multiplied by 109% for males and by 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
<b>Total</b>	<b>100.0%</b>	

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). A single discount rate of 7.0% was used to measure the total pension liability as of December 31, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the Town's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the Town. The projection of cash flows used to determine the single discount rate for the Town assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years.

Changes in the Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balance at 12/31/2013	\$ 124,907,757	\$ 107,639,477	\$ 17,268,280
Changes for the year:			
Service cost	2,819,937	-	2,819,937
Interest	8,660,470	-	8,660,470
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(987,858)	-	(987,858)
Changes of assumptions	-	-	-
Contributions - employer	-	1,789,255	(1,789,255)
Contributions - employee	-	1,224,976	(1,224,976)
Net investment income	-	6,157,338	(6,157,338)
Benefit payments, including refunds of employee contributions	(5,193,445)	(5,193,445)	-
Administrative expense	-	(64,289)	64,289
Other	-	(5,286)	5,286
Net changes	5,299,104	3,908,549	1,390,555
Balance at 12/31/2014	\$ <u>130,206,861</u>	\$ <u>111,548,026</u>	\$ <u>18,658,835</u>

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.0% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Town's net pension liability	\$ 37,218,667	\$ 18,658,835	\$ 3,487,151

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2015, the Town recognized pension expense of \$2,844,538. At September 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected & actual economic experience	\$	\$ (766,668)
Contributions subsequent to the measurement date	1,498,949	
Difference between projected and actual investment earnings	1,101,940	
Total	\$ <u>2,600,889</u>	\$ <u>(766,668)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,498,949 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e., recognized in the Town's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Measurement Year ended Dec 31</b>	<b>Net deferred outflows (inflows) of resources</b>
2015	\$ 54,295
2016	54,295
2017	54,295
2018	172,387
2019	-
Thereafter	-
Total	\$ <u>335,272</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

2) Postemployment Benefits

Plan Description

In addition to the pension benefits described above, as required by state law and defined by Town Policy, the Town makes available health care benefits to all employees who retire from the Town and who are receiving benefits from a Town-sponsored retirement program (Texas Municipal Retirement System and/or a Section 457 Deferred Compensation Plan) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare, to eligible retirees, their spouses and dependents through the Town's group health insurance plan, which covers both active and retired members. Current retirees in the health plan and active employees with 20 years or more of service or at age 60 or more with five years or more of service at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report. Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the Town of Addison City Council.

Funding Policy

Before age 65, the Town will pay a \$150 monthly stipend toward the retiree's healthcare premium if the retiring employee meets the eligibility criteria at the time of termination and elects coverage in the health plan. For members who retire after 65 or were eligible for the \$150 stipend before age 65, the Town will pay a \$75 monthly stipend directly to the retiree. Current retirees contribute to the health plan the total blended premium for active and retired participants, less the \$150 stipend provided by the Town. The Town contribution to the health plan consists of total premiums in excess of retiree contributions.

Retirees receiving medical benefits during fiscal year 2015 contribute \$377 to \$1,323 per month depending on coverage levels selected. In fiscal year 2015, total retiree contributions were \$104,626.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) for the health plan is calculated based on the annual required contribution (ARC) of the Town, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Town of Addison utilized the actuarial services of Gabriel, Roeder, Smith & Company (GRS), a company who has been providing actuarial consulting services since 1938, under the shared services arrangement provided by GRS and North Central Texas Council of Governments. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the net OPEB obligation for 2015.

Annual Required Contribution	\$ 199,471
Interest on OPEB Obligation	23,864
Adjustment to ARC	<u>(22,110)</u>
Annual OPEB Cost (Expense)	201,225
Contributions Made	<u>(164,742)</u>
Change in OPEB Obligation	36,483
Net OPEB Obligation (Asset) – Beginning of Year	<u>428,990</u>
Net OPEB Obligation (Asset) – End of Year	<u>\$ 465,473</u>

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 182,900	\$ 148,348	81.1%	\$ 386,542
2013	183,625	155,383	84.6%	414,784
2014	189,313	175,107	92.5%	428,990
2015	201,225	164,742	81.9%	465,473

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,137,029, none of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$17,479,153, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.2%. Of the total actuarial accrued liability, \$1,614,217 or 76% comprises the implied subsidy of health care for current retirees and active employees upon retirement. As noted previously, qualified retirees pay the blended cost of their health coverage, less the \$150 monthly stipend. However, GASB 45 requires governments to report the "implicit rate subsidy" that is provided to retirees who remain with the health plan provided to employees. It is assumed by actuaries that the cost of health care increases with the age of the covered employee or retiree. Since the Town's health plan includes a blended rate that is the same for active employees and retirees, actuaries must estimate the amount the Town is subsidizing for retirees to pay the blended health plan premiums.

For example, the actuarial estimated monthly cost for a 40 year old male employee's health care benefit is \$376.61. The estimate for a male employee or retiree who is 60 years old is \$1,136.69. The difference in these costs not covered by the health plan premium is considered to be the "implicit rate subsidy."

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the trend of healthcare costs. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The analysis of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As the Town chose to not establish an irrevocable trust, plan assets will always be reported under GASB Statement 45 as zero. Because the majority of the actuarial accrued liability is the "implicit rate subsidy" of retiree blended health plan premiums, the Town believes that its actual health plan postemployment benefit will not significantly grow over time and will continue to fund these benefits on a pay-as-you-go method. Changes to how future healthcare benefits are funded on a national basis may cause the Town to reexamine this funding method.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2015

**IV. OTHER INFORMATION (CONTINUED)**

In the December 31, 2014 actuarial valuation, the most recent valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions include a 4.5% investment rate of return (compounded annually, net after investment expenses) and an annual healthcare cost trend of 7.5%, reduced by decrements to an ultimate rate of 4.5% after 9 years. Both rates include a 3% inflation assumption. The Town's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over an open period. The remaining amortization period at December 31, 2014 was 30 years.

**C. Contingencies**

The Town is party to various legal actions arising in the ordinary course of business, none of which is believed by the Town's management to have a material impact on the financial condition of the Town. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

**D. Keller Springs Tollway**

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

**E. Restatement of Beginning Net Position**

The beginning net position was restated for a liability of sales tax to be paid back to the State Comptrollers, and the implementation of GASB 68 which resulted in the recording of beginning net pension liability and beginning deferred outflow for contributions made after the measurement. The table below illustrates the effect of the sales tax payback liability and GASB 68 on the Town's net position for fiscal years 2015 and 2014.

	Fund Level			
	Government-wide Statement of Activities		Statement of Revenues, Expenses and Changes in Fund Balance	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
	Governmental Activities	Business-type Activities	General Fund	Utility Fund
Net position at September 30, 2014 as previously reported	\$ 148,280,261	\$ 86,409,432	\$ 64,850,372	\$ 35,213,988
Sales tax payback as of September 30, 2014	(624,085)		(624,085)	
Recording of net pension liability as of September 30, 2014	(14,983,921)	(870,537)		(870,537)
Net position at September 30, 2015 as restated	\$ 132,672,255	\$ 85,538,895	\$ 64,226,287	\$ 34,343,451

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**IV. OTHER INFORMATION (CONTINUED)**

F. New Accounting Pronouncements

The GASB has issued the following statements which became effective for fiscal year 2015.

Statement No. 68, Accounting and Financial Reporting for Pensions (effective for periods beginning after June 15, 2014) - The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state-and governmental entities and replaces Statements 27 and 50.

The GASB has issued the following statements which will become effective in future years.

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Town in fiscal year 2018.

Statement No. 77, "Tax Abatement Disclosures" – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the Town in fiscal year 2017.



**Required  
Supplementary Info**





## Required Supplementary Information



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

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**REQUIRED SUPPLEMENTARY INFORMATION**  
Texas Municipal Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)  
Last Fiscal Year (Previous years are not available)

	Measurement Year 2014
Total pension liability:	
Service cost	\$ 2,819,937
Interest (on the Total Pension Liability)	8,660,470
Changes in benefit terms	-
Difference between expected and actual experience	(987,858)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(5,193,445)</u>
Net change in total pension liability	5,299,104
Total pension liability - beginning	<u>124,907,757</u>
Total pension liability - ending (a)	<u>130,206,861</u>
Plan fiduciary net position:	
Contributions - employer	1,789,255
Contributions - employee	1,224,976
Net investment income	6,157,338
Benefit payments, including refunds of employee contributions	(5,193,445)
Administrative expense	(64,289)
Other	<u>(5,286)</u>
Net change in plan fiduciary net position	3,908,549
Plan fiduciary net position - beginning	<u>107,639,477</u>
Plan fiduciary net position - ending (b)	<u>111,548,026</u>
Net pension liability - ending (a) - (b)	<u>\$ 18,658,835</u>
Plan fiduciary net position as a percentage of total pension liability	85.67%
Covered employee payroll	\$ 17,479,153
Net pension liability as a percentage of covered employee payroll	106.75%
As of December 31	

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

**REQUIRED SUPPLEMENTARY INFORMATION**

Texas Municipal Retirement System  
Schedule of Contributions (Unaudited)  
September 30, 2015

	(1)	(2)	(3) = (2) - (1)	(4)	(5) = (1) / (4)	(6) = (2) / (4)
Fiscal Year	Actuarially determined contribution	Contribution in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered employee payroll	Actuarially determined contributions as a percentage of covered employee payroll	Contributions as a percentage of covered employee payroll
2006	\$1,885,203	\$ 1,885,203	\$ -	\$ 13,330,709	14.14%	14.14%
2007	1,884,965	1,884,965	-	13,753,045	13.71%	13.71%
2008	1,974,491	1,974,491	-	14,455,362	13.66%	13.66%
2008	1,974,491	1,974,491	-	14,455,362	13.66%	13.66%
2009	2,123,822	2,123,822	-	16,237,145	13.08%	13.08%
2010	2,240,980	2,240,980	-	16,810,483	13.33%	13.33%
2011	2,238,741	2,238,741	-	16,680,756	13.42%	13.42%
2012	1,934,462	1,934,462	-	15,787,262	12.25%	12.25%
2013	1,763,244	1,763,244	-	15,598,079	11.30%	11.30%
2014	1,804,359	1,804,359	-	17,763,954	10.87%	10.87%
2015	1,874,383	1,874,383	-	18,804,927	10.72%	10.72%

**Notes to Schedule:**

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumption Used to Determine Contribution Rate for 2015:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 year smoothed market: 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes  
Granted 70% ad hoc COLA

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

**REQUIRED SUPPLEMENTARY INFORMATION**

Retiree Health Plan  
 Analysis of Funding Progress (Unaudited)  
 September 30, 2015

		(1)	(2)		(3) = (2) - (1)	(4)	(5) = (3)/(4)
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2009	12/31/08	\$ -	\$ 2,749,111	0.00%	\$ 2,749,111	\$ 15,764,082	17.44%
2011	12/31/10	-	1,968,533	0.00%	1,968,533	15,557,784	12.65%
2013	12/31/12	-	2,003,539	0.00%	2,003,539	15,598,079	12.84%
2015	12/31/14	-	2,137,029	0.00%	2,137,029	16,603,192	12.87%

**Note:** Fiscal year 2009 was the first year the Town implemented GASB Statement No. 45.





Combining and Individual  
Fund Financial Statements





## NON-MAJOR GOVERNMENTAL FUNDS

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

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

The **Advanced Funding Grant Fund** was created during fiscal year 2010. The fund accounts for grant monies that are received prior to the related expenditure, and therefore, the fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year.

The **Economic Development Fund** accumulates resources to support efforts that attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

The **Reimbursement Grant Fund** accounts for expenditures for which the Town expects to be reimbursed.

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

**Non-Major Governmental Funds  
Combining Balance Sheet  
September 30, 2015**

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>						
Cash and Investments	\$ 344,295	\$ 21,354	\$ 23,378	\$ 811,404	\$ -	\$ 1,200,431
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	10,543	-	10,543
Interest	234	15	16	568	-	833
Intergovernmental	-	-	-	-	229,837	229,837
Total Assets	\$ 344,529	\$ 21,369	\$ 23,394	\$ 822,515	\$ 229,837	\$ 1,441,644
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>						
Liabilities:						
Accounts Payable and Accrued Liabilities	85,537	-	-	59,153	-	144,690
Interfund Payable	-	-	-	-	226,753	226,753
Total Liabilities	85,537	-	-	59,153	226,753	371,443
Deferred Inflows of Resources:						
Unavailable Resources	-	2,179	-	10,543	994	13,716
Total Deferred Inflows of Resources	-	2,179	-	10,543	994	13,716
Fund Balances:						
Restricted:						
Child Safety	88,479	-	-	-	-	88,479
Justice Administration	28,893	-	-	-	-	28,893
Court Technology	77,831	-	-	-	-	77,831
Building Security	63,789	-	-	-	-	63,789
Court Security	-	19,190	-	-	-	19,190
Public Safety	-	-	23,394	-	2,090	25,484
Committed:						
Economic Development	-	-	-	752,819	-	752,819
Total Fund Balance	258,992	19,190	23,394	752,819	2,090	1,056,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 344,529	\$ 21,369	\$ 23,394	\$ 822,515	\$ 229,837	\$ 1,441,644

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

**Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year ended September 30, 2015**

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	Economic Development Fund	Reimbursement Grant Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 969,714	\$ -	\$ 969,714
Intergovernmental	-	-	5,421	-	16,938	22,359
Service Fees	-	-	-	68,395	-	68,395
Fines and Forfeitures	38,955	-	-	-	-	38,955
Earnings on Investments	1,528	89	99	3,844	-	5,560
Total Revenues	40,483	89	5,520	1,041,953	16,938	1,104,983
<b>EXPENDITURES:</b>						
Public Safety	-	84	4,013	-	17,963	22,060
Municipal Court	60,426	-	-	-	-	60,426
Economic Development	-	-	-	1,281,649	-	1,281,649
Total Expenditures	60,426	84	4,013	1,281,649	17,963	1,364,135
Excess/(Deficiency) of Revenues over Expenditures	(19,943)	5	1,507	(239,696)	(1,025)	(259,152)
<b>OTHER FINANCING SOURCES/(USES):</b>						
Transfers In	-	-	-	515,282	-	515,282
Total Other Financing Sources/(Uses)	-	-	-	515,282	-	515,282
Net Change in Fund Balance	(19,943)	5	1,507	275,586	(1,025)	256,130
Fund Balances at Beginning of Year	278,935	19,185	21,887	477,233	3,115	800,355
Fund Balances at End of Year	\$ 258,992	\$ 19,190	\$ 23,394	\$ 752,819	\$ 2,090	\$ 1,056,485

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

**Municipal Court Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**  
**With Comparative Actual Totals for 2014**

	2015			Variance With Final Budget Positive (Negative)	2014
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Court Awards	\$ 10,700	\$ 10,700	\$ 9,788	\$ (912)	\$ 8,861
Building Security Fees	15,500	15,500	12,497	(3,003)	15,414
Court Technology Fees	20,500	20,500	16,670	(3,830)	20,556
Earnings on Investments	2,700	2,700	1,528	(1,172)	1,238
Total Revenues	<u>49,400</u>	<u>49,400</u>	<u>40,483</u>	<u>(8,917)</u>	<u>46,069</u>
<b>EXPENDITURES:</b>					
Salaries and Fringe Benefits	25,000	25,000	14,371	10,629	14,665
Supplies	50,000	17,000	381	16,619	-
Maintenance and Materials	14,000	12,000	24,199	(12,199)	16,213
Contractual Services	8,000	8,000	-	8,000	-
Capital Outlay	-	35,000	21,475	13,525	-
Total Expenditures	<u>97,000</u>	<u>97,000</u>	<u>60,426</u>	<u>36,574</u>	<u>30,878</u>
Net Change in Fund Balance	(47,600)	(47,600)	(19,943)	27,657	15,191
Fund Balance at Beginning of Year	<u>278,935</u>	<u>278,935</u>	<u>278,935</u>	-	<u>263,744</u>
Fund Balances at End of Year	<u>\$ 231,335</u>	<u>\$ 231,335</u>	<u>\$ 258,992</u>	<u>\$ 27,657</u>	<u>\$ 278,935</u>

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

**Public Safety Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**  
**With Comparative Actual Totals for 2014**

	2015			Variance With Final Budget Positive (Negative)	2014
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Court Awards	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ 762
Earnings on Investments	50	50	89	39	58
Total Revenues	4,050	4,050	89	(3,961)	820
<b>EXPENDITURES:</b>					
General Government					
Supplies	-	-	-	-	3,616
Contractual Services	-	-	-	-	254
Public Safety					
Supplies	5,000	5,000	-	5,000	-
Contractual Services	-	-	84	(84)	-
Total Expenditures	5,000	5,000	84	4,916	3,870
Net Change in Fund Balance	(950)	(950)	5	955	(3,050)
Fund Balance at Beginning of Year	19,185	19,185	19,185	-	22,235
Fund Balances at End of Year	\$ 18,235	\$ 18,235	\$ 19,190	\$ 955	\$ 19,185

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

**Advanced Funding Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**  
**With Comparative Actual Totals for 2014**

	2015			Variance With Final Budget Positive (Negative)	2014
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ 5,421	\$ 5,421	\$ -
Service Fees	-	-	-	-	4,639
Earnings on Investments	-	-	99	99	74
Total Revenues	-	-	5,520	5,520	4,713
<b>EXPENDITURES:</b>					
Contractual Services	5,000	5,000	4,013	987	-
Total Expenditures	5,000	5,000	4,013	987	-
Net Change in Fund Balance	(5,000)	(5,000)	1,507	6,507	4,713
Fund Balance at Beginning of Year	21,887	21,887	21,887	-	17,174
Fund Balances at End of Year	\$ 16,887	\$ 16,887	\$ 23,394	\$ 6,507	\$ 21,887

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

**Economic Development Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**Year Ended September 30, 2015**  
**With Comparative Actual Totals for 2014**

	2015			Variance With Final Budget Positive (Negative)	2014
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b>REVENUES:</b>					
Ad Valorem Taxes	\$ 1,000,030	\$ 1,000,030	\$ 969,714	\$ (30,316)	\$ 775,226
Service Fees	70,000	70,000	68,395	(1,605)	-
Fines and Forfeitures	-	-	-	-	65,205
Earnings on Investments	1,660	1,660	3,844	2,184	1,986
Total Revenues	<u>1,071,690</u>	<u>1,071,690</u>	<u>1,041,953</u>	<u>(29,737)</u>	<u>842,417</u>
<b>EXPENDITURES:</b>					
Salaries and Fringe Benefits	359,774	359,774	354,316	5,458	281,097
Supplies	32,600	32,600	20,853	11,747	6,893
Maintenance and Materials	91,230	91,230	62,448	28,782	5,518
Contractual Services	1,088,640	1,133,640	824,884	308,756	729,007
Capital Replacement	19,150	19,150	19,148	2	7,070
Total Expenditures	<u>1,591,394</u>	<u>1,636,394</u>	<u>1,281,649</u>	<u>354,745</u>	<u>1,029,585</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(519,704)</u>	<u>(564,704)</u>	<u>(239,696)</u>	<u>325,008</u>	<u>(187,168)</u>
<b>Other financing sources (uses)</b>					
Transfers In	515,282	515,282	515,282	-	-
Total other financing sources (uses)	<u>515,282</u>	<u>515,282</u>	<u>515,282</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(4,422)	(49,422)	275,586	325,008	(187,168)
Fund Balance at Beginning of Year	<u>477,233</u>	<u>477,233</u>	<u>477,233</u>	<u>-</u>	<u>664,401</u>
Fund Balances at End of Year	<u>\$ 472,811</u>	<u>\$ 427,811</u>	<u>\$ 752,819</u>	<u>\$ 325,008</u>	<u>\$ 477,233</u>





## PROPRIETARY FUNDS

### Internal Service Funds:

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

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

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

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

**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2015**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Investments	\$ 3,568,731	\$ 2,334,135	\$ 5,902,866
Interest Receivable	2,413	1,532	3,945
Total Current Assets	<u>3,571,144</u>	<u>2,335,667</u>	<u>5,906,811</u>
Non-Current Assets:			
Capital Assets:			
Machinery and Equipment	8,244,834	6,852,050	15,096,884
Accumulated Depreciation	<u>(5,805,029)</u>	<u>(5,420,466)</u>	<u>(11,225,495)</u>
Total Capital Assets, Net of Accumulated Depreciation	2,439,805	1,431,584	3,871,389
Construction in Progress	<u>-</u>	<u>665,771</u>	<u>665,771</u>
Total Assets	<u>6,010,949</u>	<u>4,433,022</u>	<u>10,443,971</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>78</u>	<u>5,554</u>	<u>5,632</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,439,805	2,097,355	4,537,160
Unrestricted	<u>3,571,066</u>	<u>2,330,113</u>	<u>5,901,179</u>
Total Net Position	<u>\$ 6,010,871</u>	<u>\$ 4,427,468</u>	<u>\$ 10,438,339</u>

**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Year ended September 30, 2015**

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Department Contributions	\$ 800,000	\$ 750,000	\$ 1,550,000
Total Operating Revenues	800,000	750,000	1,550,000
<b>OPERATING EXPENSES:</b>			
Supplies	-	337	337
Contractual Services	5,504	22,809	28,313
Total Operating Expenses (Excluding Depreciation)	5,504	23,146	28,650
Depreciation	524,265	339,924	864,189
Total Operating Expenses	529,769	363,070	892,839
<b>OPERATING INCOME/LOSS</b>	270,231	386,930	657,161
<b>NON-OPERATING REVENUES/(EXPENSES):</b>			
Investment Income/(Expense)	14,275	11,335	25,610
Sale of Assets	12,000	-	12,000
Total Non-Operating Revenues/(Expenses)	26,275	11,335	37,610
<b>CHANGE IN NET POSITION</b>	296,506	398,265	694,771
Net Position at Beginning of Year, as Restated	5,714,365	4,029,203	9,743,568
Net Position at End of Year	\$ 6,010,871	\$ 4,427,468	\$ 10,438,339

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

**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2015**

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Total Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Department Contributions	\$ 800,000	\$ 750,000	\$ 1,550,000
Payments to Suppliers	<u>(72,920)</u>	<u>(66,131)</u>	<u>(139,051)</u>
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>727,080</u>	<u>683,869</u>	<u>1,410,949</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(985,752)	(1,644,659)	(2,630,411)
Proceeds from Sale of Capital Assets	<u>12,000</u>	<u>-</u>	<u>12,000</u>
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(973,752)</u>	<u>(1,644,659)</u>	<u>(2,618,411)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on Cash and Investments	<u>14,324</u>	<u>11,925</u>	<u>26,249</u>
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>14,324</u>	<u>11,925</u>	<u>26,249</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	(232,348)	(948,865)	(1,181,213)
Cash and Cash Equivalents, October 1	3,801,079	3,283,000	7,084,079
Cash and Cash Equivalents, September 30	<u>\$ 3,568,731</u>	<u>\$ 2,334,135</u>	<u>\$ 5,902,866</u>
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 270,231	\$ 386,930	\$ 657,161
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	524,265	339,924	864,189
Change in Assets and Liabilities:			
Increase/(Decrease) in Accounts Payable	<u>(67,416)</u>	<u>(42,985)</u>	<u>(110,401)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 727,080</u>	<u>\$ 683,869</u>	<u>\$ 1,410,949</u>

Capital Assets Used in Operations of  
Governmental Funds

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

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS  
BY SOURCE**

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>GENERAL CAPITAL ASSETS:</b>		
Property and Equipment in Service:		
Land	\$ 66,245,286	\$ 66,233,100
Buildings	22,026,374	22,026,374
Improvements Other Than Buildings	169,186,368	165,224,676
Equipment	<u>18,714,243</u>	<u>3,459,978</u>
<i>Total Property and Equipment in Service</i>	276,172,271	256,944,128
Construction in Progress	<u>12,439,161</u>	<u>8,108,551</u>
 <i>Total Capital Assets</i>	 <u>\$ 288,611,432</u>	 <u>\$ 265,052,679</u>
 <b>INVESTMENT IN GENERAL CAPITAL ASSETS BY SOURCE:</b>		
Capital Projects Funds:		
General Obligation Bonds	\$ 106,930,459	\$ 99,706,788
Certificates of Obligation Bonds	38,472,259	38,472,259
Revenue Bonds	5,165,573	5,165,573
DART Grant	14,996,322	14,996,322
State Grant	530,821	530,821
Federal Grant	35,087	35,087
Contributions by Developers	60,993,430	60,993,430
Property Owners' Participation	1,026,857	1,026,857
Other Governments	7,391,728	7,391,728
General Fund:		
Revenues	36,932,905	20,884,370
Special Revenue Funds	14,405,585	14,352,843
Infrastructure Fund	233,805	-
Debt Service Fund	30,893	30,893
Donations	<u>1,465,708</u>	<u>1,465,708</u>
 <i>Total Investment in General Capital Assets</i>	 <u>\$ 288,611,432</u>	 <u>\$ 265,052,679</u>

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

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

**SCHEDULE OF CAPITAL ASSETS**  
**BY FUNCTION AND ACTIVITY**  
September 30, 2015

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
<b>GENERAL GOVERNMENT:</b>					
City Manager	\$ 881,309	\$ 441,699	\$ 16,705	\$ 39,898	\$ 1,379,611
Financial & Strategic Services	663,561	653,868	-	58,435	1,375,864
General Services	-	1,397,134	21,099	243,404	1,661,637
Municipal Court	-	-	21,475	90,484	111,959
Human Resources	-	202,433	5,499	9,887	217,819
City Council Special Projects	-	-	-	1,623	1,623
<i>Total General Government</i>	<u>1,544,870</u>	<u>2,695,134</u>	<u>64,778</u>	<u>443,731</u>	<u>4,748,513</u>
<b>PUBLIC SAFETY:</b>					
Police	-	2,239,994	76,209	964,436	3,280,639
Fire	-	2,366,507	220,333	15,453,506	18,040,346
<i>Total Public Safety</i>	<u>-</u>	<u>4,606,501</u>	<u>296,542</u>	<u>16,417,942</u>	<u>21,320,985</u>
<b>URBAN DEVELOPMENT</b>					
	-	161,946	10,998	18,648	191,592
<b>STREETS</b>					
	<u>54,155,412</u>	<u>302,616</u>	<u>142,897,513</u>	<u>95,899</u>	<u>197,451,440</u>
<b>PARKS AND RECREATION:</b>					
Parks	3,983,561	531,800	14,374,315	128,942	19,018,618
Recreation	-	8,040,898	1,136,996	116,203	9,294,097
<i>Total Parks and Recreation</i>	<u>3,983,561</u>	<u>8,572,698</u>	<u>15,511,311</u>	<u>245,145</u>	<u>28,312,715</u>
<b>VISITOR SERVICES:</b>					
Visitor Services	-	-	172,918	34,037	206,955
Visit Addison	-	-	1,605,772	50,263	1,656,035
Conference Centre/Theatre	2,680,636	5,687,479	8,531,958	1,401,436	18,301,509
Special Events	3,880,807	-	94,578	7,144	3,982,529
<i>Total Visitor Services</i>	<u>6,561,443</u>	<u>5,687,479</u>	<u>10,405,226</u>	<u>1,492,880</u>	<u>24,147,028</u>
<i>Balance at End of Year</i>	<u>\$ 66,245,286</u>	<u>\$ 22,026,374</u>	<u>\$ 169,186,368</u>	<u>\$ 18,714,245</u>	<u>\$ 276,172,273</u>
Construction in Progress					<u>12,439,161</u>
<i>Total General Capital Assets</i>					<u>\$ 288,611,434</u>

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



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

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

For the fiscal year ended September 30, 2015

Function and Activity	Balance 9/30/2014	Additions	Deletions	Transfers	Balance 9/30/2015
<b>GENERAL GOVERNMENT:</b>					
City Manager	\$ 1,379,611	\$ -	\$ -	\$ -	\$ 1,379,611
Financial & Strategic Services	1,375,864	-	-	-	1,375,864
General Services	1,616,376	45,261	-	-	1,661,637
Municipal Court	90,484	21,475	-	-	111,959
Human Resources	217,819	-	-	-	217,819
City Council Special Projects	1,623	-	-	-	1,623
<i>Total General Government</i>	<u>4,681,777</u>	<u>66,736</u>	<u>-</u>	<u>-</u>	<u>4,748,513</u>
<b>PUBLIC SAFETY:</b>					
Police	3,233,460	47,139	-	-	3,280,599
Fire	17,996,965	43,421	-	-	18,040,386
<i>Total Public Safety</i>	<u>21,230,425</u>	<u>90,560</u>	<u>-</u>	<u>-</u>	<u>21,320,985</u>
<b>URBAN DEVELOPMENT</b>					
	191,592	-	-	-	191,592
<b>STREETS</b>					
	193,557,439	66,412	-	-	193,623,851
<b>PARKS AND RECREATION:</b>					
Parks	19,006,431	12,187	-	-	19,018,618
Recreation	9,257,586	36,511	-	-	9,294,097
<i>Total Parks and Recreation</i>	<u>28,264,017</u>	<u>48,698</u>	<u>-</u>	<u>-</u>	<u>28,312,715</u>
<b>VISITOR SERVICES:</b>					
Visitor Services	206,955	-	-	-	206,955
Visit Addison	1,656,035	-	-	-	1,656,035
Conference Centre/Theatre	18,270,245	31,264	-	-	18,301,509
Special Events	3,982,529	-	-	-	3,982,529
<i>Total Visitor Services</i>	<u>24,115,764</u>	<u>31,264</u>	<u>-</u>	<u>-</u>	<u>24,147,028</u>
<i>Total General Capital Assets Allocated by Function</i>	272,041,014	303,670	-	3,827,589	276,172,273
Construction in Progress	8,774,322	7,720,433	(228,005)	(3,827,589)	12,439,161
<i>Total General Capital Assets</i>	<u>\$ 280,815,336</u>	<u>\$ 8,024,103</u>	<u>\$ (228,005)</u>	<u>\$ -</u>	<u>\$ 288,611,434</u>

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





## STATISTICAL SECTION

**Town of Addison, Texas**  
Statistical Section

Table 1

**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 117,537,709	\$ 117,446,984	\$ 117,388,355	\$ 120,308,686	\$ 123,041,354	\$ 129,261,976	\$ 129,471,095	\$ 135,260,723	\$ 120,034,622	\$ 121,444,364
Restricted for:										
Debt Service	1,578,392	1,569,846	781,304	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279
Promotion of Tourism and Hotel Industry	-	-	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271
Child Safety	-	-	-	-	-	-	30,635	30,635	101,664	190,635
Justice Administration	-	-	-	-	-	-	93,472	93,472	31,898	63,638
Court Technology	-	-	-	-	-	-	77,179	74,895	79,591	91,942
Building Security	-	-	-	-	-	-	66,716	64,742	65,782	176,512
Court Security	-	-	-	-	-	-	-	-	19,185	19,190
Other purposes	-	-	-	-	-	-	32,449	-	-	25,484
Unrestricted	20,148,886	24,100,898	26,591,388	24,442,088	23,381,754	21,729,168	20,945,903	13,969,454	25,658,883	7,051,958
<b>Total Net Position - Governmental Activities</b>	<b>\$ 139,264,987</b>	<b>\$ 143,117,728</b>	<b>\$ 144,762,047</b>	<b>\$ 145,669,267</b>	<b>\$ 146,423,108</b>	<b>\$ 151,998,474</b>	<b>\$ 154,409,044</b>	<b>\$ 152,362,956</b>	<b>\$ 148,280,261</b>	<b>\$ 132,148,273</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 36,416,684	\$ 36,925,876	\$ 31,595,371	\$ 34,327,264	\$ 36,299,788	\$ 51,113,892	\$ 49,639,925	\$ 57,425,620	\$ 69,948,582	\$ 63,308,088
Unrestricted	7,105,849	7,676,017	13,568,364	13,195,545	12,740,025	9,834,613	14,194,945	17,372,627	16,460,850	23,121,874
	\$ 43,522,533	\$ 44,601,893	\$ 45,163,735	\$ 47,522,809	\$ 49,039,813	\$ 60,948,505	\$ 63,834,870	\$ 74,798,247	\$ 86,409,432	\$ 86,429,962
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 153,954,393	\$ 154,372,860	\$ 148,984,726	\$ 154,635,960	\$ 159,341,142	\$ 180,375,868	\$ 179,111,020	\$ 192,686,343	\$ 189,983,204	\$ 184,752,452
Restricted for:										
Debt Service	1,578,392	1,569,846	781,304	918,483	-	1,007,330	1,698,555	904,422	606,471	555,279
Promotion of Tourism and Hotel Industry	-	-	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271
Child Safety	-	-	-	-	-	-	30,635	30,635	101,664	190,635
Justice Administration	-	-	-	-	-	-	93,472	93,472	31,898	63,638
Court Technology	-	-	-	-	-	-	77,179	74,895	79,591	91,942
Building Security	-	-	-	-	-	-	66,716	64,742	65,782	176,512
Court Security	-	-	-	-	-	-	-	-	19,185	19,190
Other purposes	-	-	-	-	-	-	32,449	-	-	25,484
Unrestricted	27,254,735	31,776,915	40,159,752	37,637,633	36,121,779	31,563,781	35,140,848	31,342,081	42,119,733	30,173,832
<b>Total Net Position - Primary Government</b>	<b>\$ 182,787,520</b>	<b>\$ 187,719,621</b>	<b>\$ 189,925,782</b>	<b>\$ 193,192,076</b>	<b>\$ 195,462,921</b>	<b>\$ 212,946,979</b>	<b>\$ 218,243,914</b>	<b>\$ 227,161,203</b>	<b>\$ 234,689,693</b>	<b>\$ 218,578,235</b>

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports



**Town of Addison, Texas  
Statistical Section**

**Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 6,251,658	\$ 5,769,960	\$ 6,405,494	\$ 6,527,735
Public Safety	12,641,284	13,452,066	13,994,387	14,743,542
Development Services	549,107	833,330	940,555	856,793
Streets	4,562,905	5,072,907	5,269,124	4,998,440
Parks and Recreation	4,305,515	4,054,147	4,759,378	5,119,320
Visitor Services	6,151,819	6,370,107	6,928,724	6,687,392
Interest on Long-Term Debt	1,755,697	1,598,951	2,127,985	2,420,908
Total Governmental Activities	<u>36,217,985</u>	<u>37,151,468</u>	<u>40,425,647</u>	<u>41,354,130</u>
Business-type Activities:				
Airport	4,426,545	4,473,096	4,198,855	4,289,852
Utilities	8,182,476	8,512,308	8,782,702	8,539,106
Storm Water	-	-	-	-
Total Business-type Activities	<u>12,609,021</u>	<u>12,985,404</u>	<u>12,981,557</u>	<u>12,828,958</u>
Total Expenses - Primary Government	<u>\$ 48,827,006</u>	<u>\$ 50,136,872</u>	<u>\$ 53,407,204</u>	<u>\$ 54,183,088</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 100,957	\$ 285,301	\$ 186,920	\$ 203,258
Public Safety	2,424,249	1,953,587	2,203,371	2,318,099
Development Services	651,408	743,201	798,006	429,681
Streets	206,134	318,731	333,645	350,587
Parks and Recreation	100,564	106,882	133,022	105,705
Visitor Services	1,657,987	2,054,468	2,149,274	1,829,964
Operating Grants and Contributions	1,440,734	369,544	561,992	2,044,979
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities	<u>6,582,033</u>	<u>5,831,714</u>	<u>6,366,230</u>	<u>7,282,273</u>
Business-type Activities:				
Charges for Services:				
Airport	4,062,398	4,203,815	4,061,347	3,989,304
Utilities	10,777,843	9,050,758	8,903,506	9,188,791
Storm Water	-	-	-	-
Operating Grants and Contributions	145,360	460,497	301,676	1,786,297
Capital Grants and Contributions	-	-	-	-
Total Business-type Activities	<u>14,985,601</u>	<u>13,715,070</u>	<u>13,266,529</u>	<u>14,964,392</u>
Total Program Revenues - Primary Government	<u>\$ 21,567,634</u>	<u>\$ 19,546,784</u>	<u>\$ 19,632,759</u>	<u>\$ 22,246,665</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (29,635,952)	\$ (31,319,754)	\$ (34,059,417)	\$ (34,071,857)
Business-Type Activities	2,376,580	729,666	284,972	2,135,434
Total Net Expense - Primary Government	<u>\$ (27,259,372)</u>	<u>\$ (30,590,088)</u>	<u>\$ (33,774,445)</u>	<u>\$ (31,936,423)</u>
<b>General Revenues</b>				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 13,297,948	\$ 13,587,051	\$ 14,310,671	\$ 15,711,056
Sales Taxes	10,936,530	11,691,786	11,619,637	10,838,895
Franchise Taxes	2,146,225	2,615,504	2,555,927	2,761,511
Hotel/Motel Taxes	4,679,099	5,203,080	5,204,247	3,958,238
Interest on Investments	1,354,575	1,700,412	1,504,162	1,383,743
Miscellaneous	311,705	374,662	509,092	325,634
Transfer	-	-	-	-
Total General Revenues	<u>32,726,082</u>	<u>35,172,495</u>	<u>35,703,736</u>	<u>34,979,077</u>
<b>Business-type Activities</b>				
Interest on Investments	335,828	388,070	260,533	214,492
Miscellaneous	76,553	(38,376)	16,337	9,148
Transfer	-	-	-	-
Total Business-type Activities	<u>412,381</u>	<u>349,694</u>	<u>276,870</u>	<u>223,640</u>
<b>Change in Net Position</b>				
Governmental Activities	3,090,130	3,852,741	1,644,319	907,220
Business-type Activities	2,788,961	1,079,360	561,842	2,359,074
Total Change in Net Position - Primary Government	<u>\$ 5,879,091</u>	<u>\$ 4,932,101</u>	<u>\$ 2,206,161</u>	<u>\$ 3,266,294</u>

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 2

	2010	2011	2012	2013	2014	2015
\$	6,876,385	\$ 6,709,095	\$ 6,485,716	\$ 7,021,312	\$ 7,938,875	\$ 8,730,944
	14,550,333	14,914,759	15,130,157	15,229,474	15,765,099	16,820,899
	938,059	866,023	879,253	925,830	932,247	1,032,105
	5,277,938	4,913,524	5,028,071	8,387,857	6,450,628	8,105,373
	4,502,295	4,742,946	4,963,327	5,062,784	5,597,254	5,517,049
	6,027,442	6,431,136	6,852,198	7,239,033	7,358,141	6,106,103
	2,423,732	2,261,571	2,548,945	3,054,940	3,037,574	3,018,672
	40,596,184	40,839,054	41,887,667	46,921,230	47,079,818	49,331,145
	4,181,256	4,387,384	4,526,398	5,188,321	6,027,300	5,893,611
	8,529,681	8,633,217	9,178,844	9,459,791	10,317,160	10,748,886
	-	-	-	234,257	768,016	848,354
	12,710,937	13,020,601	13,705,242	14,882,369	17,112,476	17,490,851
\$	53,307,121	\$ 53,859,655	\$ 55,592,909	\$ 61,803,599	\$ 64,192,294	\$ 66,821,996
\$	266,954	\$ 143,529	\$ 208,734	\$ 225,731	\$ 235,233	\$ 688,005
	2,094,280	1,899,711	2,225,165	1,611,320	1,506,770	945,217
	835,808	1,213,741	956,089	888,908	904,895	1,015,053
	332,330	2,299,731	378,982	384,303	390,453	400,561
	108,113	107,387	114,164	114,866	102,288	82,681
	2,183,247	2,007,821	2,429,686	2,379,812	2,195,803	1,890,522
	230,290	223,792	164,749	73,578	19,093	25,806
	1,348,141	3,429,804	568,285	-	-	158,253
	7,399,163	11,325,516	7,045,854	5,678,518	5,354,535	5,206,098
	4,289,225	4,526,593	4,255,547	4,505,430	4,857,759	5,138,479
	8,806,069	10,740,568	11,128,700	10,802,692	9,953,099	9,877,262
	-	-	-	1,307,573	1,640,615	1,726,526
	-	-	-	-	-	-
	1,102,850	9,668,165	1,258,798	9,331,840	7,660,647	1,025,835
	14,198,144	24,935,326	16,643,045	25,947,535	24,112,120	17,768,102
\$	21,597,307	\$ 36,260,842	\$ 23,688,899	\$ 31,626,053	\$ 29,466,655	\$ 22,974,200
\$	(33,197,021)	\$ (29,513,538)	\$ (34,841,813)	\$ (41,242,712)	\$ (41,725,283)	\$ (44,125,047)
	1,487,207	11,914,725	2,937,803	11,065,166	6,999,644	277,251
\$	(31,709,814)	\$ (17,598,813)	\$ (31,904,010)	\$ (30,177,546)	\$ (34,725,639)	\$ (43,847,796)
\$	15,900,631	\$ 15,772,858	\$ 17,400,696	\$ 17,975,149	\$ 19,484,538	\$ 20,385,225
	9,987,439	10,604,803	11,988,116	13,029,712	14,222,194	14,104,584
	2,578,154	2,792,601	2,699,520	3,021,899	2,806,656	2,828,420
	3,666,781	4,000,786	4,295,149	4,575,083	5,011,671	5,510,406
	339,986	148,966	99,065	133,140	130,419	181,811
	2,474,485	772,276	769,837	461,641	613,432	590,619
	-	-	-	-	(4,626,322)	-
	34,947,476	34,092,290	37,252,383	39,196,624	37,642,588	43,601,065
	11,065	(16,178)	(51,843)	(71,264)	(22,013)	100,928
	18,732	10,145	405	(30,525)	7,232	512,888
	-	-	-	-	4,626,322	-
	29,797	(6,033)	(51,438)	(101,789)	4,611,541	613,816
	1,750,455	4,578,752	2,410,570	(2,046,088)	(4,082,695)	(523,982)
	1,517,004	11,908,692	2,886,365	10,963,377	11,611,185	891,067
\$	3,267,459	\$ 16,487,444	\$ 5,296,935	\$ 8,917,289	\$ 7,528,490	\$ 367,085



**Town of Addison, Texas**  
Statistical Section

**Table 3**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Fund Balances, Governmental Funds</b>										
<b>Last Ten Fiscal Years</b>										
<b>(Modified Accrual Basis of Accounting)</b>										
<b>(Unaudited)</b>										
General Fund										
Reserved	\$ 101,836	\$ 305,918	\$ 358,337	\$ 420,883	\$ 188,035	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable:										
Inventories	-	-	-	-	-	87,835	114,733	44,486	66,933	63,176
Prepaid Items	-	-	-	-	-	67,135	57,054	291,424	272,713	267,357
Assigned for Other Purposes	-	-	-	-	-	61,193	23,061	-	-	-
Unassigned	8,073,344	10,378,247	11,337,593	10,231,859	10,668,716	10,150,531	12,178,216	13,643,488	15,166,365	11,271,328
<b>Total General Fund</b>	<b>8,175,180</b>	<b>10,684,165</b>	<b>11,695,930</b>	<b>10,652,742</b>	<b>10,856,751</b>	<b>10,366,694</b>	<b>12,373,064</b>	<b>13,979,398</b>	<b>15,506,011</b>	<b>11,601,861</b>
All Other Governmental Funds										
Reserved	1,755,980	1,769,294	1,548,218	1,309,497	1,302,623	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	186,758	205,790	229,327	16,573	51,469	-	-	-	-	-
Capital Project Funds	7,553,427	7,114,632	33,491,143	29,190,201	20,334,339	-	-	-	-	-
Debt Service Funds	810,936	864,331	890,310	902,577	863,925	-	-	-	-	-
Hotel Fund	4,639,050	5,382,310	5,715,693	4,635,799	4,423,339	-	-	-	-	-
Nonspendable:										
Prepaid Items	-	-	-	-	-	-	36,974	-	-	-
Restricted for:										
Debt Service	-	-	-	-	-	1,945,104	1,840,901	1,234,727	1,020,159	831,366
Promotion of Tourism & Hotel Industry	-	-	-	-	-	-	1,993,040	1,942,378	1,682,165	2,529,271
Capital Projects	-	-	-	-	-	9,851,762	39,654,624	41,716,425	45,239,484	40,901,630
Child Safety	-	-	-	-	-	-	-	93,472	101,664	88,479
Justice Administration	-	-	-	-	-	-	-	30,635	31,898	28,893
Court Technology	-	-	-	-	-	83,827	201,286	74,895	79,591	77,831
Building Security	-	-	-	-	-	72,462	66,716	64,742	65,782	63,789
Court Security	-	-	-	-	-	-	-	-	19,185	19,190
Other Purposes	-	-	-	-	-	45,500	36,793	22,235	-	25,484
Committed for:										
Economic Development	-	-	-	-	-	358,676	516,823	664,401	477,233	752,819
Assigned for:										
Other Purposes	-	-	-	-	-	27,603	-	-	-	-
Unassigned	-	-	-	-	-	1,152,233	(3,883)	(6,364)	3,115	-
<b>Total All Other Governmental Funds</b>	<b>14,946,151</b>	<b>15,336,357</b>	<b>41,874,691</b>	<b>36,054,647</b>	<b>26,975,695</b>	<b>12,500,157</b>	<b>44,343,274</b>	<b>45,837,546</b>	<b>48,720,276</b>	<b>45,318,752</b>
<b>Total Governmental Funds</b>	<b>\$ 23,121,331</b>	<b>\$ 26,020,522</b>	<b>\$ 53,570,621</b>	<b>\$ 46,707,389</b>	<b>\$ 37,832,446</b>	<b>\$ 22,866,851</b>	<b>\$ 56,716,338</b>	<b>\$ 59,816,944</b>	<b>\$ 64,226,287</b>	<b>\$ 56,920,613</b>

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports

**Note:** The Town implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.



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

**Changes in Fund Balances,  
Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

	2006	2007	2008	2009
<b>REVENUES:</b>				
Ad Valorem Taxes	\$ 13,293,707	\$ 13,629,796	\$ 14,367,964	\$ 15,636,534
Non-Property Taxes	15,586,851	16,719,036	16,841,525	14,478,768
Franchise Fees	2,681,263	2,615,504	2,555,927	2,761,511
Licenses and Permits	651,408	743,201	798,006	429,681
Intergovernmental	1,440,734	185,297	561,992	257,429
Service Fees	2,414,454	2,648,853	2,944,353	2,696,581
Fines and Forfeitures	1,185,093	1,239,873	1,297,064	1,322,196
Earnings on Investments	1,148,087	1,416,049	1,291,081	1,234,816
Contributions	-	184,247	-	-
Rental Charges	656,988	676,563	744,496	670,546
Recycling Proceeds	29,311	32,703	41,567	18,570
Other	194,943	333,005	333,101	90,574
<i>Total Revenues</i>	<u>39,282,839</u>	<u>40,424,127</u>	<u>41,777,076</u>	<u>39,597,206</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	6,138,990	5,699,206	6,412,823	6,357,501
Public Safety	12,745,195	13,318,918	14,193,406	14,374,702
Development Services	563,271	770,557	884,770	864,234
Streets	1,421,464	1,476,582	1,805,175	2,356,219
Parks and Recreation	3,671,919	3,569,031	4,108,418	4,072,051
Visitor Services	5,801,404	6,040,917	6,512,965	6,216,141
Municipal Court	-	-	-	-
Economic Development	-	-	-	-
Debt Service:				
Principal Retirement	3,570,000	3,735,000	3,919,769	4,115,100
Interest and Fiscal Charges	1,747,186	1,628,447	1,624,105	2,808,332
Debt Issuance Costs	-	-	-	-
Capital Projects:				
Salaries and Fringe Benefits	50,461	52,304	36,908	4,325
Supplies	2,340	-	-	2,878
Maintenance and Materials	-	-	-	41,480
Contractual Services	-	-	-	-
Other	-	-	-	-
Engineering and Contractual Services	449,930	123,695	745,837	1,591,103
Construction and Equipment	4,796,080	1,110,279	2,232,634	3,573,333
<i>Total Expenditures</i>	<u>40,958,240</u>	<u>37,524,936</u>	<u>42,476,810</u>	<u>46,377,399</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(1,675,401)</u>	<u>2,899,191</u>	<u>(699,734)</u>	<u>(6,780,193)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Proceeds from Refunding Bonds Issued	6,355,000	-	-	-
Payment to Refunded Bond Escrow Agent	(6,228,588)	-	-	-
Issuance of Debt	1,500,000	-	28,222,000	-
Discount on issuance of bonds	-	-	-	-
Bond Issuance Costs	(114,666)	-	-	-
Premium on Issuance of Bonds	-	-	27,833	-
Transfers In	968,890	706,710	700,000	896,489
Transfers Out	(968,890)	(706,710)	(700,000)	(979,528)
<i>Total Other Financing Sources/(Uses)</i>	<u>1,511,746</u>	<u>-</u>	<u>28,249,833</u>	<u>(83,039)</u>
Net Change in Fund Balance	<u>\$ (163,655)</u>	<u>\$ 2,899,191</u>	<u>\$ 27,550,099</u>	<u>\$ (6,863,232)</u>
Debt Service as a Percentage of Non-Capital Expenditures	15.00%	14.97%	14.14%	17.51%

SOURCE: Town of Addison Comprehensive Annual Financial Reports

Table 4

	2010	2011	2012	2013	2014	2015
\$	15,900,747	\$ 15,803,400	\$ 17,471,642	\$ 18,047,998	\$ 19,274,720	\$ 20,560,124
	13,744,620	14,564,185	16,183,779	17,604,795	19,444,668	19,728,511
	2,578,154	2,760,188	2,727,370	2,695,073	2,818,869	2,828,420
	833,178	1,210,058	953,709	886,423	901,645	1,011,223
	1,323,831	3,543,357	2,676,792	73,578	19,093	180,612
	3,135,434	2,840,317	3,104,592	2,939,606	2,758,458	2,543,707
	1,215,414	1,104,477	1,208,773	1,082,115	988,574	764,144
	298,634	122,128	75,972	122,169	143,299	277,680
	-	-	-	-	-	-
	700,207	733,957	931,619	1,119,737	1,119,551	1,201,389
	21,126	22,608	26,414	25,539	13,295	10,403
	2,277,342	531,149	483,009	105,803	206,157	199,880
	42,028,687	43,235,824	45,843,671	44,702,836	47,688,329	49,306,093
	6,323,891	6,353,784	6,135,191	6,371,055	6,646,587	7,657,465
	13,812,617	14,857,023	15,075,757	14,945,841	15,876,424	16,699,726
	887,132	885,218	886,705	927,684	962,584	1,090,973
	1,672,375	1,612,011	1,612,699	1,750,500	1,727,403	1,803,139
	3,698,831	4,061,666	4,269,381	4,316,689	4,874,394	4,755,341
	5,445,391	7,655,939	6,171,479	7,116,334	6,730,501	5,454,910
	-	-	54,370	53,112	30,878	60,426
	-	342,200	469,679	624,014	1,029,585	1,281,649
	4,369,520	3,873,610	4,738,040	4,701,161	5,086,153	5,473,152
	2,444,875	2,284,774	1,918,640	2,747,654	3,110,704	3,417,820
	-	-	141,666	-	-	-
	-	-	-	-	-	-
	937	-	17,635	80,660	-	-
	231,367	9,870	-	3,946	12,459	-
	-	-	-	49	-	-
	-	-	-	138,236	-	-
	2,585,480	1,846,919	796,958	2,165,012	422,982	5,076,254
	9,431,214	14,375,210	3,038,501	3,742,776	8,241,546	3,840,912
	50,903,630	58,158,224	45,326,701	49,684,723	54,752,200	56,611,767
	(8,874,943)	(14,922,400)	516,970	(4,981,887)	(7,063,871)	-
	-	-	46,315,000	-	-	-
	-	-	(14,834,842)	-	-	-
	-	-	-	7,790,000	12,000,000	-
	-	-	(632,482)	-	-	-
	-	-	-	-	-	-
	-	-	4,133,956	292,493	97,299	-
	2,133,827	1,384,156	1,258,263	578,501	570,000	5,226,082
	(2,133,827)	(1,384,156)	(3,074,679)	(578,501)	(570,000)	(5,226,082)
	-	-	33,165,216	8,082,493	12,097,299	-
\$	(8,874,943)	\$ (14,922,400)	\$ 33,682,186	\$ 3,100,606	\$ 5,033,428	\$ -
	17.63%	15.40%	16.32%	17.27%	16.11%	18.38%

**GENERAL GOVERNMENT REVENUES  
BY SELECTED SOURCES**  
Last Ten Fiscal Years

Fiscal Year	Taxes	Franchise Fees	Licenses and Permits	Inter-governmental	Service Fees	Fines and Forfeitures	Interest	Rental Charges	Other (1)	Total
2006	\$ 28,880,558	\$ 2,681,263	\$ 651,408	\$ -	\$ 2,414,454	\$ 1,185,093	\$ 734,727	\$ 656,988	\$ 224,254	\$ 37,428,745
2007	30,348,832	2,615,504	743,201	-	2,648,853	1,239,873	1,010,957	676,563	292,861	39,576,644
2008	31,209,489	2,555,927	798,006	-	2,944,353	1,297,064	818,547	744,496	239,304	40,607,186
2009	30,115,302	2,761,511	429,681	101,300	2,696,581	1,322,196	478,617	670,546	106,444	38,682,178
2010	29,645,367	2,578,154	833,178	1,323,831	3,135,434	1,215,414	109,308	700,207	155,962	39,696,855
2011	30,367,585	2,760,188	1,210,058	3,543,357	2,840,317	1,104,477	55,918	733,957	133,869	42,749,726
2012	33,655,421	2,727,370	953,709	2,676,792	3,104,592	1,208,773	37,857	931,619	117,217	45,413,350
2013	35,652,793	2,695,073	886,423	73,578	2,939,606	1,082,115	20,165	1,119,737	131,342	44,600,832
2014	38,719,388	2,818,869	901,645	19,093	2,758,458	988,574	20,944	1,119,551	158,573	47,505,095
2015	40,288,635	2,828,420	1,011,223	184,059	2,544,966	762,885	277,680	1,201,389	206,836	49,306,093

Table includes General, Capital Projects, Special Revenue, and Debt Service Funds

Notes: (1) Includes recycling fees and contributions.

**GENERAL GOVERNMENTAL EXPENDITURES  
BY FUNCTION**

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety <sup>(1)</sup>	Development Services	Streets	Parks and Recreation <sup>(2)</sup>	Visitor Services <sup>(3)</sup>	Economic Development	Debt Service	Total
2006 \$	6,138,990	12,745,195	563,271	1,421,464	3,671,919	5,812,233	-	5,431,852	35,784,924
2007	5,699,206	13,318,918	770,557	1,476,582	3,569,031	6,040,917	-	5,363,447	36,238,658
2008	6,412,823	14,193,406	884,770	1,805,175	4,108,418	6,512,965	-	5,543,874	39,461,431
2009	6,357,501	14,374,702	864,234	2,356,219	4,072,051	6,216,141	-	6,923,432	41,164,280
2010	6,339,991	13,812,617	887,132	2,252,164	3,698,831	5,445,391	-	6,814,395	39,250,521
2011	6,353,784	14,857,023	885,218	6,889,491	4,061,666	7,655,939	342,200	6,158,384	47,203,705
2012	6,135,191	15,130,127	886,705	1,612,699	4,269,381	6,171,479	469,679	6,798,346	41,473,607
2013	6,371,055	14,998,953	927,684	1,750,500	4,316,689	7,116,334	624,014	7,448,815	43,554,044
2014	6,646,587	15,907,302	962,584	1,727,403	4,874,394	6,730,501	1,029,585	8,111,657	45,990,013
2015	7,657,465	16,760,152	1,090,973	1,803,139	4,755,341	5,454,910	1,281,649	8,890,972	47,694,601

Table includes General, Capital Projects, Special Revenue, and Debt Service funds.

Notes:

- (1) The Municipal Court Fund was created in fiscal year 2003. Beginning in 2003, Municipal Court expenditures are included in the Public Safety category.
- (2) The Arbor Fund was created in fiscal year 1996 to account for the activities of the Addison Parks Foundation, a Texas non-profit corporation, and is included in the Parks and Recreation category through fiscal year 2009. As of October 1, 2009, the bylaws of the foundation were amended to remove the direct involvement of the Town in the foundation's affairs.
- (3) Hotel Fund.

**SUMMARY OF TAX REVENUES AND FRANCHISE FEES**  
Last Ten Fiscal Years

Fiscal Year	Property Taxes (1)	1% Town Sales Tax	Mixed Beverage Taxes	Franchise Fees	Hotel Occupancy Tax	Total
2006	\$ 13,293,707	\$ 9,941,386	\$ 966,366	\$ 2,681,263	\$ 4,679,099	\$ 31,561,821
2007	13,629,796	10,508,257	1,007,699	2,615,504	5,203,080	32,964,336
2008	14,367,964	10,649,989	987,289	2,555,927	5,204,247	33,765,416
2009	15,636,534	9,584,496	936,034	2,761,511	3,958,238	32,876,813
2010	15,900,747	9,155,849	921,990	2,578,154	3,666,781	32,223,521
2011	15,803,400	9,632,640	930,759	2,760,188	4,000,786	33,127,773
2012	16,918,402	11,089,866	798,764	2,727,370	4,295,149	35,829,551
2013	18,047,998	12,217,439	812,273	2,695,073	4,575,083	38,347,866
2014	19,274,720	13,440,938	994,609	2,818,869	5,009,121	41,538,257
2015	20,560,124	13,038,912	1,176,643	2,828,420	5,512,956	43,117,055

Table includes General, Special Revenue, Capital Project, and Debt Service funds.

Notes:

(1) Includes penalty and interest.

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

Fiscal Year	Actual Levy Year	Real Property Assessed Value <sup>(1)</sup>	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate <sup>(2)</sup>
2006	2005	\$ 2,431,288,850	\$ 635,155,220	\$ (273,069,618)	\$ 2,793,374,452	0.4760
2007	2006	2,676,126,320	647,121,940	(293,642,826)	3,029,605,434	0.4640
2008	2007	3,133,172,520	654,923,060	(306,253,403)	3,481,842,177	0.4337
2009	2008	3,316,069,140	759,489,460	(350,731,677)	3,724,826,923	0.4535
2010	2009	3,095,240,320	633,330,780	(417,521,300)	3,311,049,800	0.4960
2011	2010	2,872,659,100	601,788,640	(415,674,023)	3,058,773,717	0.5300
2012	2011	2,864,186,430	586,674,080	(422,817,942)	3,028,042,568	0.5800
2013	2012	2,955,211,640	580,038,950	(400,355,712)	3,134,894,878	0.5800
2014	2013	3,270,235,970	621,418,790	(401,647,062)	3,490,007,698	0.5718
2015	2014	3,538,702,310	685,963,840	(419,085,309)	3,805,580,841	0.5618

**SOURCE:** Dallas Central Appraisal District

Notes:

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

(2) Per \$100 of valuation.



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

Fiscal Year	City Direct Rates <sup>(1)</sup>			Overlapping Rates <sup>(2)</sup>					
	Operating General Rates	General Obligation Debt Service	Total Direct Ad Valorem Rate	Dallas County	Community College District	Dallas ISD	Carrollton/Farmers Branch ISD	Dallas County Hospital District	Total Ad Valorem Rate
2006	\$ 0.3060	\$ 0.1700	\$ 0.4760	\$ 0.2192	\$ 0.0816	\$ 1.6884	\$ 1.8259	\$ 0.2540	2.7192
2007	0.3110	0.1530	0.4640	0.2189	0.0810	1.5026	1.6830	0.2540	2.5206
2008	0.2990	0.1347	0.4337	0.2328	0.0804	1.1996	1.3670	0.2540	2.2006
2009	0.2828	0.1707	0.4535	0.2330	0.0894	1.1834	1.3623	0.2540	2.2133
2010	0.3360	0.1600	0.4960	0.2333	0.0949	1.2713	1.3422	0.2740	2.3696
2011	0.3479	0.1821	0.5300	0.2531	0.0992	1.2378	1.3469	0.2710	2.3911
2012	0.3819	0.1981	0.5800	0.2531	0.0997	1.2903	1.3568	0.2710	2.4941
2013	0.3593	0.2207	0.5800	0.2531	0.1190	1.2903	1.3306	0.2710	2.5134
2014	0.3588	0.2130	0.5718	0.2531	0.1247	1.2820	1.3235	0.2760	2.5076
2015	0.3437	0.2181	0.5618	0.2531	0.1248	1.2820	1.3033	0.2860	2.5077

**SOURCE:** Dallas County Tax Office

Notes:

- (1) The Town's operating tax rate may be increased only by a majority vote of the City Council up to the limit prescribed by State law, after which the Town's residents may petition for a vote. Rates for debt service are set based on each year's requirements.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the Town of Addison. The Carrollton/Farmers Branch ISD tax rate is excluded from the total Ad Valorem rate because most of the property owners in Addison are within the Dallas ISD geographic boundaries.

**PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Fiscal Years

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(1)</sup>	Total Collections to Date	
			Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2006	2005	\$ 13,296,460	\$ 13,197,440	99.3%	\$ 23,531	\$ 13,220,971	99.4%
2007	2006	14,057,369	13,685,151	97.4%	(137,238)	13,547,913	96.4%
2008	2007	15,100,750	14,284,974	94.6%	14,221	14,299,195	94.7%
2009	2008	16,892,090	15,628,630	92.5%	(25,508)	15,603,122	92.4%
2010	2009	16,422,810	15,867,761	96.6%	3,531	15,871,292	96.6%
2011	2010	16,211,500	15,676,932	96.7%	52,657	15,729,589	97.0%
2012	2011	17,562,650	17,286,939	98.4%	107,545	17,394,484	99.0%
2013	2012	18,182,390	17,952,493	98.7%	31,948	17,984,441	98.9%
2014	2013	20,000,565	19,245,018	96.2%	(11,276)	19,233,742	96.2%
2015	2014	21,430,622	20,639,637	96.3%	(125,285)	20,514,352	95.7%

**SOURCE:** Dallas County Tax Office

Notes:

<sup>(1)</sup> Negative amounts represent refunds of taxes to property owners who appealed their values for the current year (or previous years) to the Dallas Central Appraisal District and received lower valuations as a result of the appeal.

**RATIO OF OUTSTANDING DEBT BY TYPE**  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding Bonds	Certificates of Obligation			
2006	\$ 36,724,769	\$ 7,085,000	\$ 15,805,231	\$ 4,185,000	82,734,769	13.84 %	\$ 5,552.67
2007	33,469,769	6,605,000	14,090,231	3,960,000	74,979,769	12.07	4,916.71
2008	30,050,000	34,327,000	12,060,000	10,003,000	106,545,000	15.91	6,986.56
2009	26,495,000	33,766,900	9,950,000	9,748,100	97,810,000	16.87	7,299.25
2010	22,775,000	33,117,380	7,760,000	9,467,620	88,620,000	16.11	6,307.47
2011	19,575,000	32,443,770	5,275,000	9,176,230	79,440,000	15.54	6,082.70
2012	* 39,765,000	40,941,000	2,611,000	10,581,000	129,128,000	17.55	9,439.18
2013	* 44,157,000	39,719,000	-	20,732,000	104,608,000	13.59	8,012.25
2014	* 48,985,000	38,662,000	2,145,000	24,858,000	114,650,000	17.66	7,552.70
2015	* 44,580,000	37,593,849	1,805,000	24,106,151	108,085,000	17.30	7,120.22

\* Presented net of original issuance discounts and premiums

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports.  
See Table 16 for personal income and population data.

**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds <sup>(1)</sup>	Certificates of Obligation <sup>(1)</sup>	Less: Amounts Available in Debt Service Fund <sup>(2)</sup>	Total Outstanding Debt	Percentage of Actual Taxable Value (%)	Per Capita
2006	\$ 52,530,000	\$ 4,185,000	\$ 1,649,428	\$ 55,065,572	1.97	\$ 3,695.68
2007	47,560,000	3,960,000	1,613,153	49,906,847	1.65	3,272.58
2008	42,110,000	38,225,000	1,360,440	78,974,560	2.27	5,178.66
2009	36,445,000	37,925,000	1,082,061	73,287,939	1.97	5,469.25
2010	30,535,000	37,530,000	1,126,069	66,938,931	2.02	4,764.34
2011	24,850,000	37,120,000	1,127,831	60,842,169	1.99	4,658.67
2012	42,376,000	51,522,000	1,079,254	92,818,746	3.07	6,785.00
2013	44,157,000	60,451,000	1,234,727	103,373,273	3.30	7,917.68
2014	48,985,000	38,662,000	1,020,159	86,626,841	2.48	5,706.64
2015	44,580,000	37,593,849	831,366	81,342,483	2.14	5,723.93

NOTES: (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance and premiums.

(2) This is the amount restricted for debt service principal payments at the fund level.

**SOURCE:** Town of Addison Comprehensive Annual Financial Reports  
See Table 8 for taxable values and Table 16 for population data.

**DIRECT AND OVERLAPPING DEBT**  
Year Ended September 30, 2015

Taxing Jurisdiction	G.O. Bonded Debt	Percent Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 274,820,000	1.34%	\$ 3,682,588
Dallas County	84,725,000	2.17%	1,838,533
Dallas County Community College District	321,510,000	2.08%	6,687,408
Dallas County Hospital District	728,005,000	2.11%	15,360,906
Dallas County Schools	60,215,000	2.13%	1,282,580
Dallas ISD	2,552,990,000	3.51%	89,609,949
Total Overlapping Debt			118,461,964
Town of Addison (Direct Debt)	\$ 80,133,849 <sup>(2)</sup>	100%	80,133,849
Total Direct and Overlapping Debt			<u>\$ 198,595,813</u>
Ratio of Overlapping G.O. Debt to 2014 Taxable Assessed Valuation			3.11%
Per Capita Overlapping G.O. Debt			\$ 7,483

**SOURCE:** Municipal Advisory Council of Texas  
See Table 8 for taxable values and Table 16 for population data.

Notes:

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entity's taxable assessed value that is with the Town's boundaries and dividing by the entity's total taxable assessed value.

(2) Total general obligation (G.O.) bonded debt shown for the Town of Addison excludes self-supporting debt and amount available for repayment in the Debt Service funds.

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

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements <sup>(2)</sup>			Revenue Bond Coverage <sup>(3)</sup>
	Gross Revenue	Expense <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
2006	\$ 10,448,742	\$ 6,594,211	\$ 3,854,531	\$ -	\$ -	-	N/A
2007	9,378,480	6,837,579	2,540,901	-	-	-	N/A
2008	9,086,984	6,970,850	2,116,134	-	-	-	N/A
2009	9,362,976	7,105,167	2,257,809	-	-	-	N/A
2010	8,803,804	6,811,662	1,992,142	-	-	-	N/A
2011	10,726,977	7,024,544	3,702,433	-	-	-	N/A
2012	11,068,924	7,529,490	3,539,434	-	-	-	N/A
2013	10,743,714	8,052,963	2,690,751	-	-	-	N/A
2014	9,894,247	8,449,185	1,445,062	-	-	-	N/A
2015	10,241,191	9,017,932	1,223,259	-	-	-	N/A

Notes:

- (1) Includes "operating expenses excluding depreciation" and "non-operating expenses excluding interest expense".
- (2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.
- (3) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest. Revenue bonds were retired in fiscal year 2002. Current year debt associated with the Town's Utility (Water and Sewer) Fund is limited to general obligation bonds and certificates of obligation. This debt is secured by the Town's property taxes but is supported by Utility Fund revenues.

**SCHEDULE OF COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION COVERAGE  
HOTEL FUND  
Last Ten Fiscal Years**

Fiscal Year	Net Revenue Available for Debt Service			Debt Service Requirements			Bond Coverage <sup>(2)</sup>
	Gross Revenue	Expenditure <sup>(1)</sup>	Net Revenue	Principal	Interest	Total	
2006	\$ 6,539,634	\$ 1,118,079	\$ 5,421,555	\$ 465,000	\$ 240,887	\$ 705,887	7.7
2007	7,490,887	942,884	6,548,003	480,000	226,710	706,710	9.3
2008	7,546,348	1,077,436	6,468,912	500,000	212,012	712,012	9.1
2009	5,887,509	973,467	4,914,042	515,000	196,788	711,788	6.9
2010	5,900,022	963,908	4,936,114	535,000	181,037	716,037	6.9
2011	6,026,377	1,007,162	5,019,215	555,000	164,988	719,988	7.0
2012	6,740,112	1,080,980	5,659,132	620,000	108,143	728,143	7.8
2013	6,970,189	1,626,644	5,343,545	600,000	104,623	704,623	7.6
2014	7,181,306	1,063,116	6,118,190	625,000	86,650	711,650	8.6
2015	7,512,047	959,140	6,552,907	640,000	70,800	710,800	9.2

Notes:

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

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
AS OF SEPTEMBER 30  
Last Ten Fiscal Years**

Fiscal Year	Estimated Population <sup>(1)</sup>	Assessed Valuations <sup>(2)</sup>	Personal Income (Thousands)	Per Capita Personal Income <sup>(3)</sup>	Labor Force <sup>(4)</sup>	Unemployment Rate <sup>(4)</sup>
2006	14,900	\$ 2,793,374,452	\$ 597,852	40,124	2,093,468	4.6%
2007	15,250	3,029,605,434	621,311	40,742	2,108,631	3.9%
2008	15,250	3,481,842,177	669,683	43,914	2,084,562	5.7%
2009	13,400	3,724,826,923	579,743	43,264	2,152,800	8.2%
2010	14,050	3,311,049,800	550,109	39,154	2,154,240	7.9%
2011	13,060	3,058,773,717	558,419	42,758	2,201,071	8.4%
2012	13,680	3,028,042,568	735,847	53,790	2,225,546	6.3%
2013	13,056	3,134,894,878	769,912	58,970	2,288,740	6.0%
2014	15,180	3,490,007,698	649,124	87,981	2,329,755	5.0%
2015	15,180	3,805,580,841	624,799	84,684	2,381,544	3.8%

**SOURCES:**

(1) North Central Texas Council of Governments estimates

(2) Dallas Central Appraisal District

(3) Personal income is estimated from Town of Addison Budget Book

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



**PRINCIPAL PROPERTY TAXPAYERS**  
Current Year and Nine Years Ago

Name of Taxpayer	Nature of Property	2015			2006		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
FPG Colonnade LP	Land, Office Buildings	\$ 200,040,430	1	5.26%			
Post Properties Inc.	Mixed Development	151,776,330	2	3.99%	104,889,740	2	3.75%
COP Spectrum Center LLC	Office Buildings	80,800,000	3	2.12%			
Fiori LLC	Land, Hotel	77,839,310	4	2.05%			
Real Pink Limited	Office Buildings	75,628,390	5	1.99%			
5100 Belt Line Investors LLC	Insurance	75,195,140	6	1.98%			
Gaedeke Holdings IX LLC	Office Buildings	68,200,000	7	1.79%			
MHSS-Addison LP	Land, Office Buildings	65,900,000	8	1.73%			
SIR Properties Trust	Land, Office Buildings	55,735,000	9	1.46%			
SAYOYE2 LLC	Apartments	55,571,490	10	1.46%			
EOP Colonnade of Dallas	Land, Office Buildings				153,529,460	1	5.50%
MBNA Texas Properties	Land, Office Buildings				71,893,480	3	2.57%
FSP Addison Cir LTD Ph 1 LP	Office Buildings				60,158,710	4	2.15%
VOP Belt Line LTD PS	Land, Office Buildings				57,963,140	5	2.08%
Richmond Properties	Land, Office Buildings				55,368,630	6	1.98%
Spectrum Center Partners	Office Buildings				55,353,470	7	1.98%
Millennium Park Ph1 Ip	Land, Office Buildings				50,989,630	8	1.83%
Crescent Real Estate	Land, Office Buildings				45,499,990	9	1.63%
DBSI One Hanover LLC	Office Buildings				41,113,820	10	1.47%
		<u>\$ 906,686,090</u>		<u>23.83%</u>	<u>\$ 696,760,070</u>		<u>24.94%</u>

**SOURCE:** Dallas Central Appraisal District

**MAJOR EMPLOYERS**  
Current Year and Nine Years Ago

Company	Type of Business	2015		2006	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Bank of America	Finance	3,500	3.89%	N/A*	N/A*
Mary Kay Cosmetics Inc.	Cosmetics	1,200	1.33%	N/A*	N/A*
Hilton Worldwide, Incorporated	Hospitality	616	0.68%	N/A*	N/A*
Rexel	Industrial Electrical Supplies	500	0.56%	N/A*	N/A*
Intercontinental Hotel	Hospitality	450	0.50%	N/A*	N/A*
Concentra	Medical	400	0.44%	N/A*	N/A*
Barnett Daffin Frappier Turner and Engel LLP	Mortgage	400	0.44%	N/A*	N/A*
United Surgical Partners International	Medical	379	0.42%	N/A*	N/A*
USAA Financial Planning Services	Finance	374	0.42%	N/A*	N/A*
Zurich	Business Insurance	300	0.33%	N/A*	N/A*
Hitachi Consulting	Consulting	300	0.33%	N/A*	N/A*
Glazer's Family of Companies	Spirits	280	0.31%	N/A*	N/A*
Encore Payment System LLC	IT/Finance	280	0.31%	N/A*	N/A*
Trinity Christian Academy	Education	250	0.28%	N/A*	N/A*
Affirmative Insurance	Insurance	250	0.28%	N/A*	N/A*
Assurant Solutions	Insurance	250	0.28%	N/A*	N/A*

**SOURCE:** Human Resource Department of respective Company

Notes:

\* Not available.

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
City Manager's Office	10.0	8.5	8.5	8.5	8.5	8.0	7.5	6.0	7.0	8.0
Financial and Strategic Services	11.0	10.0	10.0	10.0	9.0	8.0	8.0	8.0	7.5	9.7
Municipal Court	4.7	4.7	4.7	5.7	5.7	5.4	5.4	5.4	5.7	5.7
General Services	9.0	9.0	10.0	10.0	10.0	9.0	8.0	5.0	5.0	5.0
Human Resources	4.7	4.7	4.7	5.2	5.2	4.2	5.2	4.2	4.2	3.5
Information Technology	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
<b>Total General Government</b>	<b>45.4</b>	<b>42.9</b>	<b>43.9</b>	<b>45.4</b>	<b>44.4</b>	<b>40.6</b>	<b>40.1</b>	<b>35.6</b>	<b>36.4</b>	<b>38.9</b>
<b>Public Safety</b>										
Police	81.8	68.3	69.3	70.3	73.3	72.3	73.8	73.8	75.3	79.8
Emergency Communications	-	12.5	12.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Fire	55.0	55.0	55.0	55.0	54.0	53.0	52.0	52.0	55.3	55.3
<b>Total Public Safety</b>	<b>136.8</b>	<b>135.8</b>	<b>136.8</b>	<b>138.8</b>	<b>140.8</b>	<b>138.8</b>	<b>139.3</b>	<b>139.3</b>	<b>144.1</b>	<b>148.6</b>
<b>Development Services</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>	<b>7.2</b>
<b>Economic Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>2.0</b>	<b>3.0</b>	<b>4.0</b>
<b>Public Works</b>										
Streets	6.0	7.0	7.0	7.0	7.0	7.0	5.0	5.0	5.0	5.4
Stormwater									1.4	1.7
Utilities	18.0	17.0	17.0	18.0	17.0	17.0	16.0	18.0	18.3	16.6
<b>Total Public Works</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>25.0</b>	<b>24.0</b>	<b>24.0</b>	<b>21.0</b>	<b>23.0</b>	<b>24.7</b>	<b>23.7</b>
<b>Parks and Recreation</b>										
Parks	20.0	20.0	20.0	21.0	20.0	20.0	20.0	21.0	21.0	21.0
Recreation	17.2	15.2	15.6	15.6	15.6	15.6	14.6	14.6	14.6	15.1
<b>Total Parks and Recreation</b>	<b>37.2</b>	<b>35.2</b>	<b>35.6</b>	<b>36.6</b>	<b>35.6</b>	<b>35.6</b>	<b>34.6</b>	<b>35.6</b>	<b>35.6</b>	<b>36.1</b>
<b>Visitor Services</b>										
Visitor Services	3.0	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	-
Conference Centre	7.5	7.5	7.5	7.5	7.5	7.5	8.0	7.0	8.7	8.5
Special Events	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.5	4.0	4.3
Marketing	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
<b>Total Visitor Services</b>	<b>14.5</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>13.5</b>	<b>15.0</b>	<b>14.5</b>	<b>16.7</b>	<b>13.8</b>
<b>Airport Fund</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>TOTAL</b>	<b>266</b>	<b>261</b>	<b>263</b>	<b>269</b>	<b>268</b>	<b>262</b>	<b>261</b>	<b>260</b>	<b>271</b>	<b>275</b>

**SOURCE:** Town of Addison Human Resources Department

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Crimes Against Property	1,217	1,094	954	1,100	968	1,056	933	942	768	728
Crimes Against Persons	387	397	390	452	381	388	435	393	358	55
Arrests	2,071	2,227	2,844	3,220	2,775	2,876	2,924	2,548	2,006	1,712
Calls for Service	19,414	19,320	17,365	16,109	15,453	17,989	17,390	16,463	16,624	17,181
<b>Fire</b>										
Number of Fires	74	39	38	50	44	51	45	61	63	51
Dollar Loss	\$ 379,541	\$ 283,000	\$ 234,375	\$ 396,100	\$ 2,212,000	\$ 3,027,173	\$ 2,484,545	\$ 1,166,345	\$ 1,268,010	\$ 608,900
Calls for Service - Fire	1,037	968	1,033	893	834	866	837	896	989	996
Calls for Service - EMS	1,477	1,588	1,507	1,422	1,518	1,463	1,676	1,696	1,598	1,730
<b>Streets</b>										
Tons of Recycling Collected	365	357	354	343	328	330	334	360	387	323
<b>Parks</b>										
Acres Maintained	150	138	137	138	139	163	163	163	163	163
<b>Recreation</b>										
Recreation Event Participants	12,720	13,371	13,002	13,184	14,947	14,874	22,496	22,632	21,392	21,392
Number of Users	129,090	128,293	126,214	126,123	125,339	123,794	131,730	128,722	122,656	122,656
Active Athletic Club Members	3,757	3,595	3,395	3,222	3,300	3,428	3,637	3,669	3,942	3,942
<b>Utilities</b>										
Water Usage - Peak (1)	9,900	8,000	8,421	8,748	8,895	9,402	8,871	8,979	10,042	11,093
Water Usage - Average (1)	6,023	5,150	4,847	4,627	4,334	5,014	5,021	4,829	4,577	4,682
Service Line Breaks	15	17	13	11	11	7	10	11	16	8
Water Main Breaks	3	7	7	1	1	1	2	5	7	4

**SOURCE:** Town of Addison Department Data

**Notes:**

(1) In thousands of gallons

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Public Safety</u>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
<u>Public Works</u>										
Streets - Paved (miles)	39	39	41	41	41	41	41	41	41	41
Lane Miles	119	119	126	126	164	164	164	164	164	164
Traffic Signals	34	34	34	34	36	36	36	36	36	36
<u>Parks and Recreation</u> <sup>(1)</sup>										
Acres Maintained	149	149	136	138	139	163	163	163	163	163
Parks	15	16	12	13	13	15	15	15	15	15
Playgrounds	3	3	3	3	3	5	5	5	5	5
Soccer/Football Fields	1	1	-	-	-	1	1	1	1	1
Community Centers	2	2	1	1	1	1	1	1	1	1
<u>Water</u>										
Water Mains (Miles)	98	98	99	101	96	80	80	80	80	80
Fire Hydrants	1,040	1,150	1,175	1,200	1,013	1,052	1,052	1,038	1,038	1,038
<u>Wastewater</u>										
Miles of Sanitary Sewers	87	87	88	90	82	66	66	66	66	66
Miles of Storm Sewers	22	22	22	22	22	57	57	60	60	60

**SOURCE:** Town of Addison Department Data

Notes:

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



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TOWN OF ADDISON - DEPARTMENT OF FINANCE