

COMPREHENSIVE ANNUAL FINANCIAL REPORT



TOWN OF ADDISON, TEXAS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012

Town of Addison, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2012

Prepared by the
Department of Financial & Strategic Services
Eric Cannon, CPA, Chief Financial Officer
Kristi Brutlag, Accounting Manager
Mushtaq Ali, Accountant

City Council

	Expiration of Term
Todd Meier, Mayor	May 2013
Blake W. Clemens, Mayor Pro Tempore	May 2013
Bruce Arfsten, Deputy Mayor Pro Tempore	May 2013
Chris DeFrancisco, Councilmember	May 2013
Margie Gunther, Councilmember	May 2014
Janelle Moore, Councilmember	May 2014
Neil Resnik, Councilmember	May 2014

City Manager

Ron Whitehead

Addison!®

Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2012

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STATISTICAL SECTION

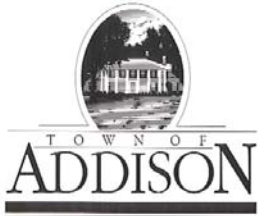
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FINANCE DEPARTMENT & STRATEGIC SERVICES

5350 Belt Line Road

Post Office Box 9010 Addison, Texas 75001

March 11, 2013

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

The Department of Financial & Strategic Services of the Town of Addison is pleased to submit the Comprehensive Annual Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2012. 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 major *Introductory, Financial, and Statistical Sections*. The *Introductory Section* provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition.

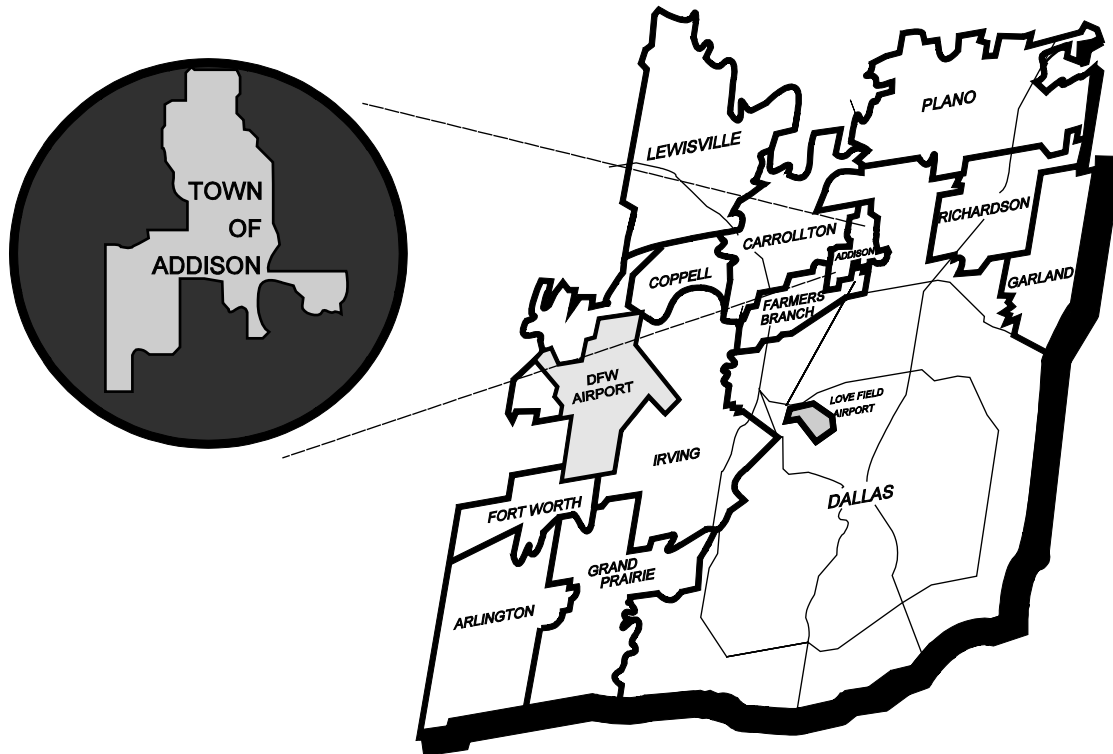
The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by Weaver, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Addison for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Addison's financial statements for the fiscal year ended September 30, 2012 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 4.3 square miles, Addison is the smallest, yet most densely developed, of the various suburbs located in the area. Although it has just under 14,000 residents, the Town has developed into a cosmopolitan center which serves well over 100,000 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.

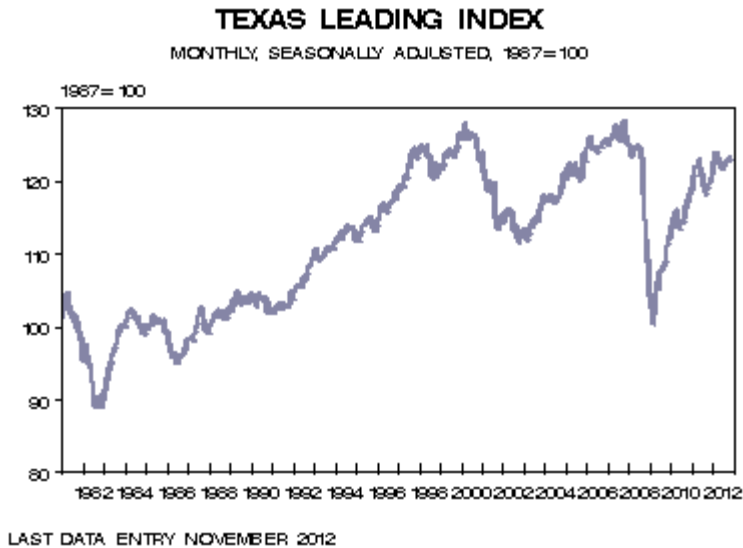
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and council ordinances.¹ The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services). All expenses of the Town are made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Transfers between expenditure accounts in one department may occur with the approval of the 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 individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 25 as part of the basic financial statements for the governmental funds. For all governmental funds (including the General Fund) with appropriated annual budgets, this comparison is presented in the governmental fund section of this report, beginning on page 64.

FACTORS AFFECTING FINANCIAL CONDITION

Status of Local Economy

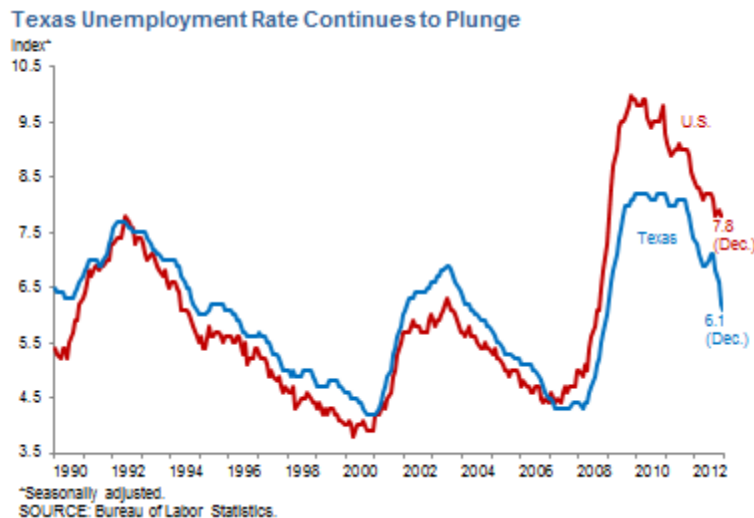
With its concentration of commercial and retail development, the Town of Addison's economy is strongly influenced by the region's economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the regional economy has expanded 2.1 percent over the last year as reflected in the chart below.²



¹ Financial policies can be located beginning on page 115 of the Town of Addison Annual Budget 2012-13 document.

² Source: Federal Reserve Bank of Dallas, [November 2012 Data](#)

The United States unemployment rate remains high, although Texas appears to be faring better than the nation as a whole. Texas employment expanded 1.7 percent during 2012. The unemployment rate for Texas stood at 6.1 percent in December 2012, lower than the national rate of 7.8 percent.³



Because Addison is densely developed with nearly 12 million square feet of office space distributed among 94 office buildings, much attention is given to the occupancy rates of buildings in Addison. At the end of December 2013, Addison’s occupancy rate stood at 80.14 percent compared with the 76.7 percent recorded a year earlier. Addison’s occupancy rate is somewhat lower than the 82.58 percent average for all of Dallas County.⁴ The Town experienced a 4% increase in taxable property values for the 2013 certified levy compared to a 1% decrease for the 2012 certified levy. This is the first year since 2009 that the Town has experienced an increase in property values.

For the 2012 fiscal year, General Fund revenues of \$29.3 million represented a 5.9 percent increase from fiscal year 2011. The increase is primarily due to an increase in sales tax. The Town’s sales tax receipts increased 15.1 percent from fiscal year 2011, indicative of an improving economy. The General Fund budget for the 2013 fiscal year assumes revenues of \$28.1 million, on par with 2012 actual amounts. The budget also established a property tax rate of 58.0¢ per \$100 appraised value, which is the same rate as the 2012 budget. General Fund expenditures and transfers for the 2013 budget totaling \$29.5 million are approximately 6.9 percent more than the original 2012 budget. The General Fund ending balance is projected to decline from the actual ending 2012 balance to \$9.7 million, or 32.9 percent of fund operating expenditures.

Long-Term Financial Planning

Users of this document as well as others interested in the programs and services offered by the Town of Addison are encouraged to read the Town’s 2012-13 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 www.addisontx.gov/departments/financial_strategic/.

³ Source: Federal Reserve Bank of Dallas, [February 2012 Texas Economic Indicators](#)

⁴ Sources: Xceligent Report Q4 2012 and Q4 2011

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, 2011. 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 36 consecutive years. We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA.

In addition to the *Certificate*, the Town received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2012 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 25 consecutive years. Together, the *Award* and the *Certificate* are evidence of the Financial & Strategic Services' dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

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

Respectfully submitted,



Eric Cannon, CPA
Chief Financial Officer

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, 2011

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

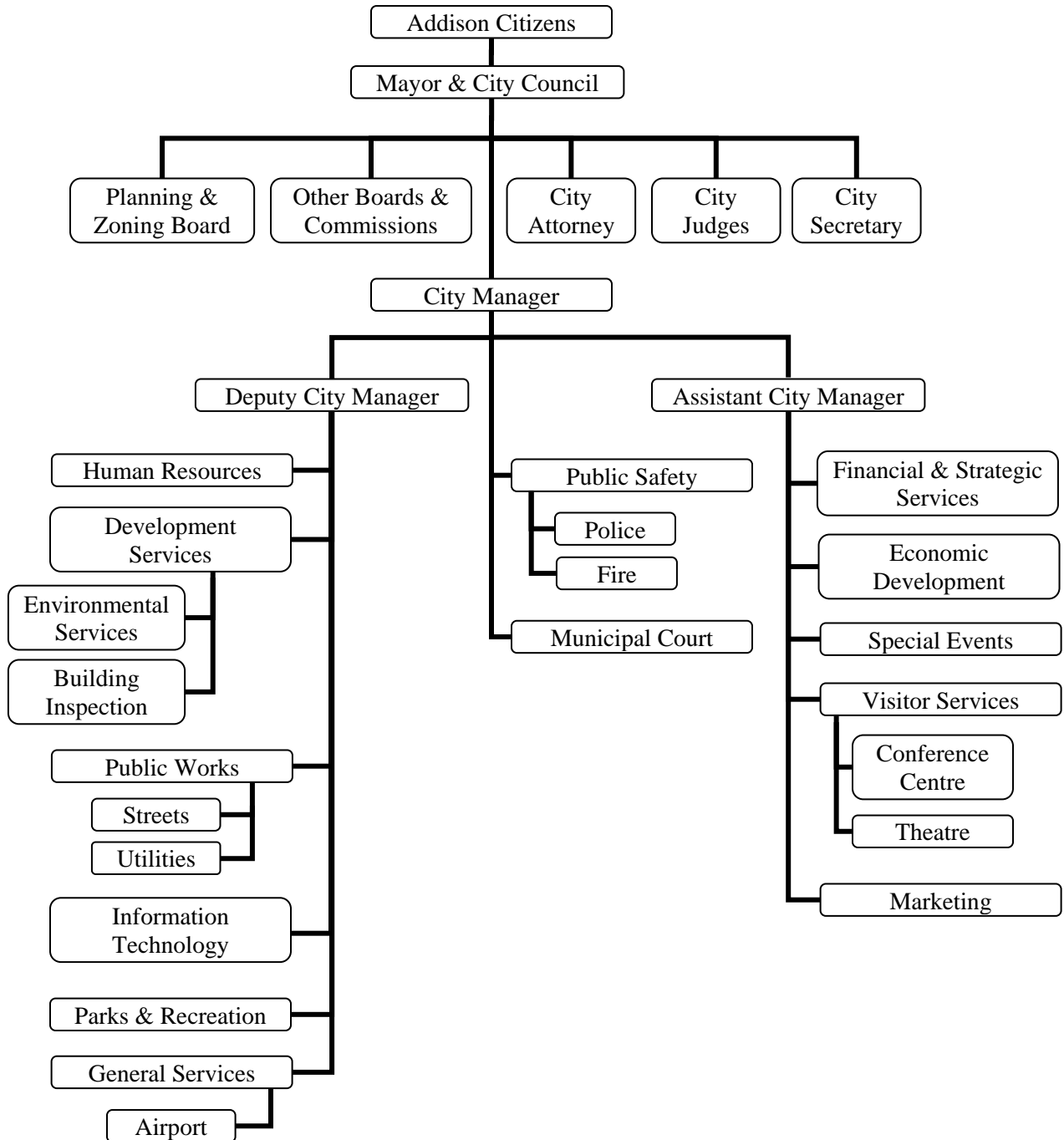


Christopher P. Morill

President

Jeffrey R. Emer

Executive Director



Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2012

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

Mayor	Todd Meier	(972) 450-7027
City Manager	Ron Whitehead	(972) 450-7028
Deputy City Manager/Public Works	Lea Dunn	(972) 450-7037
Assistant City Manager/City Secretary	Chris Terry	(972) 450-7010
Chief Financial Officer	Eric Cannon, CPA	(972) 450-7050
Director of General Services	Mark Acevedo	(972) 450-2848
Director of Human Resources	Passion Hayes	(972) 450-2819
Director of Information Technology	Hamid Khaleghipour	(972) 450-2868
Police Chief	Ron Davis	(972) 450-7168
Fire Chief	John O'Neal	(972) 450-7203
Director of Development Services	Carmen Moran	(972) 450-2886
Director of Parks and Recreation	Slade Strickland	(972) 450-2869
Director of Visitor Services	Bob Phillips	(972) 450-6202
Director of Communications and Marketing	Carrie Rice	(972) 450-7032
Director of Special Events	Barbara Kovacevich	(972) 450-6221
Director of Economic Development	Orlando Campos	(972) 450-7034
Director of Infrastructure Operations & Services .	Lisa Pyles	(972) 450-2878





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas (the Town) as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's administration. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

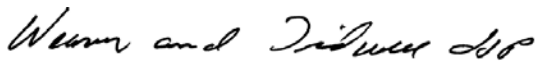
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2012, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Hotel Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2013, 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* and should be considered in assessing the results of our audit.

Accounting Principles generally accepted in the United States of America require that the information identified in the accompanying table of contents as *management's discussion and analysis, Texas Municipal Retirement System Analysis of Funding Progress, and the Retiree Health Plan Analysis of Funding Progress* 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Town of Addison's financial statements as a whole. The introductory, combining and individual fund financial statements and schedules and statistical section, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Town. The combining and individual nonmajor 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



WEAVER AND TIDWELL, L.L.P.

March 11, 2013
Dallas, Texas

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, 2012. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section. **All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars.**

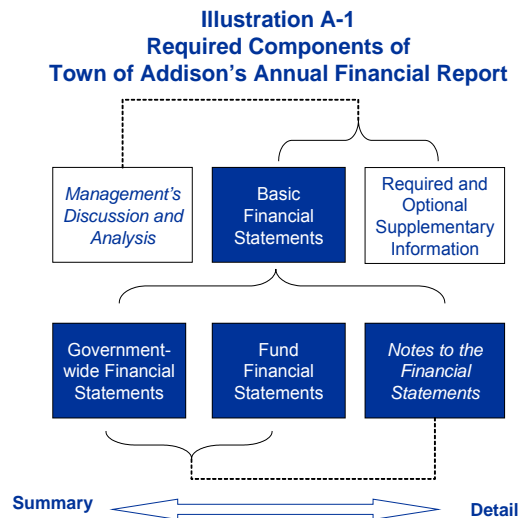
Financial Highlights

- The Town's assets exceeded its liabilities at the close of the 2012 fiscal year by \$218,895. This amount represents an increase over the previous year by \$5,948. The increase is attributed to governmental revenue from taxes and charges for services exceeding the cost of government activities and program revenues and capital grants exceeding expenses with the Town's business-type activities related to airport and utility operations.
- As of September 30, 2012, the Town's governmental funds reported combined ending fund balances of \$56,592, an increase of \$33,682. The majority of the increase is due the proceeds from bond issuance in the Capital Project fund.
- At the end of the 2012 fiscal year, fund balance for the General Fund was \$12,373, or 45 percent of total fund expenditures. Fund balance increased \$2,006 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$90,905, an increase of \$24,435 from the previous year which is attributed to the issuance of new debt and 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 like public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses, such as the airport.



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

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

Illustration A-2			
Major Features of Town of Addison's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government	Activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to private businesses: airport, water/sewer utility
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net assets * Statement of revenues, expenses, and changes in net assets * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, 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 19-20 of this document.

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

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

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

Fund Financial Statements

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

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

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

The Town of Addison maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all these funds, with the exception of the Economic Development Fund, Municipal Court Fund, Public Safety Fund, and various grant and capital project funds, 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 and its utility (water and sewer) system.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town’s various functions. The Town uses internal service funds to account for its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-56 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. This information is presented on pages 59-60.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 100-101 and 122-124. Individual proprietary comparative statements are presented on pages 116-130.

The Town has included schedules of Capital Assets starting on page 132 and Long-Term Debt starting on page 136.

Government-wide Financial Analysis

As of the close of the 2012 fiscal year, the Town's net assets (assets exceeding liabilities) totaled \$218,895 (see Table A-1). Of this amount \$179,111, or 81.9 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 assets has been restricted for retiring the Town's long-term general obligation debt (\$1,699), promotion of tourism and hotel industry (\$1,993) and other restrictions (\$176). The remaining amount of net assets is labeled as unrestricted and totals \$35,916. This amount is available to meet the Town's ongoing obligations to citizens and creditors.

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

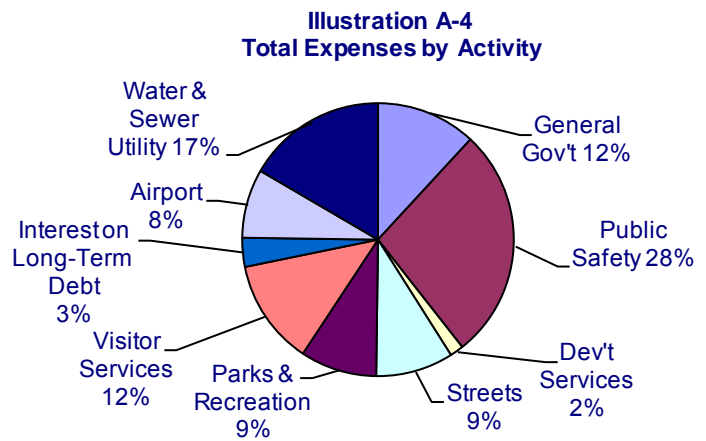
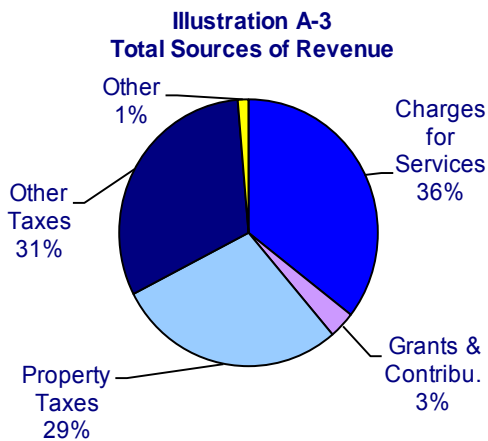
Table A-1
Town of Addison's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$ 71,794	\$ 37,881	\$ 16,382	\$ 17,346	\$ 88,176	\$ 55,227
Capital Assets	170,066	171,467	62,832	60,200	232,898	231,667
Total Assets	241,860	209,348	79,214	77,546	321,074	286,894
Liabilities:						
Long-Term Liabilities Outstanding	81,885	53,314	13,244	14,360	95,129	67,674
Other Liabilities	5,040	4,036	2,010	2,237	7,050	6,273
Total Liabilities	86,925	57,350	15,254	16,597	102,179	73,947
Net Assets:						
Invested in Capital Assets, Net of						
Related Debt	129,471	129,262	49,640	51,114	179,111	180,376
Restricted for Debt Service	1,699	1,007	-	-	1,699	1,007
Restricted for Promotion of						
Tourism and Hotel Industry	1,993	-	-	-	1,993	-
Restricted - other	176	-	-	-	176	-
Unrestricted	21,596	21,729	14,320	9,835	35,916	31,564
Total Net Assets	\$ 154,935	\$ 151,998	\$ 63,960	\$ 60,949	\$ 218,895	\$ 212,947

As reflected in Table A-2, the Town's net assets increased \$5,948, or 2.8 percent during the 2012 fiscal year. The increase is primarily due to increased general revenues, increased revenues from our utility operations, and grant funding at the Addison Airport.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,189	\$ 7,672	\$ 15,384	\$ 15,267	\$ 21,573	\$ 22,939
Grants & Contributions	733	3,654	1,259	9,668	1,992	13,322
General Revenues:						
Property Taxes	17,401	15,773	-	-	17,401	15,773
Other Taxes	18,983	17,398	-	-	18,983	17,398
Other	868	921	(52)	(6)	816	915
Total Revenues	44,174	45,418	16,591	24,929	60,765	70,347
Expenses:						
General Government	6,486	6,709	-	-	\$ 6,486	\$ 6,709
Public Safety	15,130	14,915	-	-	15,130	14,915
Development Services	879	866	-	-	879	866
Streets	5,028	4,914	-	-	5,028	4,914
Parks & Recreation	4,963	4,743	-	-	4,963	4,743
Visitor Services	6,852	6,431	-	-	6,852	6,431
Interest on Long-Term Debt	1,899	2,262	-	-	1,899	2,262
Airport	-	-	4,505	4,387	4,505	4,387
Water & Sewer Utility	-	-	9,075	8,633	9,075	8,633
Total Expenses	41,237	40,840	13,580	13,020	54,817	53,860
Increase in Net Assets	2,937	4,578	3,011	11,909	5,948	16,487
Net Assets - 10/01/11	151,998	147,420	60,949	49,040	212,947	196,460
Net Assets - 09/30/12	\$ 154,935	\$ 151,998	\$ 63,960	\$ 60,949	\$ 218,895	\$ 212,947



Governmental Activities

Governmental activities increased the Town of Addison's net assets by \$2,937.

Business-Type Activities

The Town's business-type activities experienced a \$3,011 increase in net assets with the Airport Fund recording an increase of \$1,017, while the Utility Fund posted a gain of \$1,994. Of the Airport Fund's increase, \$1,259 is attributed to capital grants for improvements at the Addison Airport.

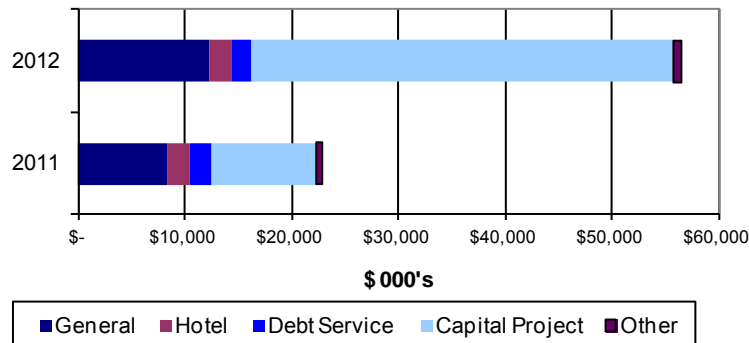
Financial Analysis of the Government Funds

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, 2012, the Town's governmental funds reported combined ending fund balances of \$56,592, an increase of \$33,682 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$12,174 or 21.6 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$39,654), debt service (\$1,841) or *assigned* (\$23). Components of the net increase of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$27,299 compared to revenues of \$29,305. Revenues increased \$1,628 from the previous year. Most of the increase was due to receiving an additional \$1,325 in non-property (sales) taxes and an additional \$560 in property taxes offset by a decline of \$256 in licenses and permits. Expenditures decreased \$243 from the 2011 fiscal year. This decrease is primarily due to decreases in the City Manager's Office and Police expenditures.
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$6,841 compared to revenues of \$6,740. Fund revenues increased a \$714 from the previous year, primarily due to an increase in non-property taxes. Expenditures decreased \$1,484 from fiscal year 2011 due in large part to the completion of the Visitor Services offices and the Visit Addison facilities at Village on the Parkway.
- Capital project funds recorded a net increase in fund balance of \$29,788 primarily due to proceeds from bonds issued.

**Illustration A-5
Governmental Fund Balances**



Proprietary funds - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to \$1,851 while the Utility Fund reported unrestricted net assets of \$12,469.

General Fund Budgetary Highlights

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

- Revenues were amended to recognize increase in sales tax revenue (\$1,390), building and construction permits (\$200), and decreased court fine revenue (\$75). All revenue amendments resulted in a net budget increase of \$1,688. Allocations to various departments were made that resulted in a net increase to appropriations of \$372.

The adjustments resulted in increasing budgeted revenue 6.2 percent and increasing expenditures by 1.4 percent. The projected deficit of expenditures and other uses exceeding revenues decreased from \$405 to a surplus of \$911. Fund balance actually increased \$2,006.

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, 2012, totals \$232,898 (net of accumulated depreciation). This amount represents a \$1,231 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 Streetscape, Town Signal Upgrades, Addison Park Trail, and the Elevated Water Storage Tank. 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)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 66,233	\$ 66,233	\$ 10,277	\$ 10,224	\$ 76,510	\$ 76,457
Buildings	11,086	11,644	1,406	1,468	12,492	13,112
Improvements other than Buildings	81,816	56,276	40,915	31,693	122,731	87,969
Machinery and Equipment	3,117	3,566	783	851	3,900	4,417
Construction in Progress	7,814	33,748	9,451	15,964	17,265	49,712
Total Capital Assets	\$ 170,066	\$ 171,467	\$ 62,832	\$ 60,200	\$ 232,898	\$ 231,667

Long-term debt – At the end of the 2012 fiscal year, the Town of Addison had total bonded debt outstanding of \$90,905 as detailed in Table A-4. The Town did issue new debt during 2012. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aa1” from Moody’s. Other than the 2008, 2011, and both 2012 issues, all of the Town’s outstanding debt is insured; however the insurers’ ratings have been downgraded in the past few years. Of the Town’s insurers as of September 30, 2012 MBIA carries a rating of “B” from Standard & Poor’s. Ambac’s rating was withdrawn by S&P on November 30, 2010. The insurer FSA changed its name to Assured Guaranty Municipal Corporation (AGM) and currently holds a rating of “AA-” by S&P. Because of the strength of the Town’s own 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, F of the Notes to Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 36,725	\$ 19,575	\$ 2,685	\$ 5,275	\$ 39,410	\$ 24,850
Certificates of Obligation	40,919	32,444	10,576	9,176	51,495	41,620
Total Debt Outstanding	\$ 77,644	\$ 52,019	\$ 13,261	\$ 14,451	\$ 90,905	\$ 66,470

Economic Factors and Next Year's Budget and Rates

- The Texas Workforce Commission no longer maintains individual statistics for cities with a population of less than 25,000, and therefore information related to Addison employment is unavailable. However, the average unemployment rate for the adjacent cities of Carrollton and Farmers Branch as of December 2012 averaged 5.45 percent, somewhat lower than the 6.6 percent rate recorded a year earlier. This unemployment rate is less than that of the Dallas/Plano/Irving Metro Division, which recorded a 5.7 percent rate. The December 2012 rate for the State of Texas was 6 percent, lower than the 7.2 percent in December 2011.¹
- Sales tax collections for the Town were up 11.4 percent from the amount collected in 2011 after two consecutive years of increases in annual collections. This increase appears to indicate a improving local economy.
- Hotel occupancy tax collections increased 8.5 percent from the previous year this represents two consecutive years of increasing in annual collections, although collections are still down 16.4 percent from the 2008 fiscal year.
- In July 2012 Addison received its certified property tax roll from the Dallas Central Appraisal District. This certified roll is what Texas local governments use to levy taxes for the 2012-13 fiscal year. Certified taxable property values in Addison totaled \$3,134,895, which represented a 3.5 percent increase from the previous year, and was the first year of increase values following three consecutive years of decreased values.

These various factors were taken into consideration in development of the Town's 2012-13 annual budget. The annual budget is adopted within context of five-year financial plans for the General, Hotel, Airport, and Utility funds. The long-term financial plans project operating revenues and expenses and changes in fund balances related to the Town's adopted financial policy to work to maintain a minimum 25% fund balance for these funds. Major aspects of the adopted 2012-13 budget include:

- The property tax rate was maintained at \$.5800 per \$100 appraised value. The increase rate and increase in property values will provide an additional \$975,630 for the Town's annual debt service. Of the 2013 budget tax rate, \$.3593 was levied for operation/maintenance (including \$.0225 for economic development funding) and \$.2207 for debt service. This compares to the 2012 distribution of \$.3819 and \$.1981 respectively. *(Note: The preceding tax rates are not reflected in \$000's of dollars).*
- The General Fund balance is projected to decline \$1,331,340 from the actual beginning fund balance of \$11,067 to \$9,736. The projected ending fund balance is 31.0 percent of operating expenditures.
- The Hotel Fund balance is projected to decline \$454 from the actual beginning fund balance to \$1,107. The projected ending fund balance is only 16.7 percent of operating expenditures, but the long-term financial plan for the fund restores fund balance to 25% of operating expenditures within the planning horizon.
- The budget includes maintaining the water and sewer rates.

Requests for Information

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

Department of Financial and Strategic Services
Town of Addison
P.O. Box 9010
Addison, TX 75001
Telephone: (972) 450-7050
Email: ecannon@addisontx.gov

¹ Source: Texas Workforce Commission (December 2011 and 2010 data)





Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Government			Summarized 2011 Total
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments	\$ 64,784,553	\$ 6,600,991	\$ 71,385,544	\$ 36,561,611
Receivables, Net of Allowances for Uncollectibles	6,279,370	2,474,446	8,753,816	10,657,064
Prepaid Items	94,028	-	94,028	340,604
Inventories, at Cost	114,733	16	114,749	87,851
Deferred Charges	521,571	124,580	646,151	341,241
Investment in Joint Venture	-	7,181,945	7,181,945	7,238,882
Capital Assets, Net of Accumulated Depreciation				
Land	66,233,099	10,277,084	76,510,183	76,456,520
Buildings	11,086,721	1,405,966	12,492,687	13,111,800
Improvements other than Buildings	81,816,126	40,914,427	122,730,553	87,969,346
Machinery and Equipment	3,116,425	782,930	3,899,355	4,416,594
Construction in Progress	7,813,695	9,451,410	17,265,105	49,712,347
Total Assets	\$ 241,860,321	\$ 79,213,795	\$ 321,074,116	\$ 286,893,860
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 3,669,126	\$ 1,095,759	\$ 4,764,885	\$ 4,709,778
Contracts and Retainage Payable	1,299,564	-	1,299,564	583,613
Intergovernmental Payable	45,289	-	45,289	55,557
Customer Deposits	26,001	914,294	940,295	923,765
Non-Current Liabilities:				
Due within One Year	5,703,299	3,199,317	8,902,616	8,436,316
Due in More Than One Year	76,181,755	10,044,975	86,226,730	59,237,852
Total Liabilities	86,925,034	15,254,345	102,179,379	73,946,881
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	129,471,095	49,639,925	179,111,020	180,375,868
Restricted				
Debt Service	1,698,555	-	1,698,555	1,007,330
Promotion of Tourism and Hotel Industry	1,993,040	-	1,993,040	27,603
Court Technology	77,179	-	77,179	83,827
Building Security	66,716	-	66,716	72,462
Other purposes	32,449	-	32,449	17,897
Unrestricted	21,596,253	14,319,525	35,915,778	31,361,992
Total Net Assets	\$ 154,935,287	\$ 63,959,450	\$ 218,894,737	\$ 212,946,979

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, 2012

Functions/Programs	Program Revenues			Net (Expense)/Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business - Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 6,485,716	\$ 208,734	\$ -	\$ -	\$ (6,276,982)	\$ -	\$ (6,276,982)
Public Safety	15,130,157	2,101,058	164,749	-	(12,864,350)	-	(12,864,350)
Development Services	879,253	956,089	-	-	76,836	-	76,836
Streets	5,028,071	378,982	-	568,285	(4,080,804)	-	(4,080,804)
Parks and Recreation	4,963,327	114,164	-	-	(4,849,163)	-	(4,849,163)
Visitor Services	6,852,198	2,429,686	-	-	(4,422,512)	-	(4,422,512)
Interest on Long-Term Debt	1,898,595	-	-	-	(1,898,595)	-	(1,898,595)
Total Governmental Activities	41,237,317	6,188,713	164,749	568,285	(34,315,570)	-	(34,315,570)
Business-Type Activities:							
Airport	4,505,476	4,255,547	-	1,258,798	-	1,008,869	1,008,869
Utilities	9,075,186	11,128,700	-	-	-	2,053,514	2,053,514
Total Business-Type Activities	13,580,662	15,384,247	-	1,258,798	-	3,062,383	3,062,383
Total Primary Government	\$ 54,817,979	\$ 21,572,960	\$ 164,749	\$ 1,827,083	\$ (34,315,570)	\$ 3,062,383	\$ (31,253,187)
GENERAL REVENUES:							
Taxes:							
Property Taxes, Levied for General Purposes					17,400,696	-	17,400,696
Sales Taxes					11,988,116	-	11,988,116
Franchise Taxes					2,699,520	-	2,699,520
Hotel/Motel Taxes					4,295,149	-	4,295,149
Interest on Investments					99,065	(51,843)	47,222
Miscellaneous					769,837	405	770,242
Total General Revenues					37,252,383	(51,438)	37,200,945
Change in Net Assets					2,936,813	3,010,945	5,947,758
NET ASSETS, Beginning of Year					151,998,474	60,948,505	212,946,979
NET ASSETS, End of Year					\$ 154,935,287	\$ 63,959,450	\$ 218,894,737

See accompanying notes to basic financial statements.

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

**Governmental Funds
Balance Sheet
September 30, 2012**

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments	\$ 11,645,648	\$ 2,387,037	\$ 1,214,300	\$ 761,502	\$ 41,095,010	\$ 1,014,714	\$ 58,118,211
Receivables:							
Ad Valorem Taxes, Including Interest and Penalties	254,297	-	107,797	-	-	-	362,094
Non-Property Taxes	2,206,497	339,728	-	-	-	-	2,546,225
Franchise Fees	493,279	-	-	-	-	-	493,279
Service Fees	1,209,758	-	-	-	-	-	1,209,758
Ambulance	222,651	-	-	-	-	-	222,651
Interest	2,397	456	230	145	7,805	194	11,227
Other	-	245,192	-	-	-	1,187,678	1,432,870
Interfund	1,191,561	36,974	-	-	-	-	1,191,561
Prepaid Items	57,054	-	-	-	-	-	57,054
Inventories, at Cost	114,733	-	-	-	-	-	114,733
Total Assets	\$ 17,397,875	\$ 3,009,387	\$ 1,322,327	\$ 761,647	\$ 41,102,815	\$ 2,202,586	\$ 65,796,637
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 1,859,850	\$ 945,546	\$ -	\$ -	\$ 163,359	\$ 301,806	\$ 3,270,561
Contracts and Retainage Payable	-	-	-	-	1,299,564	-	1,299,564
Interfund Payable	-	-	-	-	-	1,191,561	1,191,561
Accrued Interest	-	-	122,333	-	-	-	122,333
Intergovernmental Payable	23,069	9,277	12,943	-	-	-	45,289
Customer Deposits	1,451	24,550	-	-	-	-	26,001
Deferred Revenue	3,140,441	-	107,797	-	-	859	3,249,097
Total Liabilities	5,024,811	979,373	243,073	-	1,462,923	1,494,226	9,204,406
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Inventories	114,733	-	-	-	-	-	114,733
Prepaid Items	57,054	36,974	-	-	-	-	94,028
Restricted	-	-	-	-	-	-	-
Debt service	-	-	1,079,254	761,647	-	-	1,840,901
Promotion of Tourism and Hotel Industry	-	1,993,040	-	-	-	-	1,993,040
Capital Projects	-	-	-	-	39,639,892	14,732	39,654,624
Court Technology	-	-	-	-	-	77,179	77,179
Building Security	-	-	-	-	-	66,716	66,716
Other purposes	-	-	-	-	-	36,793	36,793
Committed	-	-	-	-	-	516,823	516,823
Economic development	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Other purposes	23,061	-	-	-	-	-	23,061
Unassigned	12,178,216	-	-	-	-	(3,883)	12,174,333
Total Fund Balance	12,373,064	2,030,014	1,079,254	761,647	39,639,892	708,560	56,582,231
Total Liabilities and Fund Balance	\$ 17,397,875	\$ 3,009,387	\$ 1,322,327	\$ 761,647	\$ 41,102,815	\$ 2,202,586	\$ 65,796,637

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Total Fund Balances - Governmental Funds	\$ 56,592,231
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 assets. The effect of this consolidation is to increase net assets.	9,343,803
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 \$256,679,242, net of accumulated depreciation of \$89,315,460, exclusive of the capital assets of internal service funds with a net carrying value of \$2,702,284, included above increased net assets in the government-wide financial statements.	167,363,782
Debt issue costs have been reflected net of amortization in the government-wide financial statements.	521,571
Bonds payable, contractual obligations, and related premium and deferred refunding amounts have not been included in the fund financial statements.	(80,685,283)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(813,229)
Net OPEB obligation is not reflected in the fund financial statements.	(386,542)
Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net assets.	(250,143)
Revenue from property taxes, sales taxes, franchise fees, court bonds, ambulance billing, and intergovernmental grants is deferred 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.	<u>3,249,097</u>
Net Assets of Governmental Activities	<u><u>\$ 154,935,287</u></u>

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, 2012

	General	Hotel	General Obligation Debt Service	Hotel Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental
REVENUES:							
Ad Valorem Taxes	\$ 10,933,472	\$ -	\$ 5,984,930	\$ -	\$ -	\$ 553,240	\$ 17,471,642
Non-Property Taxes	11,888,630	4,295,149	-	-	-	-	16,183,779
Franchise Fees	2,727,370	-	-	-	-	-	2,727,370
Licenses and Permits	953,709	-	-	-	-	-	953,709
Intergovernmental	-	-	-	-	-	2,676,792	2,676,792
Service Fees	1,443,787	1,660,805	-	-	-	-	3,104,592
Fines and Forfeitures	1,071,177	-	-	-	-	137,596	1,208,773
Earnings on Investments	19,928	3,883	7,383	2,517	38,115	4,146	75,972
Rental Charges	162,738	768,881	-	-	-	-	931,619
Recycling Proceeds	26,414	-	-	-	-	-	26,414
Other	78,283	11,394	-	-	392,206	1,126	483,009
Total Revenues	29,305,508	6,740,112	5,992,313	2,517	430,321	3,372,900	45,843,671
EXPENDITURES:							
Current:							
General Government	6,082,779	-	-	-	-	52,412	6,135,191
Public Safety	14,372,574	-	-	-	-	703,183	15,075,757
Development Services	886,705	-	-	-	-	-	886,705
Streets	1,612,699	-	-	-	-	-	1,612,699
Parks and Recreation	4,269,381	-	-	-	-	-	4,269,381
Visitor Services	-	6,171,479	-	-	-	-	6,171,479
Municipal Court	-	-	-	-	-	54,370	54,370
Economic Development	-	-	-	-	-	469,679	469,679
Debt Service:							
Principal Retirement	-	-	4,118,040	620,000	-	-	4,738,040
Interest and Fiscal Charges	-	-	1,810,497	108,143	-	-	1,918,640
Bond issuance costs	-	-	141,666	-	-	-	141,666
Capital Projects:							
Administration:							
Supplies	-	-	-	-	17,635	-	17,635
Maintenance and Materials	-	-	-	-	-	-	-
Design and Engineering:							
Engineering and Contractual Services	-	-	-	-	796,958	-	796,958
Construction and Equipment	-	-	-	-	3,038,501	-	3,038,501
Total Expenditures	27,224,138	6,171,479	6,070,203	728,143	3,853,094	1,279,644	45,326,701
Excess/(Deficiency) of Revenues over Expenditures	2,081,370	568,633	(77,890)	(725,626)	(3,422,773)	2,093,256	516,970
OTHER FINANCING SOURCES/(USES):							
Transfers In	-	-	513,263	670,000	75,000	-	1,258,263
Transfers Out	(75,000)	(670,000)	-	-	(2,329,679)	-	(3,074,679)
Proceeds from bond issuance	-	-	14,495,177	-	31,819,823	-	46,315,000
Premium on issuance	-	-	488,197	-	3,645,759	-	4,133,956
Payment to refunded bond escrow agents	-	-	(14,834,842)	-	-	-	(14,834,842)
Discount on issuance of bonds	-	-	(632,482)	-	-	-	(632,482)
Total Other Financing Sources/(Uses)	(75,000)	(670,000)	29,313	670,000	33,210,903	-	33,165,216
Net Change in Fund Balance	2,006,370	(101,367)	(48,577)	(55,626)	29,788,130	2,093,256	33,682,186
Fund Balances at Beginning of Year	10,366,694	2,131,381	1,127,831	817,273	9,851,762	(1,384,896)	22,910,045
Fund Balances at End of Year	\$ 12,373,064	\$ 2,030,014	\$ 1,079,254	\$ 761,647	\$ 39,639,892	\$ 708,360	\$ 56,592,231

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, 2012

Total Net Change in Fund Balances - Governmental Funds \$ 33,682,186

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 assets. 272,773

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 contributions in the government-wide financial statements. The effect of removing the capital outlays and recording the developer contributions is to increase net assets. 4,546,664

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets. (5,598,919)

The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net assets. The amortization of bond issuance costs, 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, expenses, and changes in fund balance. This amount represents the increase(decrease) in net assets of the following:

Bond proceeds	(46,315,000)	
Bond repayments	4,738,040	
Debt issuance costs	141,666	
Bond premiums	(4,133,956)	
Bond discounts	632,482	
Payments to refunding escrow agents	14,834,842	
Transfer of debt to proprietary fund	1,816,416	
Amortization	(13,248)	(28,298,758)

The change in compensated absences liability is not shown in the fund financial statements. The net effect of the current year's increase in liability is to increase net assets. 91,447

The change in the net OPEB obligation is not shown in the fund financial statements. The effect of recording the decrease in liability is to decrease net assets. (34,551)

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 assets. 20,045

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. (1,744,074)

Change in Net Assets of Governmental Activities \$ 2,936,813

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, 2012

	Budget		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Ad Valorem Taxes	\$ 10,812,470	\$ 10,907,470	\$ 10,933,472	\$ 26,002
Non-Property Taxes	10,305,340	11,695,340	11,888,630	193,290
Franchise Fees	2,597,000	2,647,000	2,727,370	80,370
Licenses and Permits	728,490	928,490	953,709	25,219
Service Fees	1,408,460	1,408,460	1,443,787	35,327
Fines and Forfeitures	1,143,500	1,068,500	1,071,177	2,677
Earnings on Investments	30,000	30,000	19,928	(10,072)
Rental Charges	153,000	153,000	162,738	9,738
Recycling Proceeds	21,000	24,000	26,414	2,414
Other	26,730	51,730	78,283	26,553
<i>Total Revenues</i>	<u>27,225,990</u>	<u>28,913,990</u>	<u>29,305,508</u>	<u>391,518</u>
EXPENDITURES:				
General Government	6,142,710	6,314,840	6,082,779	232,061
Public Safety	14,481,160	14,566,100	14,372,574	193,526
Development Services	902,300	902,300	886,705	15,595
Streets	1,648,510	1,688,510	1,612,699	75,811
Parks and Recreation	4,456,200	4,531,200	4,269,381	261,819
<i>Total Expenditures</i>	<u>27,630,880</u>	<u>28,002,950</u>	<u>27,224,138</u>	<u>778,812</u>
Excess/(Deficiency) of Revenues over Expenditures	(404,890)	911,040	2,081,370	1,170,330
OTHER FINANCING SOURCES/(USES):				
Transfers Out	-	-	(75,000)	(75,000)
Net Change in Fund Balance	(404,890)	911,040	2,006,370	1,095,330
Fund Balances at Beginning of Year	<u>10,366,694</u>	<u>10,366,694</u>	<u>10,366,694</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 9,961,804</u>	<u>\$ 11,277,734</u>	<u>\$ 12,373,064</u>	<u>\$ 1,095,330</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012

	Budget		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 4,100,000	\$ 4,200,000	\$ 4,295,149	\$ 95,149
Proceeds from Special Events	1,727,000	1,727,000	1,660,805	(66,195)
Conference Centre Rental	488,850	513,850	509,458	(4,392)
Theatre Centre Rental	78,000	78,000	77,663	(337)
Visitor Centre Rental	193,000	175,000	181,760	6,760
Earnings on Investments	15,000	15,000	3,883	(11,117)
Other	700	700	11,394	10,694
<i>Total Revenues</i>	<u>6,602,550</u>	<u>6,709,550</u>	<u>6,740,112</u>	<u>30,562</u>
EXPENDITURES:				
Visitor Services	1,053,700	1,053,700	866,853	186,847
Visit Addison	610,740	610,740	564,117	46,623
Conference Centre	1,080,980	1,080,980	1,001,378	79,602
Marketing	763,910	788,910	723,433	65,477
Special Events	2,461,960	2,478,850	2,510,948	(32,098)
Performing Arts	562,240	537,240	504,750	32,490
<i>Total Expenditures</i>	<u>6,533,530</u>	<u>6,550,420</u>	<u>6,171,479</u>	<u>378,941</u>
Excess/(Deficiency) of Revenues over Expenditures	69,020	159,130	568,633	409,503
OTHER FINANCING SOURCES/(USES):				
Transfers Out	(670,000)	(670,000)	(670,000)	-
Net Change in Fund Balance	(600,980)	(510,870)	(101,367)	409,503
Fund Balances at Beginning of Year	2,131,381	2,131,381	2,131,381	-
Fund Balances at End of Year	<u>\$ 1,530,401</u>	<u>\$ 1,620,511</u>	<u>\$ 2,030,014</u>	<u>\$ 409,503</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Assets
September 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
ASSETS:				
Current Assets:				
Cash and Investments	\$ 1,992,331	\$ 4,608,660	\$ 6,600,991	\$ 6,666,342
Interest Receivable	381	880	1,261	1,266
Accounts Receivable	381,124	2,092,061	2,473,185	-
Inventory	16	-	16	-
Total Current Assets	2,373,852	6,701,601	9,075,453	6,667,608
Non-Current Assets:				
Deferred Charges	20,922	103,658	124,580	-
Capital Assets:				
Land	8,965,020	1,312,064	10,277,084	-
Buildings	1,386,047	1,728,905	3,114,952	-
Improvements other than Buildings	34,620,779	42,105,841	76,726,620	-
Machinery and Equipment	1,316,225	2,135,490	3,451,715	12,080,352
Accumulated Depreciation	(17,523,236)	(22,666,728)	(40,189,964)	(9,378,068)
Total Capital Assets, Net of Accumulated Depreciation	28,764,835	24,615,572	53,380,407	2,702,284
Construction in Progress	1,617,799	7,833,611	9,451,410	-
Net Property, Plant, and Equipment	30,382,634	32,449,183	62,831,817	2,702,284
Investment in Joint Venture	-	7,181,945	7,181,945	-
Total Assets	\$ 32,777,408	\$ 46,436,387	\$ 79,213,795	\$ 9,369,892
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 368,311	\$ 710,124	\$ 1,078,435	\$ 26,089
Accrued Interest Payable	13,661	56,063	69,724	-
Current Maturities of Bonds Payable	290,000	2,856,917	3,146,917	-
Customer Deposits	162,216	752,078	914,294	-
Total Current Liabilities	834,188	4,375,182	5,209,370	26,089
Long-Term Debt, Net of Current Portion:				
General Obligation Bonds and Certificates of Obligation Payable	2,395,000	7,649,975	10,044,975	-
Total Liabilities	3,229,188	12,025,157	15,254,345	26,089
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	27,697,634	21,942,291	49,639,925	2,702,284
Unrestricted	1,850,586	12,468,939	14,319,525	6,641,519
Total Net Assets	\$ 29,548,220	\$ 34,411,230	\$ 63,959,450	\$ 9,343,803

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
OPERATING REVENUES:				
Water	\$ -	\$ 6,272,622	\$ 6,272,622	\$ -
Sewer	-	4,761,033	4,761,033	-
Penalties	-	65,056	65,056	-
Water and Sewer Taps and Other Fees	-	15,490	15,490	-
Fuel Flowage Fees	717,667	-	717,667	-
Customs Agent Fees	54,362	-	54,362	-
Rental Charges	3,551,536	-	3,551,536	-
Other Income/(Expense)	(68,018)	14,499	(53,519)	-
Department Contributions	-	-	-	1,161,000
<i>Total Operating Revenues</i>	<u>4,255,547</u>	<u>11,128,700</u>	<u>15,384,247</u>	<u>1,161,000</u>
OPERATING EXPENSES:				
Salaries and Fringe Benefits	362,802	1,252,883	1,615,685	-
Supplies	37,926	111,913	149,839	-
Maintenance and Materials	1,995,507	426,121	2,421,628	-
Contractual Services	701,404	691,416	1,392,820	22,525
Water Purchases	-	2,859,454	2,859,454	-
Wastewater Purchases	-	2,063,043	2,063,043	-
<i>Total Operating Expenses (Excluding Depreciation)</i>	<u>3,097,639</u>	<u>7,404,830</u>	<u>10,502,469</u>	<u>22,525</u>
Depreciation	1,291,802	1,091,340	2,383,142	940,236
<i>Total Operating Expenses</i>	<u>4,389,441</u>	<u>8,496,170</u>	<u>12,885,611</u>	<u>962,761</u>
OPERATING INCOME/LOSS	<u>(133,894)</u>	<u>2,632,530</u>	<u>2,498,636</u>	<u>198,239</u>
NON-OPERATING REVENUES/(EXPENSES):				
Investment Income	8,338	(60,181)	(51,843)	23,094
Sale of Assets	-	405	405	51,440
Gain/(Loss) of the Joint Venture	-	(56,938)	(56,938)	-
Interest Expense	(113,710)	(454,356)	(568,066)	-
Amortization Expense	(2,325)	(44,532)	(46,857)	-
Fiscal Fees	-	(23,190)	(23,190)	-
<i>Total Non-Operating Revenues/(Expenses)</i>	<u>(107,697)</u>	<u>(638,792)</u>	<u>(746,489)</u>	<u>74,534</u>
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(241,591)</u>	<u>1,993,738</u>	<u>1,752,147</u>	<u>272,773</u>
Capital Contributions	1,258,798	-	1,258,798	-
CHANGE IN NET ASSETS	<u>1,017,207</u>	<u>1,993,738</u>	<u>3,010,945</u>	<u>272,773</u>
Net Assets at Beginning of Year	<u>28,531,013</u>	<u>32,417,492</u>	<u>60,948,505</u>	<u>9,071,030</u>
Net Assets at End of Year	<u>\$ 29,548,220</u>	<u>\$ 34,411,230</u>	<u>\$ 63,959,450</u>	<u>\$ 9,343,803</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Airport	Utility	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 4,333,858	\$ 11,270,820	\$ 15,604,678	\$ 1,161,000
Payments to Suppliers	(2,499,772)	(6,408,724)	(8,908,496)	3,564
Payments to Employees for Services	(362,802)	(1,252,883)	(1,615,685)	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>1,471,284</u>	<u>3,609,213</u>	<u>5,080,497</u>	<u>1,164,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(1,235,867)	(2,520,889)	(3,756,756)	(591,353)
Principal Paid on Certificates of Obligation and General Obligation Bonds	(275,000)	(2,731,960)	(3,006,960)	-
Interest Paid on Certificates of Obligation and General Obligation Bonds	(115,084)	(456,298)	(571,382)	-
Proceeds from Sale of Capital Assets	-	1,816,416	1,816,416	134,249
Fiscal Fees Related to Outstanding Debt	-	405	405	-
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(1,625,951)</u>	<u>(3,892,326)</u>	<u>(5,518,277)</u>	<u>(457,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Cash and Investments	13,476	(71,770)	(58,294)	36,887
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>13,476</u>	<u>(71,770)</u>	<u>(58,294)</u>	<u>36,887</u>
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	(141,191)	(354,883)	(496,074)	744,347
Cash and Cash Investments, October 1	2,133,522	4,963,543	7,097,065	5,921,995
Cash and Cash Investments, September 30	<u>\$ 1,992,331</u>	<u>\$ 4,608,660</u>	<u>\$ 6,600,991</u>	<u>\$ 6,666,342</u>
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (133,894)	\$ 2,632,530	\$ 2,498,636	\$ 198,239
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:				
Depreciation	1,291,802	1,091,340	2,383,142	940,236
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivables	7,093	132,349	139,442	-
(Increase)/Decrease in Inventories	-	-	-	-
(Increase)/Decrease in Prepaid Items	166,277	63,998	230,275	-
Increase/(Decrease) in Accounts Payable	136,806	(320,774)	(183,968)	26,089
Increase/(Decrease) in Customer Deposits	3,200	9,770	12,970	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 1,471,284</u>	<u>\$ 3,609,213</u>	<u>\$ 5,080,497</u>	<u>\$ 1,164,564</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions	\$ 1,258,798	\$ -	\$ 1,258,798	\$ -
Gain/(Loss) of Joint Venture	-	(56,938)	(56,938)	-
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ 1,258,798</u>	<u>\$ (56,938)</u>	<u>\$ 1,201,860</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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NOTES TO FINANCIAL STATEMENTS
September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's charter was amended by an election on January 16, 1993. The Town operates as a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the Town and its inhabitants.

The Town is a financial reporting entity as defined by GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*." The Town's financial statements include the accounts of all Town operations. As required by generally accepted accounting principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town (the primary government) is financially accountable if it appoints a voting majority of organization's governing board, and (1) it has the ability to impose its will on the organization, or (2) there is potential for the organization to provide a financial benefit or impose a financial burden on the Town. The Town is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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. 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, 2012

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.

American Recovery and Reinvestment Act (ARRA) Grant Fund – The American Recovery and Reinvestment Act (ARRA) Grant Fund accounts for receipts and expenditures of ARRA grant monies. The Act requires the separation of ARRA funds from other grant monies.

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.

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 governmental funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item’s expected life. The funds are used to finance replacement equipment when needed.

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 governmental funds. The charges are calculated using a straight-line amortization of each component of a system based upon the component’s expected life. The funds are used to finance replacement equipment when needed.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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

D. Assets, Liabilities, and Net Assets or Equity

1) Cash and Investments

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

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities; obligations of the State of Texas and related agencies; obligations of state, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service; certificates of deposit issued by state or national banks and savings banks domiciled in Texas; fully collateralized direct repurchase agreements; prime domestic banker's acceptances (BA's); commercial paper with a stated maturity of 180 days or less 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, 2012 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 and postage.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 decreased \$39,048 for a total liability of \$865,629.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is \$1,827,083 of grants; \$1,258,798 for improvements at the Addison Airport and \$568,285 for other various projects. Operating grants included \$164,749 of funding for public safety initiatives.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

7) 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. The Town Council has delegated the responsibility to assign funds to the CFO or his designee. Assignments may occur subsequent to fiscal year end.

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

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

8) Comparative Data/Reclassification

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

- 1) Prior to August 1 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

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

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

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

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. During the fiscal year, several budget amendments were approved by the City Council. The most notable amendments are described in the remainder of this section. In the General Fund, Sales Tax revenue was increased \$1,390,000 due to higher than expected sales in the Town, resulting in higher collection of sales tax revenue. Building and construction permit revenue was increased \$200,000 due to higher than expected building and construction projects. The General Services budget was increased \$100,000 for improvements to the Service Center. Hotel Fund occupancy revenue was increased \$100,000 for additional hotel occupancy tax. The Reimbursement Grant Fund grant funding was increased \$1,324,000 for capital projects. The ARRA Grant fund recognized an additional \$512,320 in grant funding expenses. The GO Debt Service Fund principal payments budget was increased \$172,850 to recognize the additional payments due. The Street Capital Project and 2006 Capital Project funds expenditures were decreased \$520,000 and \$180,000, respectively, due to delay in planned projects. The 2002 Capital Project and 2004 Capital project funds were increased \$849,880 and \$275,970, respectively for additional expenses related to the Belt Line Streetscape. The 2008 Capital Project fund expenditures were increased \$1,650,640 to recognize additional project expenses. The Utility Enterprise fund revenue was increased \$100,000 to reflect additional revenue received and increased \$457,890 in expenses for the Elevated Storage Tank. The Capital Replacement Internal Service fund was increased \$170,000 for the purchase of the self-contained breathing apparatus.

Excess of Expenditures over Appropriations – For the year ended September 30, 2012, expenditures in the General Fund's Combined Services department exceeded appropriations by \$86,310 due to higher than anticipated legal services. Police expenditures exceeded appropriations by \$66,794 due to the inability to share Animal Control services as anticipated. In the Hotel Fund, Special Event expenditures exceeded appropriations by \$32,098 due to heavier than anticipated attendance. Available fund balance was sufficient to provide for the excess expenditures.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the amounts will be expended the subsequent fiscal year.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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, 2012. Included in Cash and Investments is \$7,129 of petty cash. At year-end, the carrying amount of the Town's deposits was a debit balance of \$271,371 primarily consisting of outstanding checks. The respective bank balance totaled \$2,349,962. The general ledger account balance is negative due to the cash management policy of the Town. Under this policy, idle cash is invested until checks are presented to the Town's bank. The balance, therefore, is reflective of the timing differences of when checks were issued and presented to the bank. The full bank balance was covered by Federal Deposit Insurance. In addition, collateral with a market value of \$5,861,344 was held by the pledging financial institution's account at the Federal Reserve Bank in the Town's name.

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

External Investment Pools

The Town's pool investments as of September 30, 2012 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.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2012

Investments

As of September 30, 2012, the Town held the following investments:

	<u>Fair Value</u>	<u>Average Maturity (Days)</u>
Agency Securities	\$ 11,024,200	366
Commercial Paper	8,995,378	34
Certificate of Deposit	6,574,498	108
<i>Total Investment in Securities</i>	<u>26,594,076</u>	
TexStar	3,853,093	
TexPool	40,665,359	
<i>Total Investment in Pools</i>	<u>44,518,452</u>	1
<i>Total Investments</i>	<u>\$ 71,112,528</u>	122

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, 2012 was \$71,107,044, of which \$55,509,744 had maturities of less than one year at time of purchase.

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)

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 meet 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.

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 15.5%, Commercial Paper (30%) of which the Town's portfolio is currently at 12.7%, Certificates of Deposit (30%) of which the Town's portfolio is currently at 9.3%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 62.5%. The Town received a large deposit in September that was invested in the Local Government Investment Pool which put the Town over the limit for Local Government Investment Pool investments. The funds were reinvested in October to reallocate the investments.

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, 2011, upon which the fiscal year 2012 levy is based, was \$3,028,042,568.

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, 2012 was \$.5800 per \$100, of which \$.3819 was allocated for general government and \$.1981 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, 2012 were 98.4% 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

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

Taxes are recognized as revenue beginning on the date of levy when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred revenues and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue of the period to which they apply. An allowance for uncollectible taxes, including principal and interest, is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2012 was \$104,781.

C. Receivables

As of September 30, 2012, 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:

	<u>General</u>	<u>Hotel</u>	<u>Debt Service</u>	<u>Hotel Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Taxes:								
Ad Valorem	\$ 322,110	\$ -	\$ 144,764	\$ -	\$ -	\$ -	\$ -	\$ 466,874
Non-Property	2,206,497	339,728	-	-	-	-	-	2,546,225
Franchise Fees	493,279	-	-	-	-	-	-	493,279
Service Fees	1,409,701	-	-	-	-	-	-	1,409,701
Ambulance	286,503	-	-	-	-	-	-	286,503
Interest	2,397	456	230	145	7,805	194	1,266	12,493
Interfund	1,191,561	-	-	-	-	-	-	1,191,561
Other	-	245,192	-	-	-	1,187,678	-	1,432,870
Gross Receivables	\$ 5,912,048	\$ 585,376	\$ 144,994	\$ 145	\$ 7,805	\$ 1,187,872	\$ 1,266	\$ 7,839,506
Less: Allowance for Uncollectibles	331,608	-	36,967	-	-	-	-	368,575
Net Receivables	\$ 5,580,440	\$ 585,376	\$ 108,027	\$ 145	\$ 7,805	\$ 1,187,872	\$ 1,266	\$ 7,470,931

The allowance for uncollectible accounts represents reserves for ambulance (\$63,852), court warrants (\$199,942), and property taxes (\$104,781).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

D. Capital Assets

Capital Asset activity for the year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not Depreciable:					
Land	\$ 66,233,099	\$ -	\$ -	\$ -	\$ 66,233,099
Construction in Progress	33,748,347	3,928,576	-	(29,863,228)	7,813,695
<i>Total Capital Assets, not Depreciable</i>	<u>99,981,446</u>	<u>3,928,576</u>	<u>-</u>	<u>(29,863,228)</u>	<u>74,046,794</u>
Capital Assets, Depreciable:					
Buildings	21,409,464	-	-	-	21,409,464
Improvements other than Buildings	128,253,389	537,182	-	29,863,228	158,653,799
Machinery and Equipment	14,083,759	672,260	(106,481)	-	14,649,538
<i>Total Capital Assets, Depreciable</i>	<u>163,746,612</u>	<u>1,209,442</u>	<u>(106,481)</u>	<u>29,863,228</u>	<u>194,712,801</u>
Less Accumulated Depreciation for:					
Buildings	(9,765,929)	(556,814)	-	-	(10,322,743)
Improvements other than Buildings	(71,977,248)	(4,860,425)	-	-	(76,837,673)
Machinery and Equipment	(10,517,680)	(1,121,914)	106,481	-	(11,533,113)
<i>Total Accumulated Depreciation</i>	<u>(92,260,857)</u>	<u>(6,539,153)</u>	<u>106,481</u>	<u>-</u>	<u>(98,693,529)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>71,485,755</u>	<u>(5,329,711)</u>	<u>-</u>	<u>29,863,228</u>	<u>96,019,272</u>
<i>Governmental Activities Capital Assets, net</i>	<u>\$ 171,467,201</u>	<u>\$ (1,401,135)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,066,066</u>
Business-type Activities:					
Capital Assets, not Depreciable:					
Land	\$ 10,223,421	\$ 53,663	\$ -	\$ -	\$ 10,277,084
Construction in Progress	15,964,000	3,597,464	-	(10,110,054)	9,451,410
<i>Total Capital Assets, not Depreciable</i>	<u>26,187,421</u>	<u>3,651,127</u>	<u>-</u>	<u>(10,110,054)</u>	<u>19,728,494</u>
Capital Assets, Depreciable:					
Buildings	3,114,952	-	-	-	3,114,952
Improvements other than Buildings	65,354,462	1,262,104	-	10,110,054	76,726,620
Machinery and Equipment	3,349,392	102,323	-	-	3,451,715
<i>Total Capital Assets, Depreciable</i>	<u>71,818,806</u>	<u>1,364,427</u>	<u>-</u>	<u>10,110,054</u>	<u>83,293,287</u>
Less Accumulated Depreciation for:					
Buildings	(1,646,687)	(62,299)	-	-	(1,708,986)
Improvements other than Buildings	(33,661,257)	(2,150,937)	-	-	(35,812,194)
Machinery and Equipment	(2,498,877)	(169,907)	-	-	(2,668,784)
<i>Total Accumulated Depreciation</i>	<u>(37,806,821)</u>	<u>(2,383,143)</u>	<u>-</u>	<u>-</u>	<u>(40,189,964)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>34,011,985</u>	<u>(1,018,716)</u>	<u>-</u>	<u>10,110,054</u>	<u>43,103,323</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 60,199,406</u>	<u>\$ 2,632,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,831,817</u>

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

	Governmental Activities	Business-type Activities
General Government	\$ 344,557	\$ -
Public Safety	727,095	-
Development Services	23,076	-
Streets	3,961,039	-
Parks and Recreation	778,142	-
Visitor Services	705,244	-
Airport Fund	-	1,291,802
Utility Fund	-	1,091,340
	<u>\$ 6,539,153</u>	<u>\$ 2,383,142</u>

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2012:

Project	Estimated Commitments	Less Expenditures to Date	Total Unfinished Commitments
Governmental Activities			
UDR Infrastructure – Phase 1	\$ 27,500,000	\$ 26,807,291	\$ 692,709
Spring Valley Intersection Improvements	<u>4,500,000</u>	<u>4,332,076</u>	<u>167,924</u>
	<u>32,000,000</u>	<u>31,139,367</u>	<u>860,633</u>
Business-type Activities			
Elevated Water Storage Tank	<u>6,500,000</u>	<u>6,122,448</u>	<u>377,552</u>
	<u>\$ 38,500,000</u>	<u>\$ 37,261,815</u>	<u>\$ 1,238,185</u>

E. Interlocal Sanitary Sewer Interceptor Agreement

The Town is party to an interlocal agreement, which establishes a non-profit water supply corporation (North Dallas County Water Supply Corporation) for the purpose of constructing, maintaining, and operating a joint sanitary sewer interceptor with the City of Farmers Branch. The non-profit water supply corporation is governed by a six-member board composed of three appointees from each entity. The Town was obligated for construction costs of the project in proportion to its percentage of allocated flows for each specific portion of the project as set forth in the agreement. The Town is also obligated to pay 55% of all general overhead costs. Operating and maintenance costs since the project became operational shall be paid in accordance with respective percentages of allocated flows as set forth in the agreement.

The Town's net investment and its share of general overhead expenses are reported in the Town's Utility Fund (an enterprise fund). The Town's equity interest in the North Dallas County Water Supply Corporation of \$7,181,945, net of \$2,685,000 of related debt, is included in Unrestricted Net Assets. 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.

NOTES TO FINANCIAL STATEMENTS
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F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2012:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding and Improvement Bonds Series of 2002		
A series of 5,075 bonds at \$5,000 each dated September 15, 2002. The bonds were issued to fund various public improvements, refund the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; and Waterworks and Sewer Revenue Refunding Bonds, Series 1993; and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2017 with interest rates ranging from 2.0% to 5.0%. The bonds are callable at par plus accrued interest on or after August 15, 2012 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"; FGIC Insured	1,085,000	2,685,000
Combination Tax and Revenue Certificates of Obligation Series of 2003		
A series of 1,600 bonds at \$5,000 each dated June 1, 2003. The bonds were issued for the purpose of additions and improvements to the Addison Conference Center facilities and to pay costs associated with the issuance of the bonds. The bonds mature serially through 2018 with interest rates ranging from 3.0% to 3.75%. The bonds are callable at par plus accrued interest on or after February 15, 2014 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from a combination of Ad Valorem taxes and hotel occupancy taxes. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured	595,000	
General Obligation Bonds Series of 2004		
A series of 2,139 bonds at \$5,000 each dated August 15, 2004. The bonds were issued for the purpose of constructing an extension of Arapaho Road from Addison Road to Surveyor Road including construction of a bridge over Midway Road with related pedestrian walkways, for resurfacing Belt Line Road and for engineering and design of improvements to the Belt Line Road/Dallas Parkway intersection, and to pay costs associated with the issuance of the bonds. The bonds mature serially through 2018 with interest rates ranging from 3.5% to 4.5%. The bonds are callable at par plus accrued interest on or after February 15, 2015 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"; FSA Insured	1,495,000	
Combination Tax and Revenue Certificates of Obligation Series of 2004		
A series of 880 bonds at \$5,000 each dated November 15, 2004. The bonds were issued for the purpose of constructing improvements to and expanding the Addison Airport including improvements to runways, taxiways, lighting, drainage systems and facilities, the construction, design and engineering of a fuel farm, and to pay costs associated with the issuance of the certificates. The bonds mature serially through 2020 with interest rates ranging from 3.5% to 4.25%. The bonds are callable at par plus accrued interest on or after February 15, 2015 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"; MBIA Insured		2,685,000

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	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding and Improvement Bonds Series 2005		
A series of 1,571 bonds at \$5,000 each dated November 1, 2005. The bonds were issued to fund various public improvement projects up to \$1,500,000 to include engineering and other professional services, refund the Town's outstanding General Obligation Bonds, Series 1995; Combination Tax and Revenue Certificates of Obligation, Series 1997; \$4,335,000 of General Obligation Bonds, Series 2000; and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2021 with interest rates ranging from 3.5% to 4.0%. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from Ad Valorem taxes. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured	2,860,000	
Combination Tax and Revenue Certificates of Obligation Series of 2008		
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. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	25,489,314	7,890,686
General Obligation Refunding Bonds Series of 2011		
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"	8,695,000	
General Obligation Refunding and Improvement Bonds Series of 2012		
A series of 4,518 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to (i) public improvements (ii) improvements to Belt Line Road (iii) acquisition of high speed communications and related wireless network infrastructure (iv) public park improvements and (v) refund a portion of the Town's outstanding General Obligation Bonds, Series 2004 and General Obligation Refunding and Improvement Bonds Series 2005 and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2032 with interest rates ranging from 2.0% 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"	22,590,000	

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	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series of 2012		
A series of 2,967 bonds at \$5,000 each dated August 15, 2012. The bonds were issued to (i) acquiring and installing radio and telecommunications equipment for Town public safety operations (ii) designing, acquiring, improving, constructing and renovating water, wastewater and street infrastructure improvements and (iii) to pay costs associated with the issuance of the bonds. The bonds mature serially through 2032 with interest rates ranging from 1.5% to 4%. 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"	14,835,000	
Total Long-Term Debt Outstanding	<u>\$ 77,644,314</u>	<u>\$ 13,260,686</u>

Changes in Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2012 was as follows (in thousands of dollars):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 19,575	\$ 31,480	\$ (14,330)	\$ 36,725	\$ 3,480
Premium on General Obligation Refunding Bonds	59	4,134	(88)	4,105	269
Discount on General Obligation Refunding Bonds	-	(405)	-	(405)	(21)
Deferred Loss on Refunding Amount on G.O. Bonds	(44)	(700)	62	(682)	(62)
Certificates of Obligation	32,443	14,835	(6,359)	40,919	1,221
Premium on Certificates of Obligation	24	-	(2)	22	2
Compensated Absences	905	866	(957)	814	814
Net OPEB Obligation	352	183	(148)	387	-
Long-Term Liabilities – Governmental Activities	<u>\$ 53,314</u>	<u>\$ 50,393</u>	<u>\$ (21,822)</u>	<u>\$ 81,885</u>	<u>\$ 5,703</u>
Business-type Activities:					
General Obligation Bonds	\$ 5,275	\$ -	\$ (2,590)	\$ 2,685	\$ 2,685
<i>(Payable from utility system revenues)</i>					
Discount on General Obligation Refunding Bonds	(35)	-	7	(28)	(7)
Deferred Loss on Refunding Amount on G.O. Bonds	(61)	-	15	(46)	(15)
Combination Tax and Revenue Certificates of Obligation	2,960	-	(275)	2,685	290
<i>(Payable from levy of Ad Valorem tax)</i>					
Combination Tax and Revenue Certificates of Obligation	6,216	1,816	(141)	7,891	193
<i>(Payable from utility system revenues)</i>					
Premium on Combination Tax and Revenue C.O.	5	-	-	5	1
Compensated Absences	-	73	(21)	52	52
Long-Term Liabilities – Business-type Activities	<u>\$ 14,360</u>	<u>\$ 1,889</u>	<u>\$ (3,005)</u>	<u>\$ 13,244</u>	<u>\$ 3,199</u>

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The Series 2008, Combination Tax and Revenue Certificates of Obligation, were originally reported as governmental activities. During the fiscal year ended September 30, 2012, the Town allocated \$1,816,416 of the proceeds and the related debt to the Utility Fund. The Town recorded the transfer of the cash out of the Capital Projects as an operating transfer. Cash transferred of \$1,816,416 was recorded in the Utility Fund. Additionally, an entry to record the transfer of the debt was recorded for governmental activities on the government wide statements to reflect the transfer of the debt to business type activities.

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 \$1,062,580 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.

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 as September 30, 2012.

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.

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

	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
General Obligation Bonds:				
2013	\$ 3,480,000	\$ 1,296,972	\$ 2,685,000	\$ 48,666
2014	3,815,000	1,185,575	-	-
2015	3,935,000	1,067,706	-	-
2016-2020	12,220,000	3,818,731	-	-
2021-2025	4,670,000	2,465,431	-	-
2026-2030	5,870,000	1,181,906	-	-
2031-2032	2,735,000	85,172	-	-
	<u>\$ 36,725,000</u>	<u>\$ 11,101,493</u>	<u>\$ 2,685,000</u>	<u>\$ 48,666</u>
Certificates of Obligation:				
2013	\$ 1,221,161	\$ 1,553,871	\$ 483,839	\$ 450,789
2014	1,036,153	1,512,213	558,847	429,935
2015	1,068,152	1,474,026	586,848	407,021
2016-2020	8,519,828	6,597,447	3,340,172	1,641,933
2021-2025	10,270,602	4,942,241	1,964,398	1,080,271
2026-2030	10,434,299	2,719,027	2,245,701	639,492
2031-2035	7,174,119	747,360	1,395,881	44,525
2036-2037	1,195,000	40,753	-	-
	<u>\$ 40,919,314</u>	<u>\$ 19,586,938</u>	<u>\$ 10,575,686</u>	<u>\$ 4,693,966</u>

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G. Property Under Operating Leases

The Town leases land with a book value of \$63,560 to tenants under non-cancelable lease agreements. The following is a schedule by year of minimum lease rental receipts as of September 30, 2012.

2013	2014	2015	2016	Thereafter	Total
\$ 260,000	\$ 260,000	\$260,000	\$260,000	\$190,000	\$ 1,230,000

H. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2012 is as follows:

	Interfund Receivables:	
Interfund Payables:	General Fund	
Reimbursement Grant Fund	\$ 633,647	Loan for grant expenditures, reimbursement expected in subsequent year
ARRA Grant Fund	557,914	Loan for grant expenditures, reimbursement expected in subsequent year
Total	<u>\$ 1,191,561</u>	

Transfers between funds during the year ended September 30, 2012 were comprised of the following:

Fund	Transfers In	Transfers Out	Purpose of Transfer
Parks Capital Projects Fund	\$ 75,000	\$ -	Reimbursement of Project Expenses
General Fund	-	75,000	Reimbursement of Project Expenses
2004 Capital Project Fund	-	14	Close fund
GO Debt Service Fund	14	-	Close fund
2008 Capital Project Fund	-	1,816,416	Transfer of Debt
Hotel Fund	-	670,000	For payment of debt service
Hotel Debt Service Fund	670,000	-	For payment of debt service
<i>Total Transfers</i>	<u>\$ 745,014</u>	<u>\$ 2,561,430</u>	

The transfers above do not balance by the amount of debt that was transferred from governmental activities to business type activities. The transfer of \$1,816,416 was recorded for the governmental activities at the government-wide statement level.

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 2012, 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 three years.

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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.

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

B. Employee's Retirement System

1) Pension Plan

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 833 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2011 valuations are contained in the 2011 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System's web site at: <http://www.tMrs.org/publications.php>

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began based on a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. Beginning in 1994, the Town adopted on an annually repeating basis another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. 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

NOTES TO FINANCIAL STATEMENTS
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Funding Policy

Under the state law governing TMRS, the actuary annually determines the Town contribution rate on a calendar year basis. The rate for calendar year 2011 is 15.10%, and the rate for 2012 is 10.83%. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the Town matching percent, which are the obligation of the Town as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the Town to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's amortization period. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2012 valuation is effective for rates beginning January 2014).

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost of \$1,934,462 was equal to the required contribution. As reflected in the schedule, the Town satisfied its requirements for all three years; therefore there is no net pension obligation. The analysis of funding progress, included as required supplementary information following the notes to the financial statements, presents multiyear trend information about the actuarial value of plan assets in relation to the actuarial accrued liability for benefits.

	Fiscal Year Ending September 30		
	2010	2011	2012
Annual Pension Cost	\$ 2,238,741	\$ 2,328,673	\$ 1,934,462
Contributions Made	2,238,741	2,328,673	1,934,462
Net Pension Obligation (NPO) at End of Year	\$ -	\$ -	\$ -
Contributions as a % of Annual Pension Cost	100%	100%	100%

Funding Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 98.6% funded. The actuarial accrued liability for benefits was \$90,615,578, and the actuarial value of assets was \$89,359,781, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,255,797. The covered payroll (annual payroll of active employees covered by the plan as of the valuation date) was \$15,787,262, and the ratio of the UAAL to the covered payroll was 8%.

Changes in Actuarial and Amortization Methods

Since its inception, TMRS used the traditional Unit Credit actuarial funding method. This method accounted for the liability accrued as of the valuation date but did not project the potential future liability of provisions adopted by a city. The Town, as well as the majority of cities participating in TMRS, had adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be "committed" benefits (or likely to be guaranteed); as such, at its December 8, 2007 meeting, the TMRS Board adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. For the

NOTES TO FINANCIAL STATEMENTS
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December 31, 2007 valuation and subsequent annual valuations, the TMRS Board determined that the PUC method would be used.

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

At its December 30, 2008 meeting, the City Council decided to withdraw the automatic repeating annuity increases to retirees, electing to approve these benefits on an ad hoc, or annual, basis in order to reduce the required contribution rate and improve funded status. The City Council approved annuity increases for calendar year 2010 on December 8, 2009, calendar year 2011 on November 23, 2010 and calendar year 2012 on November 22, 2011.

	2009	2010	2011
Actuarial Assumptions:			
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	28 Yrs - Closed	20.5 Yrs - Closed	14.6 Yrs - Closed
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Investment Rate of Return	7.5%	7.0%	7.0%
Inflation	3%	3%	3%
Projected Salary Increases	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

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 2012 contribute \$346 to \$1,465 per month depending on coverage levels selected. In fiscal year 2012, total retiree contributions were \$124,440. The Town contributions to the plan for fiscal year 2012, which are also equal to premiums paid in excess of premiums collected from retirees, were \$26,428.

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 2012.

Annual Required Contribution	\$ 181,735
Interest on OPEB Obligation	15,840
Adjustment to ARC	<u>(14,675)</u>
Annual OPEB Cost (Expense)	182,900
Contributions Made	<u>(148,348)</u>
Change in OPEB Obligation	34,552
Net OPEB Obligation (Asset) – Beginning of Year	<u>351,990</u>
Net OPEB Obligation (Asset) – End of Year	<u>\$ 386,542</u>

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, 2012 and the preceding two fiscal years were as follows:

Fiscal Year	Annual OPEB Costs	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 254,772	\$ 22,125	8.7%	\$ 464,469
2011	177,978	290,457*	163.2%	351,990
2012	182,900	148,348	81.1%	386,542

* Employer contributions for the fiscal year ending September 30, 2011 includes historical implicit subsidies which were not reflected in prior years.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,968,533, none of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$15,557,784, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.7%. Of the total actuarial accrued liability, \$1,436,129, or 73.0%, 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 \$372.87. The estimate for a male employee or retiree who is 60 years old is \$1,125.39. 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.

In the December 31, 2010 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 9%, 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, 2010 was 30 years.

C. Contingencies

As of September 30, 2012, litigation is pending with respect to matters arising in the normal course of the Town's operations. The Town's management is of the opinion that the settlement of the other pending litigation will not have a material adverse effect on the Town's financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

D. Keller Springs Tollway

In 1999, the North Texas Tollway 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.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

E. Statement of Working Capital

Statements of Working Capital for proprietary funds for the year ended September 30, 2012 are below. Working capital, which is equal to current assets less current liabilities, is similar to fund balance and is useful for assessing the near-term financing situation of proprietary funds.

SUMMARY OF CHANGES IN WORKING CAPITAL FOR PROPRIETARY FUNDS

	<u>2012</u>	<u>2011</u>
<u>AIRPORT FUND</u>		
Net Income (Excluding Depreciation)	\$ 2,309,009	\$ 10,851,786
Net Additions to Capital Assets	(2,494,663)	(10,690,520)
Net Retirement of Long-Term Debt	(275,000)	(265,000)
Net Increase/(Decrease) of Restricted Assets	(15,000)	(10,000)
Net Increase/(Decrease) in Other	2,324	2,325
Working Capital at the Beginning of the Year	<u>2,012,994</u>	<u>2,124,403</u>
Working Capital at the End of the Year	<u>\$ 1,539,664</u>	<u>\$ 2,012,994</u>
<u>UTILITY FUND</u>		
Net Income (Excluding Depreciation)	\$ 3,085,078	\$ 3,206,501
Net Additions to Capital Assets	(2,520,891)	(3,709,338)
Net Retirement of Long-Term Debt	(915,544)	(2,478,842)
Net Increase/(Decrease) of Restricted Assets	(146,879)	(220,570)
Net Increase/(Decrease) in Other	90,535	85,147
Working Capital at the Beginning of the Year	<u>2,734,120</u>	<u>5,851,222</u>
Working Capital at the End of the Year	<u>\$ 2,326,419</u>	<u>\$ 2,734,120</u>
<u>CAPITAL REPLACEMENT FUND</u>		
Net Income (Excluding Depreciation)	\$ 643,576	\$ 606,676
Net Additions to Capital Assets	(366,266)	(254,948)
Working Capital at the Beginning of the Year	<u>3,559,289</u>	<u>3,207,561</u>
Working Capital at the End of the Year	<u>\$ 3,836,599</u>	<u>\$ 3,559,289</u>
<u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u>		
Net Income (Excluding Depreciation)	\$ 569,432	\$ 638,998
Net Additions to Capital Assets	(225,086)	(258,404)
Working Capital at the Beginning of the Year	<u>2,460,574</u>	<u>2,079,980</u>
Working Capital at the End of the Year	<u>\$ 2,804,920</u>	<u>\$ 2,460,574</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

F. New Accounting Pronouncements

The GASB issued Statement No. 64, Accounting and Financial Reporting-for Derivative Instruments, which will be effective for periods beginning after June 15, 2011. The Statement clarifies the existing requirements for the termination of hedge accounting. This statement applies to all state and local governments and amends Statement 53, paragraphs 22d and 82. The Town has no derivative instruments. In the future, if there is a situation that applies to this Statement, the Town will account for it appropriately.

The GASB issued Statement No. 63, Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which will be effective for periods beginning after December 15, 2011. The Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The Town will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, which will be effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The Town will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which will be effective for periods beginning after December 15, 2012. The Statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement applies to all state and local governmental entities. The Town will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 67, Financial Reporting for Pension Plans, which will be effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement applies to all state and governmental entities and amends Statements 25 and 50. The Town will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be 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 Town will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

Required Supplementary Information

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Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Analysis of Funding Progress (Unaudited)
September 30, 2012

	(1)	(2)	(3) = (1)/(2)	(4) = (2) - (1)	(5)	(6) = (4)/(5)			
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll	Annual Required Contributions	Actual Contributions
2007	12/31/06	45,023,526	55,786,598	80.71%	10,763,072	13,753,045	78.26%	1,884,965	1,884,965
2008	12/31/07	44,895,953	57,197,193	78.49%	12,301,240	14,455,362	85.10%	1,974,491	1,974,491 *
2008	12/31/07	44,895,953	67,325,269	66.69%	22,429,316	14,455,362	155.16%	1,974,491	1,974,491 *
2009	12/31/08	48,391,009	59,542,189	81.27%	11,151,180	16,237,145	68.68%	2,123,822	2,123,822
2010	12/31/09	53,138,426	65,266,945	81.42%	12,128,519	16,810,483	72.15%	2,240,980	2,240,980
2011	12/31/10	83,398,352	86,525,773	96.39%	3,127,421	16,680,756	18.75%	2,238,741	2,238,741
2012	12/31/11	89,359,781	90,615,578	98.61%	1,255,797	15,787,262	7.95%	1,934,462	1,934,462

Six-year historical trend information is designed to provide information about the fund's progress made in accumulating sufficient assets to pay benefits when due for plan years 2007-2012. This information can be referred to in separately issued financial reports of the pension fund.

* For fiscal year 2008, the Town has presented two lines of information. Please see the Notes section of the CAFR for a brief explanation of the actuarial changes adopted by TMRS in calculating the Actuarial Accrued Liability (AAL). These changes became effective with the reporting period ending December 31, 2007. The first 2008 line presents the Actuarial Accrued Liability (AAL) using the old TMRS actuarial assumptions. The second 2008 line presents the Actuarial Accrued Liability (AAL) using the new TMRS actuarial assumptions.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
 Retiree Health Plan
 Analysis of Funding Progress (Unaudited)
 September 30, 2012

		(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%

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



Major Governmental Funds

Addison!®

GENERAL FUND

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

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 11,645,648	\$ 7,770,156
Receivables:		
Ad Valorem Taxes, Including Interest and Penalties	254,297	300,166
Non-Property Taxes	2,206,497	1,925,207
Franchise Fees	493,279	657,399
Service Fees	1,209,758	1,038,818
Ambulance	222,651	198,522
Interest	2,397	26,581
Interfund	1,191,561	2,770,112
Prepaid Items	57,054	67,135
Inventories, at Cost	114,733	87,835
<i>Total Assets</i>	\$ 17,397,875	\$ 14,841,931
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 1,859,850	\$ 1,543,852
Deferred Revenue	3,140,441	2,897,157
Intergovernmental Payable	23,069	32,487
Customer Deposits	1,451	1,741
Total Liabilities	5,024,811	4,475,237
Fund Balances:		
Nonspendable:		
Inventories	114,733	87,835
Prepaid Items	57,054	67,135
Assigned:		
For other purposes	23,061	61,193
Unassigned	12,178,216	10,150,531
Total Fund Balance	12,373,064	10,366,694
<i>Total Liabilities and Fund Balance</i>	\$ 17,397,875	\$ 14,841,931

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Ad Valorem Taxes	\$ 10,812,470	\$ 10,907,470	\$ 10,933,472	\$ 26,002	\$ 10,373,352
Non-Property Taxes	10,305,340	11,695,340	11,888,630	193,290	10,563,399
Franchise Fees	2,597,000	2,647,000	2,727,370	80,370	2,760,188
Licenses and Permits	728,490	928,490	953,709	25,219	1,210,058
Service Fees	1,408,460	1,408,460	1,443,787	35,327	1,414,120
Fines and Forfeitures	1,143,500	1,068,500	1,071,177	2,677	1,062,986
Earnings on Investments	30,000	30,000	19,928	(10,072)	25,514
Rental Charges	153,000	153,000	162,738	9,738	152,333
Recycling Proceeds	21,000	24,000	26,414	2,414	22,608
Other	26,730	51,730	78,283	26,553	91,985
<i>Total Revenues</i>	<u>27,225,990</u>	<u>28,913,990</u>	<u>29,305,508</u>	<u>391,518</u>	<u>27,676,543</u>
EXPENDITURES:					
General Government	6,142,710	6,314,840	6,082,779	232,061	6,353,784
Public Safety	14,481,160	14,566,100	14,372,574	193,526	14,553,921
Development Services	902,300	902,300	886,705	15,595	885,218
Streets	1,648,510	1,688,510	1,612,699	75,811	1,612,011
Parks and Recreation	4,456,200	4,531,200	4,269,381	261,819	4,061,666
<i>Total Expenditures</i>	<u>27,630,880</u>	<u>28,002,950</u>	<u>27,224,138</u>	<u>778,812</u>	<u>27,466,600</u>
Excess/(Deficiency) of Revenues over Expenditures	(404,890)	911,040	2,081,370	1,170,330	209,943
OTHER FINANCING SOURCES/(USES):					
Transfers Out	-	-	(75,000)	(75,000)	(700,000)
Net Change in Fund Balance	(404,890)	911,040	2,006,370	1,095,330	(490,057)
Fund Balances at Beginning of Year	<u>10,366,694</u>	<u>10,366,694</u>	<u>10,366,694</u>	<u>-</u>	<u>10,856,751</u>
Fund Balances at End of Year	<u>\$ 9,961,804</u>	<u>\$ 11,277,734</u>	<u>\$ 12,373,064</u>	<u>\$ 1,095,330</u>	<u>\$ 10,366,694</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Revenues - Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Taxes:					
Ad Valorem Taxes:					
Current	\$ 10,783,840	\$ 10,803,840	\$ 10,814,335	\$ 10,495	\$ 10,290,339
Delinquent	9,540	59,540	70,081	10,541	34,564
Penalties and Interest	19,090	44,090	49,056	4,966	48,449
Total Ad Valorem	<u>10,812,470</u>	<u>10,907,470</u>	<u>10,933,472</u>	<u>26,002</u>	<u>10,373,352</u>
Non-Property Taxes:					
Sales Tax	9,565,340	10,955,340	11,089,866	134,526	9,632,640
Alcoholic Beverage Tax	740,000	740,000	798,764	58,764	930,759
Total Non-Property Taxes	<u>10,305,340</u>	<u>11,695,340</u>	<u>11,888,630</u>	<u>193,290</u>	<u>10,563,399</u>
Total Taxes	<u>21,117,810</u>	<u>22,602,810</u>	<u>22,822,102</u>	<u>219,292</u>	<u>20,936,751</u>
Franchise Fees:					
Electric Franchise	1,500,000	1,540,000	1,547,662	7,662	1,625,027
Gas Franchise	215,000	215,000	204,559	(10,441)	219,959
Telephone Franchise	650,000	660,000	665,883	5,883	671,286
Cable Franchise	225,000	225,000	302,916	77,916	235,916
Street Rental Franchise	7,000	7,000	6,350	(650)	8,000
Total Franchise Fees	<u>2,597,000</u>	<u>2,647,000</u>	<u>2,727,370</u>	<u>80,370</u>	<u>2,760,188</u>
Licenses and Permits:					
Business Licenses and Permits	171,540	171,540	145,059	(26,481)	247,176
Building and Construction Permits	556,950	756,950	808,650	51,700	962,882
Total Licenses and Permits	<u>728,490</u>	<u>928,490</u>	<u>953,709</u>	<u>25,219</u>	<u>1,210,058</u>
Service Fees:					
General Government	650	650	305	(345)	97
Public Safety	746,080	746,080	790,070	43,990	785,188
Urban Development	3,000	3,000	2,380	(620)	3,683
Streets and Sanitation	337,630	337,630	378,982	41,352	355,973
Recreation	136,800	136,800	87,750	(49,050)	84,879
Interfund	184,300	184,300	184,300	-	184,300
Total Service Fees	<u>1,408,460</u>	<u>1,408,460</u>	<u>1,443,787</u>	<u>35,327</u>	<u>1,414,120</u>
Fines and Forfeitures	1,143,500	1,068,500	1,071,177	2,677	1,062,986
Earnings on Investments	30,000	30,000	19,928	(10,072)	25,514
Rental Charges	153,000	153,000	162,738	9,738	152,333
Recycling Proceeds	21,000	24,000	26,414	2,414	22,608
Other	26,730	51,730	78,283	26,553	91,985
Total Revenues	<u>\$ 27,225,990</u>	<u>\$ 28,913,990</u>	<u>\$ 29,305,508</u>	<u>\$ 391,518</u>	<u>\$ 27,676,543</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
General Government:					
City Manager's Office:					
Salaries and Fringe Benefits	\$ 710,180	\$ 710,180	\$ 743,570	\$ (33,390)	\$ 1,050,528
Supplies	37,630	37,630	31,967	5,663	36,513
Maintenance and Materials	37,340	37,340	27,001	10,339	32,214
Contractual Services	423,990	423,990	373,779	50,211	485,012
Capital Replacement	16,300	16,300	16,300	-	17,500
<i>Total City Manager's Office</i>	<u>1,225,440</u>	<u>1,225,440</u>	<u>1,192,617</u>	<u>32,823</u>	<u>1,621,767</u>
Financial and Strategic Services:					
Salaries and Fringe Benefits	532,290	536,890	415,246	121,644	569,802
Supplies	52,070	57,470	37,712	19,758	40,921
Maintenance and Materials	31,650	31,650	24,406	7,244	18,366
Contractual Services	274,310	299,310	284,236	15,074	214,037
Capital Replacement	19,500	19,500	19,500	-	17,800
<i>Total Financial and Strategic Services</i>	<u>909,820</u>	<u>944,820</u>	<u>781,100</u>	<u>163,720</u>	<u>860,926</u>
General Services:					
Salaries and Fringe Benefits	583,670	583,670	469,592	114,078	566,137
Supplies	27,540	27,540	20,698	6,842	23,598
Maintenance and Materials	58,500	63,000	64,330	(1,330)	62,866
Contractual Services	66,670	61,770	103,053	(41,283)	70,073
Capital Replacement	40,000	40,000	40,000	-	33,800
Capital Outlay	7,000	107,400	107,011	389	23,250
<i>Total General Services</i>	<u>783,380</u>	<u>883,380</u>	<u>804,684</u>	<u>78,696</u>	<u>779,724</u>
Municipal Court:					
Salaries and Fringe Benefits	417,130	417,130	392,764	24,366	388,053
Supplies	15,220	15,220	19,729	(4,509)	14,087
Maintenance and Materials	-	-	2,522	(2,522)	500
Contractual Services	56,080	56,080	38,909	17,171	48,697
Capital Replacement	13,300	13,300	13,300	-	24,400
<i>Total Municipal Court</i>	<u>501,730</u>	<u>501,730</u>	<u>467,224</u>	<u>34,506</u>	<u>475,737</u>
Human Resources:					
Salaries and Fringe Benefits	416,200	395,700	391,539	4,161	355,129
Supplies	13,950	11,450	11,034	416	12,664
Maintenance and Materials	500	-	220	(220)	718
Contractual Services	112,390	135,890	133,597	2,293	78,156
Capital Replacement	9,700	9,700	9,700	-	9,100
<i>Total Human Resources</i>	<u>552,740</u>	<u>552,740</u>	<u>546,090</u>	<u>6,650</u>	<u>455,767</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011 Actual GAAP Basis
	Budget		Actual GAAP Basis		
	Original	Final			
Information Technology:					
Salaries and Fringe Benefits	733,810	733,810	735,758	(1,948)	749,041
Supplies	63,870	63,870	56,701	7,169	32,443
Maintenance and Materials	344,210	344,210	343,726	484	302,533
Contractual Services	115,110	115,110	103,344	11,766	30,964
Capital Replacement	33,000	33,000	33,000	-	55,100
Capital Outlay	-	-	-	-	25,949
<i>Total Information Technology</i>	<u>1,290,000</u>	<u>1,290,000</u>	<u>1,272,529</u>	<u>17,471</u>	<u>1,196,030</u>
Combined Services:					
Salaries and Fringe Benefits	57,890	57,890	48,480	9,410	49,725
Supplies	117,570	117,570	80,552	37,018	91,049
Contractual Services	441,810	441,810	574,548	(132,738)	445,209
<i>Total Combined Services</i>	<u>617,270</u>	<u>617,270</u>	<u>703,580</u>	<u>(86,310)</u>	<u>585,983</u>
City Council Special Projects:					
Salaries and Fringe Benefits	30,290	30,290	26,411	3,879	25,787
Supplies	19,770	19,770	21,707	(1,937)	24,745
Contractual Services	210,070	247,200	264,637	(17,437)	326,918
Capital Replacement	2,200	2,200	2,200	-	400.00
<i>Total City Council Special Projects</i>	<u>262,330</u>	<u>299,460</u>	<u>314,955</u>	<u>(15,495)</u>	<u>377,850</u>
<i>Total General Government</i>	<u>6,142,710</u>	<u>6,314,840</u>	<u>6,082,779</u>	<u>232,061</u>	<u>6,353,784</u>
Public Safety:					
Police:					
Salaries and Fringe Benefits	6,044,460	6,017,014	5,981,974	35,040	6,171,114
Supplies	317,910	323,910	335,898	(11,988)	298,932
Maintenance and Materials	167,990	167,990	201,481	(33,491)	218,349
Contractual Services	341,560	345,560	401,915	(56,355)	393,776
Capital Replacement	472,500	472,500	472,500	-	677,800
Capital Outlay	-	62,446	62,446	-	6,665
<i>Total Police</i>	<u>7,344,420</u>	<u>7,389,420</u>	<u>7,456,214</u>	<u>(66,794)</u>	<u>7,766,636</u>
Emergency Communications:					
Salaries and Fringe Benefits	858,350	858,350	785,005	73,345	746,157
Supplies	5,000	5,000	5,520	(520)	4,753
Maintenance and Materials	73,190	73,190	70,177	3,013	69,897
Contractual Services	322,500	362,440	324,154	38,286	193,145
<i>Total Emergency Communications</i>	<u>1,259,040</u>	<u>1,298,980</u>	<u>1,184,856</u>	<u>114,124</u>	<u>1,013,952</u>
Fire:					
Salaries and Fringe Benefits	4,808,310	4,808,310	4,758,093	50,217	4,855,995
Supplies	259,070	259,835	253,839	5,996	253,892
Maintenance and Materials	206,010	205,245	170,140	35,105	267,538
Contractual Services	287,310	287,310	230,552	56,758	276,730
Capital Replacement	317,000	317,000	317,000	-	108,500
Capital Outlay	-	-	1,880	(1,880)	10,678
<i>Total Fire</i>	<u>5,877,700</u>	<u>5,877,700</u>	<u>5,731,504</u>	<u>146,196</u>	<u>5,773,333</u>
<i>Total Public Safety</i>	<u>\$ 14,481,160</u>	<u>\$ 14,566,100</u>	<u>\$ 14,372,574</u>	<u>\$ 193,526</u>	<u>\$ 14,553,921</u>

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Development Services:					
Development Services:					
Salaries and Fringe Benefits	771,620	771,620	766,678	4,942	774,726
Supplies	16,110	16,210	18,399	(2,189)	17,410
Maintenance and Materials	2,650	2,650	3,727	(1,077)	1,078
Contractual Services	83,320	83,220	69,301	13,919	71,169
Capital Replacement	28,600	28,600	28,600	-	12,400
Capital Outlay	-	-	-	-	8,435
<i>Total Development Services</i>	<u>902,300</u>	<u>902,300</u>	<u>886,705</u>	<u>15,595</u>	<u>885,218</u>
Streets:					
Streets:					
Salaries and Fringe Benefits	374,990	374,990	343,932	31,058	425,122
Supplies	32,810	40,810	30,245	10,565	24,248
Maintenance and Materials	354,400	346,400	339,821	6,579	329,997
Contractual Services	859,610	899,610	872,001	27,609	817,044
Capital Replacement	26,700	26,700	26,700	-	15,600
<i>Total Streets</i>	<u>1,648,510</u>	<u>1,688,510</u>	<u>1,612,699</u>	<u>75,811</u>	<u>1,612,011</u>
Parks and Recreation:					
Parks:					
Salaries and Fringe Benefits	1,339,250	1,328,250	1,183,256	144,994	1,154,199
Supplies	160,200	171,200	166,021	5,179	121,461
Maintenance and Materials	676,800	590,800	383,641	207,159	381,527
Contractual Services	753,370	839,370	1,085,243	(245,873)	876,714
Capital Replacement	46,600	46,600	45,504	1,096	31,349
Capital Outlay	-	75,000	-	75,000	-
<i>Total Parks</i>	<u>2,976,220</u>	<u>3,051,220</u>	<u>2,863,665</u>	<u>187,555</u>	<u>2,565,250</u>
Recreation:					
Salaries and Fringe Benefits	782,130	782,130	762,545	19,585	782,300
Supplies	137,330	137,330	129,454	7,876	128,057
Maintenance and Materials	179,220	179,220	175,784	3,436	209,099
Contractual Services	322,400	322,400	279,033	43,367	278,682
Capital Replacement	58,900	58,900	58,900	-	68,600
Capital Outlay	-	-	-	-	29,678
<i>Total Recreation</i>	<u>1,479,980</u>	<u>1,479,980</u>	<u>1,405,716</u>	<u>74,264</u>	<u>1,496,416</u>
<i>Total Parks and Recreation</i>	<u>4,456,200</u>	<u>4,531,200</u>	<u>4,269,381</u>	<u>261,819</u>	<u>4,061,666</u>
Total Expenditures	<u>\$ 27,630,880</u>	<u>\$ 28,002,950</u>	<u>\$ 27,224,138</u>	<u>\$ 778,812</u>	<u>\$ 27,466,600</u>

Addison!®

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).

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 2,387,037	\$ 1,990,959
Receivables:		
Accounts Receivable	245,192	121,783
Occupancy Taxes	339,728	297,082
Interest	456	5,044
Prepaid Items	36,974	43,194
<i>Total Assets</i>	\$ 3,009,387	\$ 2,458,062
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 945,546	\$ 300,512
Intergovernmental Payable	9,277	5,469
Customer Deposits	24,550	20,700
Total Liabilities	979,373	326,681
Fund Balances:		
Nonspendable:		
Prepaid Items	36,974	43,194
Restricted:		
Promotion of tourism and hotel industry	1,993,040	2,088,187
Total Fund Balance	2,030,014	2,131,381
<i>Total Liabilities and Fund Balance</i>	\$ 3,009,387	\$ 2,458,062

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Hotel/Motel Occupancy Taxes	\$ 4,100,000	\$ 4,200,000	\$ 4,295,149	\$ 95,149	\$ 4,000,786
Proceeds from Special Events	1,727,000	1,727,000	1,660,805	(66,195)	1,426,197
Conference Centre Rental	488,850	513,850	509,458	(4,392)	428,777
Theatre Centre Rental	78,000	78,000	77,663	(337)	82,107
Visitor Centre Rental	193,000	175,000	181,760	6,760	70,740
Earnings on Investments	15,000	15,000	3,883	(11,117)	9,934
Other	700	700	11,394	10,694	7,836
<i>Total Revenues</i>	<u>6,602,550</u>	<u>6,709,550</u>	<u>6,740,112</u>	<u>30,562</u>	<u>6,026,377</u>
EXPENDITURES:					
Visitor Services	1,053,700	1,053,700	866,853	186,847	1,008,029
Visit Addison	610,740	610,740	564,117	46,623	1,978,750
Conference Centre	1,080,980	1,080,980	1,001,378	79,602	1,007,162
Marketing	763,910	788,910	723,433	65,477	727,291
Special Events	2,461,960	2,478,850	2,510,948	(32,098)	2,405,602
Performing Arts	562,240	537,240	504,750	32,490	529,105
<i>Total Expenditures</i>	<u>6,533,530</u>	<u>6,550,420</u>	<u>6,171,479</u>	<u>378,941</u>	<u>7,655,939</u>
Excess/(Deficiency) of Revenues over Expenditures	69,020	159,130	568,633	409,503	(1,629,562)
OTHER FINANCING SOURCES/(USES):					
Transfer to Debt Service Fund	(670,000)	(670,000)	(670,000)	-	(670,000)
Net Change in Fund Balance	(600,980)	(510,870)	(101,367)	409,503	(2,299,562)
Fund Balances at Beginning of Year	2,131,381	2,131,381	2,131,381	-	4,430,943
Fund Balances at End of Year	<u>\$ 1,530,401</u>	<u>\$ 1,620,511</u>	<u>\$ 2,030,014</u>	<u>\$ 409,503</u>	<u>\$ 2,131,381</u>

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Visitor Services:					
Salaries and Fringe Benefits	\$ 368,310	\$ 368,310	\$ 407,992	\$ (39,682)	\$ 325,898
Supplies	23,220	23,220	22,556	664	70,159
Maintenance and Materials	46,300	46,300	39,335	6,965	199,391
Contractual Services	612,070	612,070	393,170	218,900	408,881
Capital Replacement	3,800	3,800	3,800	-	3,700
<i>Total Visitor Services</i>	<u>1,053,700</u>	<u>1,053,700</u>	<u>866,853</u>	<u>186,847</u>	<u>1,008,029</u>
Visit Addison:					
Salaries and Fringe Benefits	7,940	7,940	8,252	(312)	-
Supplies	75,350	75,350	49,290	26,060	155,667
Maintenance and Materials	44,000	44,000	31,892	12,108	1,197,350
Contractual Services	483,450	483,450	474,683	8,767	616,492
Capital Outlay	-	-	-	-	9,241
<i>Total Visit Addison</i>	<u>610,740</u>	<u>610,740</u>	<u>564,117</u>	<u>46,623</u>	<u>1,978,750</u>
Conference Centre:					
Salaries and Fringe Benefits	522,550	522,550	524,181	(1,631)	512,094
Supplies	72,250	72,250	72,471	(221)	61,799
Maintenance and Materials	210,060	210,060	169,612	40,448	176,262
Contractual Services	231,320	231,320	218,814	12,506	237,507
Capital Replacement	16,300	16,300	16,300	-	19,500
Capital Outlay	28,500	28,500	-	28,500	-
<i>Total Conference Centre</i>	<u>1,080,980</u>	<u>1,080,980</u>	<u>1,001,378</u>	<u>79,602</u>	<u>1,007,162</u>
Marketing:					
Salaries and Fringe Benefits	133,760	133,760	131,108	2,652	16,850
Supplies	1,400	1,400	6,461	(5,061)	7,377
Maintenance and Materials	-	-	1,108	(1,108)	-
Contractual Services	626,250	651,250	582,256	68,994	703,064
Capital Replacement	2,500	2,500	2,500	-	-
<i>Total Marketing</i>	<u>763,910</u>	<u>788,910</u>	<u>723,433</u>	<u>65,477</u>	<u>727,291</u>
Special Events:					
Salaries and Fringe Benefits	578,780	578,780	550,093	28,687	577,079
Supplies	12,400	12,400	7,439	4,961	8,861
Maintenance and Materials	196,770	196,770	160,151	36,619	195,923
Contractual Services	1,642,610	1,659,500	1,761,865	(102,365)	1,585,039
Capital Replacement	31,400	31,400	31,400	-	38,700
<i>Total Special Events</i>	<u>2,461,960</u>	<u>2,478,850</u>	<u>2,510,948</u>	<u>(32,098)</u>	<u>2,405,602</u>
Performing Arts:					
Salaries and Fringe Benefits	16,220	16,220	11,312	4,908	11,523
Supplies	25,500	26,800	28,104	(1,304)	26,249
Maintenance and Materials	61,300	60,000	51,862	8,138	67,981
Contractual Services	456,720	420,655	399,908	20,747	420,152
Capital Replacement	2,500	2,500	2,500	-	3,200
Capital Outlay	-	11,065	11,064	1	-
<i>Total Performing Arts</i>	<u>562,240</u>	<u>537,240</u>	<u>504,750</u>	<u>32,490</u>	<u>529,105</u>
Total Expenditures	<u>\$ 6,533,530</u>	<u>\$ 6,550,420</u>	<u>\$ 6,171,479</u>	<u>\$ 378,941</u>	<u>\$ 7,655,939</u>

DEBT SERVICE FUNDS

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.

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 Bonds.

Town of Addison, Texas

Major Governmental Funds - General Obligation Debt Service Fund

**General Obligation Debt Service Fund
Comparative Balance Sheet
September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 1,214,300	\$ 1,159,139
Receivables:		
Ad Valorem Taxes, Including Interest and Penalties	107,797	133,032
Interest	230	2,948
<i>Total Assets</i>	<u>\$ 1,322,327</u>	<u>\$ 1,295,119</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Deferred Revenue	\$ 107,797	\$ 149,687
Intergovernmental Payable	12,943	17,601
Accrued Interest	122,333	-
Total Liabilities	<u>243,073</u>	<u>167,288</u>
Fund Balances:		
Restricted:		
Debt service	<u>1,079,254</u>	<u>1,127,831</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,322,327</u>	<u>\$ 1,295,119</u>

Town of Addison, Texas

Major Governmental Funds - General Obligation Debt Service Fund

General Obligation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Ad Valorem Taxes:					
Current	\$ 5,878,580	\$ 5,878,580	\$ 5,921,021	\$ 42,441	\$ 5,386,594
Delinquent	5,200	5,200	37,464	32,264	18,093
Penalties and Interest	10,410	10,410	26,445	16,035	25,361
Total Ad Valorem Taxes	5,894,190	5,894,190	5,984,930	90,740	5,430,048
Other Revenues:					
Earnings on Investments	10,000	10,000	7,383	(2,617)	10,111
Total Revenues	5,904,190	5,904,190	5,992,313	88,123	5,440,159
EXPENDITURES:					
Debt Service:					
Principal Retirement	3,945,200	4,118,050	4,118,040	10	3,318,610
Interest and Fiscal Charges	1,941,470	1,941,470	1,810,497	130,973	2,119,787
Bond Issuance Costs	-	-	141,666	(141,666)	-
Total Expenditures	5,886,670	6,059,520	6,070,203	(10,683)	5,438,397
Excess/(Deficiency) of Revenues over Expenditures	17,520	(155,330)	(77,890)	77,440	1,762
OTHER FINANCING SOURCES/(USES):					
Transfer from capital projects fund	-	-	513,263	513,263	-
Proceeds from bond issuance	-	-	14,495,177	14,495,177	-
Premium (discount) on issuance	-	-	488,197	488,197	-
Payment to refunded bond escrow agents	-	-	(14,834,842)	(14,834,842)	-
Discount on issuance of bonds	-	-	(632,482)	(632,482)	-
Total Other Financing Sources/(Uses)	-	-	29,313	29,313	-
Net Change in Fund Balance	17,520	(155,330)	(48,577)	106,753	1,762
Fund Balances at Beginning of Year	1,127,831	1,127,831	1,127,831	-	1,126,069
Fund Balances at End of Year	\$ 1,145,351	\$ 972,501	\$ 1,079,254	\$ 106,753	\$ 1,127,831

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

Hotel Debt Service Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 761,502	\$ 815,200
Receivables:		
Interest	145	2,073
<i>Total Assets</i>	\$ 761,647	\$ 817,273
Fund Balances:		
Restricted		
Debt Service	761,647	817,273
Total Fund Balance	761,647	817,273
<i>Total Liabilities and Fund Balance</i>	\$ 761,647	\$ 817,273

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

Hotel Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ 4,000	\$ 4,000	\$ 2,517	\$ (1,483)	\$ 3,336
EXPENDITURES:					
Debt Service:					
Principal Retirement	575,000	620,000	620,000	-	555,000
Interest and Fiscal Charges	147,320	147,320	108,143	39,177	164,987
<i>Total Expenditures</i>	<u>722,320</u>	<u>767,320</u>	<u>728,143</u>	<u>39,177</u>	<u>719,987</u>
Excess/(Deficiency) of Revenues over Expenditures	(718,320)	(763,320)	(725,626)	37,694	(716,651)
OTHER FINANCING SOURCES/(USES):					
Transfer from Hotel Fund	670,000	670,000	670,000	-	670,000
Net Change in Fund Balance	(48,320)	(93,320)	(55,626)	37,694	(46,651)
Fund Balances at Beginning of Year	817,273	817,273	817,273	-	863,924
Fund Balances at End of Year	<u>\$ 768,953</u>	<u>\$ 723,953</u>	<u>\$ 761,647</u>	<u>\$ 37,694</u>	<u>\$ 817,273</u>

Addison!®

CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

The **2012 Capital Projects** is used to account for the acquisition or construction of major capital facilities related to the 2012 certificates of obligation bond and capital improvement program.

Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Balance Sheet of Capital Projects
September 30, 2012

	Bond Issues					Total Capital Projects		
	Street	Parks	2002	2004	2006	2008	2012	
ASSETS:								
Cash and Investments	\$ 1,445,001	\$ 106,226	\$ 59,257	\$ -	\$ 354,406	\$ 4,175,820	\$ 34,954,300	\$ 41,095,010
Receivables:								
Interest	274	20	11	-	67	793	6,640	7,805
Total Assets	<u>\$ 1,445,275</u>	<u>\$ 106,246</u>	<u>\$ 59,268</u>	<u>\$ -</u>	<u>\$ 354,473</u>	<u>\$ 4,176,613</u>	<u>\$ 34,960,940</u>	<u>\$ 41,102,815</u>
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ 98,304	\$ -	\$ 51,284	\$ -	\$ -	\$ 13,771	\$ -	\$ 163,359
Contracts and Retainage Payable	-	-	-	-	-	1,299,564	-	1,299,564
Total Liabilities	<u>98,304</u>	<u>-</u>	<u>51,284</u>	<u>-</u>	<u>-</u>	<u>1,313,335</u>	<u>-</u>	<u>1,462,923</u>
Fund Balances:								
Restricted:								
Capital Projects	1,346,971	106,246	7,984	-	354,473	2,863,278	34,960,940	39,639,892
Total Fund Balance	<u>1,346,971</u>	<u>106,246</u>	<u>7,984</u>	<u>-</u>	<u>354,473</u>	<u>2,863,278</u>	<u>34,960,940</u>	<u>39,639,892</u>
Total Liabilities and Fund Balance	<u>\$ 1,445,275</u>	<u>\$ 106,246</u>	<u>\$ 59,268</u>	<u>\$ -</u>	<u>\$ 354,473</u>	<u>\$ 4,176,613</u>	<u>\$ 34,960,940</u>	<u>\$ 41,102,815</u>

Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Year Ended September 30, 2012

	Bond Issues							Total Capital Projects
	Street	Parks	2002	2004	2006	2008	2012	
REVENUES:								
Earnings on Investments	\$ 5,761	\$ 175	\$ 1,158	\$ 736	\$ 1,028	\$ 20,650	\$ 8,607	\$ 38,115
Other	-	37,855	-	-	204,351	150,000	-	392,206
<i>Total Revenues</i>	<u>5,761</u>	<u>38,030</u>	<u>1,158</u>	<u>736</u>	<u>205,379</u>	<u>170,650</u>	<u>8,607</u>	<u>430,321</u>
EXPENDITURES:								
Administration:								
Supplies	-	-	-	-	-	17,635	-	17,635
Design and Engineering:								
Engineering and Contractual Services	178,018	14,670	104,458	13,436	-	486,376	-	796,958
Construction and Equipment	66,661	84,987	737,554	426,868	-	1,722,431	-	3,038,501
<i>Total Expenditures</i>	<u>244,679</u>	<u>99,657</u>	<u>842,012</u>	<u>440,304</u>	<u>-</u>	<u>2,226,442</u>	<u>-</u>	<u>3,853,094</u>
Excess/(Deficiency) of Revenues over Expenditures	(238,918)	(61,627)	(840,854)	(439,568)	205,379	(2,055,792)	8,607	(3,422,773)
OTHER FINANCING SOURCES/(USES):								
Bond Proceeds	-	-	-	-	-	-	31,819,823	31,819,823
Premium (Discount) on Bond Issuance	-	-	-	-	-	-	3,645,759	3,645,759
Transfers In	-	75,000	-	-	-	-	-	75,000
Transfers Out	-	-	-	(14)	-	(1,816,416)	(513,249)	(2,329,679)
<i>Total Other Financing Sources/(Uses)</i>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>(1,816,416)</u>	<u>34,952,333</u>	<u>33,210,903</u>
Net Change in Fund Balance	(238,918)	13,373	(840,854)	(439,582)	205,379	(3,872,208)	34,960,940	29,788,130
Fund Balances at Beginning of Year	1,585,889	92,873	848,838	439,582	149,094	6,735,486	-	9,851,762
Fund Balances at End of Year	<u>\$ 1,346,971</u>	<u>\$ 106,246</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 354,473</u>	<u>\$ 2,863,278</u>	<u>\$ 34,960,940</u>	<u>\$ 39,639,892</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 1,445,001	\$ 1,581,867
Receivables:		
Interest	274	4,022
<i>Total Assets</i>	\$ 1,445,275	\$ 1,585,889
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 98,304	\$ -
Total Liabilities	98,304	-
Fund Balances:		
Restricted		
Capital Projects	1,346,971	1,585,889
<i>Total Liabilities and Fund Balance</i>	\$ 1,445,275	\$ 1,585,889

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 17,656
Earnings on Investments	6,500	6,500	5,761	(739)	7,493
<i>Total Revenues</i>	<u>6,500</u>	<u>6,500</u>	<u>5,761</u>	<u>(739)</u>	<u>25,149</u>
EXPENDITURES:					
Design and Engineering:					
Engineering and Contractual Services	-	-	178,018	(178,018)	-
Construction and Equipment	819,400	299,400	66,661	232,739	-
<i>Total Expenditures</i>	<u>819,400</u>	<u>299,400</u>	<u>244,679</u>	<u>54,721</u>	<u>-</u>
Excess/(Deficiency) of Revenues over Expenditures	(812,900)	(292,900)	(238,918)	53,982	25,149
OTHER FINANCING SOURCES/(USES):					
Transfers Out	-	-	-	-	(14,156)
<i>Total Other Financing Sources/(Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,156)</u>
Net Change in Fund Balance	(812,900)	(292,900)	(238,918)	53,982	10,993
Fund Balances at Beginning of Year	<u>1,585,889</u>	<u>1,585,889</u>	<u>1,585,889</u>	<u>-</u>	<u>1,574,896</u>
Fund Balances at End of Year	<u>\$ 772,989</u>	<u>\$ 1,292,989</u>	<u>\$ 1,346,971</u>	<u>\$ 53,982</u>	<u>\$ 1,585,889</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 106,226	\$ 119,814
Receivables:		
Interest	20	449
<i>Total Assets</i>	<u>\$ 106,246</u>	<u>\$ 120,263</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ -	\$ 13,968
Contracts and Retainage Payable	-	13,422
Total Liabilities	<u>-</u>	<u>27,390</u>
Fund Balances:		
Fund Balances Unreserved:		
Designated for Capital Outlays	106,246	92,873
Total Fund Balance	<u>106,246</u>	<u>92,873</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 106,246</u>	<u>\$ 120,263</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ 350	\$ 350	\$ 175	\$ (175)	\$ 1,013
Other	-	37,860	37,855	(5)	25,300
<i>Total Revenues</i>	<u>350</u>	<u>38,210</u>	<u>38,030</u>	<u>(180)</u>	<u>26,313</u>
EXPENDITURES:					
Design and Engineering:					
Engineering and Contractual Services	142,510	142,510	14,670	127,840	211,198
Construction and Equipment	-	-	84,987	(84,987)	49,779
<i>Total Expenditures</i>	<u>142,510</u>	<u>142,510</u>	<u>99,657</u>	<u>42,853</u>	<u>260,977</u>
Excess/(Deficiency) of Revenues over Expenditures	(142,160)	(104,300)	(61,627)	42,673	(234,664)
OTHER FINANCING SOURCES/(USES):					
Transfers In	-	75,000	75,000	-	-
<i>Total Other Financing Sources/(Uses)</i>	<u>-</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(142,160)	(29,300)	13,373	42,673	(234,664)
Fund Balances at Beginning of Year	<u>92,873</u>	<u>92,873</u>	<u>92,873</u>	<u>-</u>	<u>327,537</u>
Fund Balances at End of Year	<u>\$ (49,287)</u>	<u>\$ 63,573</u>	<u>\$ 106,246</u>	<u>\$ 42,673</u>	<u>\$ 92,873</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Bond Issue Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 59,257	\$ 1,114,419
Receivables:		
Interest	11	2,835
<i>Total Assets</i>	<u>\$ 59,268</u>	<u>\$ 1,117,254</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 51,284	246,481
Contracts and Retainage Payable	-	21,935
Total Liabilities	<u>51,284</u>	<u>268,416</u>
Fund Balances:		
Restricted		
Capital Projects	7,984	848,838
Total Fund Balance	<u>7,984</u>	<u>848,838</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 59,268</u>	<u>\$ 1,117,254</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Bond Issue Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ -	\$ 1,040	\$ 1,158	\$ 118	\$ 6,544
<i>Total Revenues</i>	<u>-</u>	<u>1,040</u>	<u>1,158</u>	<u>118</u>	<u>6,544</u>
EXPENDITURES:					
Administration:					
Maintenance and Materials	-	-	-	-	6,320
Design and Engineering:					
Engineering and Contractual Services	-	745,410	104,458	640,952	438,729
Construction and Equipment	-	104,470	737,554	(633,084)	246,439
<i>Total Expenditures</i>	<u>-</u>	<u>849,880</u>	<u>842,012</u>	<u>7,868</u>	<u>691,488</u>
Net Change in Fund Balance	-	(848,840)	(840,854)	7,986	(684,944)
Fund Balances at Beginning of Year	<u>848,838</u>	<u>848,838</u>	<u>848,838</u>	<u>-</u>	<u>1,533,782</u>
Fund Balances at End of Year	<u>\$ 848,838</u>	<u>\$ (2)</u>	<u>\$ 7,984</u>	<u>\$ 7,986</u>	<u>\$ 848,838</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Bond Issue Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ -	\$ 438,467
Receivables:		
Interest	-	1,115
<i>Total Assets</i>	<u>\$ -</u>	<u>\$ 439,582</u>
Fund Balances:		
Restricted		
Capital Projects	<u>\$ -</u>	<u>\$ 439,582</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ -</u>	<u>\$ 439,582</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Bond Issue Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ 1,500	\$ 1,500	\$ 736	\$ (764)	\$ 2,060
EXPENDITURES:					
Design and Engineering:					
Engineering and Contractual Services	-	13,440	13,436	(4)	-
Construction and Equipment	165,110	427,640	426,868	(772)	-
<i>Total Expenditures</i>	<u>165,110</u>	<u>441,080</u>	<u>440,304</u>	<u>(776)</u>	<u>-</u>
Excess(deficiency) of revenues over expenditures	<u>(163,610)</u>	<u>(439,580)</u>	<u>(439,568)</u>	<u>12</u>	<u>2,060</u>
OTHER FINANCING SOURCES(USES):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(14)	(14)	-
<i>Total Other Financing Sources(Uses)</i>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>(14)</u>	<u>-</u>
Net Change in Fund Balance	(163,610)	(439,580)	(439,568)	(1,554)	2,060
Fund Balances at Beginning of Year	<u>439,582</u>	<u>439,582</u>	<u>439,582</u>	<u>-</u>	<u>437,522</u>
Fund Balances at End of Year	<u>\$ 275,972</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (1,554)</u>	<u>\$ 439,582</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Bond Issue Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 354,406	\$ 156,728
Receivables:		
Interest	67	897
<i>Total Assets</i>	<u>\$ 354,473</u>	<u>\$ 157,625</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Contracts and Retainage Payable	\$ -	\$ 8,531
Total Liabilities	<u>-</u>	<u>8,531</u>
Fund Balances:		
Restricted		
Capital Projects	<u>354,473</u>	<u>149,094</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 354,473</u>	<u>\$ 157,625</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Bond Issue Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ 1,000	\$ 1,000	\$ 1,028	\$ 28	\$ 1,657
Other	-	-	204,351	204,351	-
<i>Total Revenues</i>	<u>1,000</u>	<u>1,000</u>	<u>205,379</u>	<u>204,379</u>	<u>1,657</u>
EXPENDITURES:					
Administration:					
Maintenance and Materials	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,351</u>
Net Change in Fund Balance	(179,000)	1,000	205,379	204,379	(202,694)
Fund Balances at Beginning of Year	<u>149,094</u>	<u>149,094</u>	<u>149,094</u>	<u>-</u>	<u>351,788</u>
Fund Balances at End of Year	<u>\$ (29,906)</u>	<u>\$ 150,094</u>	<u>\$ 354,473</u>	<u>\$ 204,379</u>	<u>\$ 149,094</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Bond Issue Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 4,175,820	\$ 7,473,764
Receivables:		
Interest	793	8,995
Other Receivables	-	56,394
<i>Total Assets</i>	<u>\$ 4,176,613</u>	<u>\$ 7,539,153</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 13,771	\$ 304,665
Contracts and Retainage Payable	1,299,564	499,002
Total Liabilities	<u>1,313,335</u>	<u>803,667</u>
Fund Balances:		
Restricted		
Capital Projects	<u>2,863,278</u>	<u>6,735,486</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 4,176,613</u>	<u>\$ 7,539,153</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Bond Issue Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ 25,000	\$ 18,000	\$ 20,650	\$ 2,650	\$ 47,443
Other	-	150,000	150,000	-	376,932
<i>Total Revenues</i>	<u>25,000</u>	<u>168,000</u>	<u>170,650</u>	<u>2,650</u>	<u>424,375</u>
EXPENDITURES:					
Administration:					
Supplies	-	16,700	17,635	(935)	-
Materials and Maintenance	-	-	-	-	3,550
Design and Engineering:					
Engineering and Contractual Services	598,570	1,675,920	486,376	1,189,544	1,387,708
Construction and Equipment	107,820	664,410	1,722,431	(1,058,021)	8,406,445
<i>Total Expenditures</i>	<u>706,390</u>	<u>2,357,030</u>	<u>2,226,442</u>	<u>130,588</u>	<u>9,797,703</u>
Excess(deficiency) of revenues over expenditures	<u>(681,390)</u>	<u>(2,189,030)</u>	<u>(2,055,792)</u>	<u>(127,938)</u>	<u>(9,373,328)</u>
OTHER FINANCING SOURCES(USES):					
Transfers Out	-	(1,816,420)	(1,816,416)	4	-
Net Change in Fund Balance	(681,390)	(4,005,450)	(3,872,208)	(127,934)	(9,373,328)
Fund Balances at Beginning of Year	<u>6,735,486</u>	<u>6,735,486</u>	<u>6,735,486</u>	<u>-</u>	<u>16,108,814</u>
Fund Balances at End of Year	<u>\$ 6,054,096</u>	<u>\$ 2,730,036</u>	<u>\$ 2,863,278</u>	<u>\$ (127,934)</u>	<u>\$ 6,735,486</u>

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2012 Bond Issue Capital Projects
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 34,954,300	\$ -
Receivables:		
Interest	6,640	-
<i>Total Assets</i>	\$ 34,960,940	\$ -
Fund Balances:		
Restricted		
Capital Projects	\$ 34,960,940	\$ -
Total Fund Balance	34,960,940	-
<i>Total Liabilities and Fund Balance</i>	\$ 34,960,940	\$ -

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2012 Bond Issue Capital Projects
Schedule of Revenues, Expenditures, and Changes in Capital Project Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Earnings on Investments	\$ -	\$ -	\$ 8,607	\$ 8,607	\$ -
<i>Total Revenues</i>	<u>-</u>	<u>-</u>	<u>8,607</u>	<u>8,607</u>	<u>-</u>
OTHER FINANCING SOURCES(USES):					
Bond Proceeds	-	-	31,819,823	31,819,823	-
Premium (Discount) on Bond Issuance	-	-	3,645,759	3,645,759	-
Transfers Out	-	-	(513,249)	(513,249)	-
<i>Total Other Financing Sources(Uses)</i>	<u>-</u>	<u>-</u>	<u>34,952,333</u>	<u>34,952,333</u>	<u>-</u>
Net Change in Fund Balance	-	-	34,960,940	34,960,940	-
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,960,940</u>	<u>\$ 34,960,940</u>	<u>\$ -</u>

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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 **American Recovery and Reinvestment Act (ARRA) Grant Fund** was created during fiscal year 2010. The fund accounts for receipts and expenditures of ARRA grant monies. The Act requires the separation of ARRA funds from other grant monies.

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, 2012

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	ARRA Grant Fund	Economic Development Fund	Reimbursement Grant Fund	Total Non-Major Governmental Funds
ASSETS:							
Cash and Investments	\$ 419,117	\$ 37,932	\$ 14,729	\$ -	\$ 542,936	\$ -	\$ 1,014,714
Receivables:							
Interest	81	7	3	-	103	-	194
Intergovernmental	-	-	-	557,453	-	630,225	1,187,678
Taxes	-	-	-	-	-	-	-
Total Assets	\$ 419,198	\$ 37,939	\$ 14,732	\$ 557,453	\$ 543,039	\$ 630,225	\$ 2,202,586
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 275,303	\$ 287	\$ -	\$ -	\$ 26,216	\$ -	\$ 301,806
Deferred Revenue	-	859	-	-	-	-	859
Interfund Payable	-	-	-	557,914	-	633,647	1,191,561
Total Liabilities	275,303	1,146	-	557,914	26,216	633,647	1,494,226
Fund Balances:							
Restricted							
Court technology	77,179	-	-	-	-	-	77,179
Building security	66,716	-	-	-	-	-	66,716
Other purposes	-	36,793	-	-	-	-	36,793
Capital projects	-	-	14,732	-	-	-	14,732
Committed							
Economic development	-	-	-	-	516,823	-	516,823
Unassigned	-	-	-	(461)	-	(3,422)	(3,883)
Total Fund Balance	143,895	36,793	14,732	(461)	516,823	(3,422)	708,360
Total Liabilities and Fund Balance	\$ 419,198	\$ 37,939	\$ 14,732	\$ 557,453	\$ 543,039	\$ 630,225	\$ 2,202,586

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, 2012

	Municipal Court Fund	Public Safety Fund	Advanced Funding Grant Fund	ARRA Grant Fund	Economic Development Fund	Reimbursement Grant Fund	Total Non-Major Governmental Funds
REVENUES:							
Court Awards	\$ -	\$ 25,791	\$ -	\$ -	\$ -	\$ -	\$ 25,791
Building Security Fees	16,911	-	-	-	-	-	16,911
Court Technology Fees	22,244	-	-	-	-	-	22,244
Other Service Fees	-	-	-	-	72,650	-	72,650
Ad Valorem Taxes	-	-	-	-	553,240	-	553,240
Intergovernmental	-	-	4,560	707,552	-	1,964,680	2,676,792
Earnings on Investments and Other	2,821	96	562	(62)	1,936	(81)	5,272
<i>Total Revenues</i>	<u>41,976</u>	<u>25,887</u>	<u>5,122</u>	<u>707,490</u>	<u>627,826</u>	<u>1,964,599</u>	<u>3,372,900</u>
EXPENDITURES:							
Salaries and Fringe Benefits	14,135	-	-	195,629	153,005	2,932	365,701
Supplies	150	4,156	11,352	1,588	11,241	9,953	38,440
Maintenance and Materials	40,085	-	-	-	-	-	40,085
Contractual Services	-	2,748	5,142	-	302,733	4,189	314,812
Capital Replacement	-	-	-	-	2,700	-	2,700
Capital Outlay	-	-	-	512,320	-	5,586	517,906
<i>Total Expenditures</i>	<u>54,370</u>	<u>6,904</u>	<u>16,494</u>	<u>709,537</u>	<u>469,679</u>	<u>22,660</u>	<u>1,279,644</u>
Excess/(Deficiency) of Revenues over Expenditures	(12,394)	18,983	(11,372)	(2,047)	158,147	1,941,939	2,093,256
Fund Balances at Beginning of Year	156,289	17,810	26,104	1,586	358,676	(1,945,361)	(1,384,896)
Fund Balances at End of Year	\$ <u>143,895</u>	\$ <u>36,793</u>	\$ <u>14,732</u>	\$ <u>(461)</u>	\$ <u>516,823</u>	\$ <u>(3,422)</u>	\$ <u>708,360</u>

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

Municipal Court Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 419,117	\$ 452,510
Receivables:		
Interest	81	1,151
<i>Total Assets</i>	\$ 419,198	\$ 453,661
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 275,303	\$ 297,372
Total Liabilities	275,303	297,372
Fund Balances:		
Restricted		
Court technology	77,179	83,827
Building security	66,716	72,462
Total Fund Balance	143,895	156,289
<i>Total Liabilities and Fund Balance</i>	\$ 419,198	\$ 453,661

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

Municipal Court Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Building Security Fees	\$ 18,900	\$ 18,900	\$ 16,911	\$ (1,989)	\$ 16,915
Court Technology Fees	25,900	25,900	22,244	(3,656)	22,565
Earnings on Investments and Other	2,250	1,250	2,821	1,571	13,494
<i>Total Revenues</i>	<u>47,050</u>	<u>46,050</u>	<u>41,976</u>	<u>(4,074)</u>	<u>52,974</u>
EXPENDITURES:					
Salaries and Fringe Benefits	24,000	24,000	14,135	9,865	14,446
Supplies	-	-	150	(150)	13,531
Maintenance and Materials	59,900	59,900	40,085	19,815	37,658
Contractual Services	1,160	1,160	-	1,160	-
<i>Total Expenditures</i>	<u>85,060</u>	<u>85,060</u>	<u>54,370</u>	<u>30,690</u>	<u>65,635</u>
Net Change in Fund Balance	(38,010)	(39,010)	(12,394)	26,616	(12,661)
Fund Balances at Beginning of Year	<u>156,289</u>	<u>156,289</u>	<u>156,289</u>	<u>-</u>	<u>168,950</u>
Fund Balances at End of Year	<u>\$ 118,279</u>	<u>\$ 117,279</u>	<u>\$ 143,895</u>	<u>\$ 26,616</u>	<u>\$ 156,289</u>

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

Public Safety Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Cash and Investments	\$ 37,932	\$ 18,622
Receivables:		
Interest	7	47
<i>Total Assets</i>	\$ 37,939	\$ 18,669
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 287	\$ -
Deferred Revenue	859	859
Total Liabilities	1,146	859
Fund Balances:		
Restricted		
Other purposes	36,793	17,810
Total Fund Balance	36,793	17,810
<i>Total Liabilities and Fund Balance</i>	\$ 37,939	\$ 18,669

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

Public Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Court Awards	\$ 7,500	\$ 31,500	\$ 25,791	\$ (5,709)	\$ 2,011
Earnings on Investments and Other	100	100	96	(4)	91
<i>Total Revenues</i>	<u>7,600</u>	<u>31,600</u>	<u>25,887</u>	<u>(5,713)</u>	<u>2,102</u>
EXPENDITURES:					
Supplies	8,000	8,000	4,156	3,844	20,179
Contractual Services	-	-	2,748	(2,748)	-
<i>Total Expenditures</i>	<u>8,000</u>	<u>8,000</u>	<u>6,904</u>	<u>1,096</u>	<u>20,179</u>
Net Change in Fund Balance	(400)	23,600	18,983	(4,617)	(18,077)
Fund Balances at Beginning of Year	<u>17,810</u>	<u>17,810</u>	<u>17,810</u>	<u>-</u>	<u>35,887</u>
Fund Balances at End of Year	<u>\$ 17,410</u>	<u>\$ 41,410</u>	<u>\$ 36,793</u>	<u>\$ (4,617)</u>	<u>\$ 17,810</u>

Town of Addison, Texas
Non-Major Governmental Funds - Advanced Funding Grant Fund

Advanced Funding Grant Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 14,729	\$ 62,552
Receivables:		
Interest	3	3,075
Other	-	1,200
<i>Total Assets</i>	<u>\$ 14,732</u>	<u>\$ 66,827</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ -	\$ 40,723
<i>Total Liabilities</i>	<u>-</u>	<u>40,723</u>
Fund Balances:		
Restricted		
Capital Projects	14,732	26,104
<i>Total Fund Balance</i>	<u>14,732</u>	<u>26,104</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 14,732</u>	<u>\$ 66,827</u>

Town of Addison, Texas

Non-Major Governmental Funds - Advanced Funding Grant Fund

Advanced Funding Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ -	\$ 1,500	\$ 4,560	\$ 3,060	\$ 1,566,252
Earnings on Investments and Other	2,500	2,500	562	(1,938)	4,165
<i>Total Revenues</i>	<u>2,500</u>	<u>4,000</u>	<u>5,122</u>	<u>1,122</u>	<u>1,570,417</u>
EXPENDITURES:					
Supplies	-	-	11,352	(11,352)	1,466
Contractual Services	-	18,000	5,142	12,858	100,746
Capital Outlay	-	-	-	-	1,457,412
<i>Total Expenditures</i>	<u>-</u>	<u>18,000</u>	<u>16,494</u>	<u>1,506</u>	<u>1,559,624</u>
Net Change in Fund Balance	2,500	(14,000)	(11,372)	2,628	10,793
Fund Balances at Beginning of Year	<u>26,104</u>	<u>26,104</u>	<u>26,104</u>	<u>-</u>	<u>15,311</u>
Fund Balances at End of Year	<u>\$ 28,604</u>	<u>\$ 12,104</u>	<u>\$ 14,732</u>	<u>\$ 2,628</u>	<u>\$ 26,104</u>

Town of Addison, Texas
Non-Major Governmental Funds - ARRA Grant Fund

American Recovery and Reinvestment Act (ARRA) Grant Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Receivables:		
Intergovernmental	\$ 557,453	\$ 52,258
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Interfund Payable	557,914	50,672
Deferred Revenue	-	-
Total Liabilities	557,914	50,672
Fund Balances:		
Restricted		
Other purposes	(461)	1,586
Total Fund Balance	(461)	1,586
<i>Total Liabilities and Fund Balance</i>	\$ 557,453	\$ 52,258

Town of Addison, Texas
Non-Major Governmental Funds - ARRA Grant Fund

American Recovery and Reinvestment Act (ARRA) Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ 188,000	\$ 188,000	\$ 707,552	\$ 519,552	\$ 265,191
Earnings on Investments and Other	-	-	(62)	(62)	26
<i>Total Revenues</i>	<u>188,000</u>	<u>188,000</u>	<u>707,490</u>	<u>519,490</u>	<u>265,217</u>
EXPENDITURES:					
Salaries and Fringe Benefits	188,000	188,000	195,629	(7,629)	191,200
Supplies	-	1,590	1,588	2	6,281
Contractual Services	-	-	-	-	66,126
Capital Outlay	-	512,320	512,320	-	-
<i>Total Expenditures</i>	<u>188,000</u>	<u>701,910</u>	<u>709,537</u>	<u>(7,627)</u>	<u>263,607</u>
Net Change in Fund Balance	-	(513,910)	(2,047)	511,863	1,610
Fund Balances at Beginning of Year	<u>1,586</u>	<u>1,586</u>	<u>1,586</u>	<u>-</u>	<u>(24)</u>
Fund Balances at End of Year	<u>\$ 1,586</u>	<u>\$ (512,324)</u>	<u>\$ (461)</u>	<u>\$ 511,863</u>	<u>\$ 1,586</u>

Town of Addison, Texas
Non-Major Governmental Funds - Economic Development Fund

Economic Development Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Investments	\$ 542,936	\$ 388,354
Receivables:		
Interest	103	923
Other	-	-
<i>Total Assets</i>	<u>\$ 543,039</u>	<u>\$ 389,277</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable and Accrued Liabilities	<u>\$ 26,216</u>	<u>\$ 30,601</u>
Total Liabilities	<u>26,216</u>	<u>30,601</u>
Fund Balances:		
Committed		
Economic development	<u>516,823</u>	<u>358,676</u>
Total Fund Balance	<u>516,823</u>	<u>358,676</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 543,039</u>	<u>\$ 389,277</u>

Town of Addison, Texas
Non-Major Governmental Funds - Economic Development Fund

Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Ad Valorem Taxes	\$ 550,440	\$ 550,440	\$ 553,240	\$ 2,800	\$ -
Earnings on Investments	500	500	1,936	1,436	876
Service Fees	150,000	85,000	72,650	(12,350)	-
<i>Total Revenues</i>	<u>700,940</u>	<u>635,940</u>	<u>627,826</u>	<u>(8,114)</u>	<u>876</u>
EXPENDITURES:					
Salaries and Fringe Benefits	136,040	136,040	153,005	(16,965)	63,280
Supplies	11,420	11,420	11,241	179	12,418
Maintenance and Materials	6,000	6,000	-	6,000	1,449
Contractual Services	597,630	597,630	302,733	294,897	265,053
Capital Replacement	2,700	2,700	2,700	-	-
<i>Total Expenditures</i>	<u>753,790</u>	<u>753,790</u>	<u>469,679</u>	<u>284,111</u>	<u>342,200</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(52,850)</u>	<u>(117,850)</u>	<u>158,147</u>	<u>275,997</u>	<u>(341,324)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	-	-	-	-	700,000
Net Change in Fund Balance	(52,850)	(117,850)	158,147	275,997	358,676
Fund Balances at Beginning of Year	<u>358,676</u>	<u>358,676</u>	<u>358,676</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 305,826</u>	<u>\$ 240,826</u>	<u>\$ 516,823</u>	<u>\$ 275,997</u>	<u>\$ 358,676</u>

Town of Addison, Texas
Non-Major Governmental Funds - Reimbursement Grant Fund

Reimbursement Grant Fund
Comparative Balance Sheet
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Receivables:		
Intergovernmental	\$ 630,225	\$ 3,086,241
<i>Total Assets</i>	<u>\$ 630,225</u>	<u>\$ 3,086,241</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Retainage Payable	\$ -	\$ 366,695
Deferred Income	-	1,945,467
Interfund Payable	633,647	2,719,440
Total Liabilities	<u>633,647</u>	<u>5,031,602</u>
Fund Balances:		
Restricted		
Capital projects		
Unassigned	(3,422)	(1,945,361)
Total Fund Balance	<u>(3,422)</u>	<u>(1,945,361)</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 630,225</u>	<u>\$ 3,086,241</u>

Town of Addison, Texas
Non-Major Governmental Funds - Reimbursement Grant Fund

Reimbursement Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2012
With Comparative Actual Totals for 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
REVENUES:					
Intergovernmental	\$ 10,000	\$ 1,334,000	\$ 1,964,680	\$ 630,680	\$ 1,711,914
Earnings on Investments and Other	-	-	(81)	(81)	(189)
<i>Total Revenues</i>	<u>10,000</u>	<u>1,334,000</u>	<u>1,964,599</u>	<u>630,599</u>	<u>1,711,725</u>
EXPENDITURES:					
Salaries and Fringe Benefits	10,000	5,000	2,932	2,068	8,866
Supplies	-	10,000	9,953	47	5,596
Contractual Services	-	4,400	4,189	211	-
Capital Outlay	-	5,600	5,586	14	3,657,075
<i>Total Expenditures</i>	<u>10,000</u>	<u>25,000</u>	<u>22,660</u>	<u>2,340</u>	<u>3,671,537</u>
Excess/(Deficiency) of Revenues over Expenditures	-	1,309,000	1,941,939	632,939	(1,959,812)
OTHER FINANCING SOURCES/(USES):					
Transfers In	-	-	-	-	14,156
Net Change in Fund Balance	-	1,309,000	1,941,939	632,939	(1,945,656)
Fund Balances at Beginning of Year	<u>(1,945,361)</u>	<u>(1,945,361)</u>	<u>(1,945,361)</u>	<u>-</u>	<u>295</u>
Fund Balances at End of Year	<u><u>\$(1,945,361)</u></u>	<u><u>\$ (636,361)</u></u>	<u><u>\$ (3,422)</u></u>	<u><u>\$ 632,939</u></u>	<u><u>\$(1,945,361)</u></u>

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PROPRIETARY FUNDS

Enterprise Funds:

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

The **Airport Fund** accounts for all revenue generated by the Town's general aviation airport. The Town is required to spend this revenue on airport functions. The airport's operating, maintenance and capital expenses are supported solely by airport income. In prior years Airport Fund transactions had been classified and reported as a special revenue fund.

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

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 - Airport Fund

Airport Fund
Comparative Statement of Net Assets
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Current Assets:		
Cash and Investments	\$ 1,992,331	\$ 2,133,522
Interest Receivable	381	5,519
Accounts Receivable	381,124	388,217
Inventory	16	16
Prepaid Expenses	-	166,277
Total Current Assets	2,373,852	2,693,551
Non-Current Assets:		
Deferred Charges	20,922	23,246
Capital Assets:		
Land	8,965,020	8,911,357
Buildings	1,386,047	1,386,047
Improvements other than Buildings	34,620,779	23,248,622
Machinery and Equipment	1,316,225	1,263,834
Accumulated Depreciation	(17,523,236)	(16,231,434)
Total Capital Assets, Net of Accumulated Depreciation	28,764,835	18,578,426
Construction in Progress	1,617,799	10,601,347
Net Property, Plant, and Equipment	30,382,634	29,179,773
<i>Total Assets</i>	32,777,408	31,896,570
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	368,311	231,505
Current Maturities of Certificates of Obligation	290,000	275,000
Accrued Interest Payable	13,661	15,036
Customer Deposits	162,216	159,016
Total Current Liabilities	834,188	680,557
Long-Term Debt, Net of Current Portion:		
Certificates of Obligation Payable	2,395,000	2,685,000
<i>Total Liabilities</i>	3,229,188	3,365,557
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	27,697,634	26,219,773
Unrestricted	1,850,586	2,311,240
<i>Total Net Assets</i>	\$ 29,548,220	\$ 28,531,013

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Fuel Flowage Fees	\$ 717,667	\$ 657,159
Customs Agent Fees	54,362	50,842
Rental Charges	3,551,536	3,481,639
Other Income (Expense)	(68,018)	336,953
<i>Total Operating Revenues</i>	4,255,547	4,526,593
OPERATING EXPENSES:		
Salaries and Fringe Benefits	362,802	264,010
Supplies	37,926	19,695
Maintenance and Materials	1,995,507	2,061,944
Contractual Services	701,404	864,493
<i>Total Operating Expenses (Excluding Depreciation)</i>	3,097,639	3,210,142
Depreciation	1,291,802	1,050,854
<i>Total Operating Expenses</i>	4,389,441	4,260,996
OPERATING INCOME/(LOSS)	(133,894)	265,597
NON-OPERATING REVENUES/(EXPENSES):		
Investment Income	8,338	7,558
Interest Expense	(113,710)	(124,063)
Amortization Expense	(2,325)	(2,325)
<i>Total Non-Operating Revenues/(Expenses)</i>	(107,697)	(118,830)
NET INCOME/(LOSS)	(241,591)	146,767
Capital Contributions	1,258,798	9,654,165
CHANGE IN NET ASSETS	1,017,207	9,800,932
Net Assets at Beginning of Year	28,531,013	18,730,081
Net Assets at End of Year	\$ 29,548,220	\$ 28,531,013

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 4,333,858	\$ 4,492,483
Payments to Suppliers	(2,499,772)	(3,131,430)
Payments to Employees for Services	(362,802)	(264,010)
<i>Net Cash Provided/(Used) by Operating Activities</i>	1,471,284	1,097,043
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,235,867)	(1,036,355)
Principal Paid on Certificates of Obligation	(275,000)	(265,000)
Interest Paid on Certificates of Obligation	(115,084)	(125,222)
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	(1,625,951)	(1,426,577)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Cash and Investments	13,476	7,080
<i>Net Cash Provided/(Used) by Investing Activities</i>	13,476	7,080
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	(141,191)	(322,454)
Cash and Cash Investments, October 1	2,133,522	2,455,976
Cash and Cash Investments, September 30	\$ 1,992,331	\$ 2,133,522
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (133,894)	\$ 265,597
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	1,291,802	1,050,854
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivables	7,093	134,287
(Increase)/Decrease in Inventories	-	(16)
(Increase)/Decrease in Prepays	166,277	(166,277)
Increase/(Decrease) in Accounts Payable	136,806	(185,282)
Increase/(Decrease) in Customer Deposits	3,200	(2,120)
Net Cash Provided/(Used) by Operating Activities	\$ 1,471,284	\$ 1,097,043
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	\$ 1,258,798	\$ 9,713,468
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	\$ 1,258,798	\$ 9,713,468

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Net Assets
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Current Assets:		
Cash and Investments	\$ 4,608,660	\$ 4,963,543
Interest Receivable	880	12,793
Accounts Receivable	2,092,061	2,224,410
Prepaid Items	-	63,998
Total Current Assets	6,701,601	7,264,744
Non-Current Assets:		
Deferred Charges	103,658	125,958
Capital Assets:		
Land	1,312,064	1,312,064
Buildings	1,728,905	1,728,905
Improvements other than Buildings	42,105,841	42,105,840
Machinery and Equipment	2,135,490	2,085,558
Accumulated Depreciation	(22,666,728)	(21,575,387)
Total Capital Assets, Net of Accumulated Depreciation	24,615,572	25,656,980
Construction in Progress	7,833,611	5,362,653
Net Property, Plant, and Equipment	32,449,183	31,019,633
Investment in Joint Venture	7,181,945	7,238,882
<i>Total Assets</i>	46,436,387	45,649,217
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	710,124	1,030,898
Current Maturities of General Obligation Bonds and Certificates of Obligation	2,856,917	2,710,038
Accrued Interest Payable	56,063	58,005
Customer Deposits	752,078	742,308
Total Current Liabilities	4,375,182	4,541,249
Long-Term Debt, Net of Current Portion:		
General Obligation Bonds and Certificates of Obligation Payab	7,649,975	8,690,476
<i>Total Liabilities</i>	12,025,157	13,231,725
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	21,942,291	24,894,119
Unrestricted	12,468,939	7,523,373
<i>Total Net Assets</i>	\$ 34,411,230	\$ 32,417,492

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Water	\$ 6,272,622	\$ 6,140,865
Sewer	4,761,033	4,496,894
Penalties	65,056	71,834
Water and Sewer Taps and Other Fees	15,490	17,845
Other Income/ (Expense)	14,499	13,130
<i>Total Operating Revenues</i>	11,128,700	10,740,568
OPERATING EXPENSES:		
Salaries and Fringe Benefits	1,252,883	1,371,308
Supplies	111,913	115,407
Maintenance and Materials	426,121	415,161
Contractual Services	691,416	569,029
Water Purchases	2,859,454	2,520,302
Wastewater Purchases	2,063,043	1,889,041
<i>Total Operating Expenses (Excluding Depreciation)</i>	7,404,830	6,880,248
Depreciation	1,091,340	1,098,741
<i>Total Operating Expenses</i>	8,496,170	7,978,989
OPERATING INCOME/(LOSS)	2,632,530	2,761,579
NON-OPERATING REVENUES/(EXPENSES):		
Investment Income	(60,181)	(23,736)
Sale of Assets	405	10,145
Gain/(Loss) of the Joint Venture	(56,938)	(54,184)
Interest Expense	(454,356)	(509,932)
Amortization Expense	(44,532)	(80,713)
Fiscal Fees	(23,190)	(9,399)
<i>Total Non-Operating Revenues/(Expenses)</i>	(638,792)	(667,819)
NET INCOME/(LOSS)	1,993,738	2,093,760
Capital Contributions and Grants	-	14,000
CHANGE IN NET ASSETS	1,993,738	2,107,760
Net Assets at Beginning of Year	32,417,492	30,309,732
Net Assets at End of Year	\$ 34,411,230	\$ 32,417,492

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 11,270,820	\$ 10,226,476
Payments to Suppliers	(6,408,724)	(4,909,521)
Payments to Employees for Services	(1,252,883)	(1,371,308)
	3,609,213	3,945,647
<i>Net Cash Provided/(Used) by Operating Activities</i>		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(2,520,889)	(3,695,338)
Principal Paid on Certificates of Obligation and General Obligation Bonds	(2,731,960)	(2,478,842)
Interest Paid on Certificates of Obligation and General Obligation Bonds	(456,298)	(574,979)
Fiscal Fees Related to Outstanding Debt	-	(9,399)
Proceeds from Transfer of Debt	1,816,416	-
Proceeds from Sale of Capital Assets	405	10,145
	(3,892,326)	(6,748,413)
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Cash and Investments	(71,770)	(20,533)
	(71,770)	(20,533)
<i>Net Cash Provided/(Used) by Investing Activities</i>		
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	(354,883)	(2,823,299)
Cash and Cash Investments, October 1	4,963,543	7,786,842
Cash and Cash Investments, September 30	\$ 4,608,660	\$ 4,963,543
 Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ 2,632,530	\$ 2,761,579
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	1,091,340	1,098,741
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivables	132,349	(539,692)
(Increase)/Decrease in Prepaid Items	63,998	(63,998)
Increase/(Decrease) in Accounts Payable	(320,774)	663,417
Increase/(Decrease) in Customer Deposits	9,770	25,600
Net Cash Provided/(Used) by Operating Activities	\$ 3,609,213	\$ 3,945,647
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Gain/(Loss) of Joint Venture	\$ (56,938)	\$ (54,184)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	\$ (56,938)	\$ (54,184)

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Net Assets
September 30, 2012

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
ASSETS:			
Current Assets:			
Cash and Investments	\$ 3,859,863	\$ 2,806,479	\$ 6,666,342
Interest Receivable	733	533	1,266
Total Current Assets	<u>3,860,596</u>	<u>2,807,012</u>	<u>6,667,608</u>
Non-Current Assets:			
Capital Assets:			
Machinery and Equipment	6,798,678	5,281,674	12,080,352
Accumulated Depreciation	<u>(4,940,255)</u>	<u>(4,437,813)</u>	<u>(9,378,068)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>1,858,423</u>	<u>843,861</u>	<u>2,702,284</u>
<i>Total Assets</i>	<u>5,719,019</u>	<u>3,650,873</u>	<u>9,369,892</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	<u>23,997</u>	<u>2,092</u>	<u>26,089</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,858,423	843,861	2,702,284
Unrestricted	<u>3,836,599</u>	<u>2,804,920</u>	<u>6,641,519</u>
<i>Total Net Assets</i>	<u>\$ 5,695,022</u>	<u>\$ 3,648,781</u>	<u>\$ 9,343,803</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
OPERATING REVENUES:			
Department Contributions	\$ 585,000	\$ 576,000	\$ 1,161,000
OPERATING EXPENSES:			
Contractual Services	5,757	16,768	22,525
Depreciation	612,428	327,808	940,236
<i>Total Operating Expenses</i>	<u>618,185</u>	<u>344,576</u>	<u>962,761</u>
OPERATING INCOME/(LOSS)	<u>(33,185)</u>	<u>231,424</u>	<u>198,239</u>
NON-OPERATING REVENUES/(EXPENSES):			
Investment Income	13,389	9,705	23,094
Sale of Assets	50,945	495	51,440
<i>Total Non-Operating Revenues/(Expenses)</i>	<u>64,334</u>	<u>10,200</u>	<u>74,534</u>
CHANGE IN NET ASSETS	31,149	241,624	272,773
Net Assets at Beginning of Year	<u>5,663,873</u>	<u>3,407,157</u>	<u>9,071,030</u>
Net Assets at End of Year	<u>\$ 5,695,022</u>	<u>\$ 3,648,781</u>	<u>\$ 9,343,803</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2012

	Capital Replacement	Information Technology Replacement	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Department Contributions	\$ 585,000	\$ 576,000	\$ 1,161,000
Payments to Suppliers	18,240	(14,676)	3,564
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>603,240</u>	<u>561,324</u>	<u>1,164,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(366,267)	(225,086)	(591,353)
Proceeds from Sale of Capital Assets	133,754	495	134,249
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(232,513)</u>	<u>(224,591)</u>	<u>(457,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Cash and Investments	21,474	15,413	36,887
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>21,474</u>	<u>15,413</u>	<u>36,887</u>
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	392,201	352,146	744,347
Cash and Cash Investments, October 1	3,467,662	2,454,333	5,921,995
Cash and Cash Investments, September 30	<u>\$ 3,859,863</u>	<u>\$ 2,806,479</u>	<u>\$ 6,666,342</u>
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ (33,185)	\$ 231,424	\$ 198,239
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:			
Depreciation	612,428	327,808	940,236
Change in Assets and Liabilities:			
Increase/(Decrease) in Accounts Payable	23,997	2,092	26,089
Net Cash Provided/(Used) by Operating Activities	<u>\$ 603,240</u>	<u>\$ 561,324</u>	<u>\$ 1,164,564</u>

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Net Assets
September 30, 2012 and 2011

	2012	2011
ASSETS:		
Current Assets:		
Cash and Investments	\$ 3,859,863	\$ 3,467,662
Interest Receivable	733	8,818
Accounts Receivable	-	82,809
Total Current Assets	3,860,596	3,559,289
Non-Current Assets:		
Capital Assets:		
Machinery and Equipment	6,798,678	6,538,892
Accumulated Depreciation	(4,940,255)	(4,434,308)
Total Capital Assets, Net of Accumulated Depreciation	1,858,423	2,104,584
<i>Total Assets</i>	5,719,019	5,663,873
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	23,997	-
<i>Total Liabilities</i>	23,997	-
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,858,423	2,104,584
Unrestricted	3,836,599	3,559,289
<i>Total Net Assets</i>	5,695,022	5,663,873
<i>Total Liabilities and Net Assets</i>	\$ 5,719,019	\$ 5,663,873

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Department Contributions	\$ 585,000	\$ 509,000
<i>Total Operating Revenues</i>	585,000	509,000
OPERATING EXPENSES:		
Contractual Services	5,757	5,873
Depreciation	612,428	722,352
<i>Total Operating Expenses</i>	618,185	728,225
OPERATING INCOME/(LOSS)	(33,185)	(219,225)
NON-OPERATING REVENUES/(EXPENSES):		
Investment Income	13,389	15,745
Sale of Assets	50,945	87,804
<i>Total Non-Operating Revenues/(Expenses)</i>	64,334	103,549
CHANGE IN NET ASSETS	31,149	(115,676)
Net Assets at Beginning of Year	5,663,873	5,779,549
Net Assets at End of Year	\$ 5,695,022	\$ 5,663,873

Town of Addison
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department Contributions	\$ 585,000	\$ 509,000
Payments to Suppliers	18,240	(5,873)
<i>Net Cash Provided/(Used) by Operating Activities</i>	603,240	503,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(366,267)	(254,948)
Proceeds from Sale of Capital Assets	133,754	4,995
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	(232,513)	(249,953)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Cash and Investments	21,474	13,480
<i>Net Cash Provided/(Used) by Investing Activities</i>	21,474	13,480
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	392,201	266,654
Cash and Cash Investments, October 1	3,467,662	3,201,008
Cash and Cash Investments, September 30	\$ 3,859,863	\$ 3,467,662
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (33,185)	\$ (219,225)
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	612,428	722,352
Change in Assets and Liabilities:		
Increase/(Decrease) in Accounts Payable	23,997	-
Net Cash Provided/(Used) by Operating Activities	\$ 603,240	\$ 503,127

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

Information Technology Replacement Fund
Comparative Statement of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash and Investments	\$ 2,806,479	\$ 2,454,333
Interest Receivable	533	6,241
Total Current Assets	<u>2,807,012</u>	<u>2,460,574</u>
Non-Current Assets:		
Capital Assets:		
Machinery and Equipment	5,281,674	5,056,588
Accumulated Depreciation	<u>(4,437,813)</u>	<u>(4,110,005)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>843,861</u>	<u>946,583</u>
<i>Total Assets</i>	<u>3,650,873</u>	<u>3,407,157</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	<u>2,092</u>	<u>-</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	843,861	946,583
Unrestricted	<u>2,804,920</u>	<u>2,460,574</u>
<i>Total Net Assets</i>	<u>\$ 3,648,781</u>	<u>\$ 3,407,157</u>

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

Information Technology Replacement Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2012 and 2011

	2012	2011
OPERATING REVENUES:		
Department Contributions	\$ 576,000	\$ 651,000
<i>Total Operating Revenues</i>	576,000	651,000
OPERATING EXPENSES:		
Contractual Services	16,768	17,437
Capital Outlay	-	6,646
Depreciation	327,808	260,570
<i>Total Operating Expenses</i>	344,576	284,653
OPERATING INCOME/(LOSS)	231,424	366,347
NON-OPERATING REVENUES/(EXPENSES):		
Investment Income	9,705	11,092
Sale of Assets	495	990
<i>Total Non-Operating Revenues/(Expenses)</i>	10,200	12,082
CHANGE IN NET ASSETS	241,624	378,429
Net Assets at Beginning of Year	3,407,157	3,028,728
Net Assets at End of Year	\$ 3,648,781	\$ 3,407,157

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

Information Technology Replacement Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Department Contributions	\$ 576,000	\$ 651,000
Payments to Suppliers	(14,676)	(24,083)
<i>Net Cash Provided/(Used) by Operating Activities</i>	561,324	626,917
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(225,086)	(258,405)
Proceeds from Sale of Capital Assets	495	990
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	(224,591)	(257,415)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on Cash and Investments	15,413	9,103
<i>Net Cash Provided/(Used) by Investing Activities</i>	15,413	9,103
<i>Net Increase/(Decrease) in Cash and Cash Investments</i>	352,146	378,605
Cash and Cash Investments, October 1	2,454,333	2,075,728
Cash and Cash Investments, September 30	\$ 2,806,479	\$ 2,454,333
Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ 231,424	\$ 366,347
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	327,808	260,570
Change in Assets and Liabilities:		
Increase/(Decrease) in Accounts Payable	2,092	-
Net Cash Provided/(Used) by Operating Activities	\$ 561,324	\$ 626,917

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
GENERAL CAPITAL ASSETS:		
Property and Equipment in Service:		
Land	\$ 66,233,099	\$ 66,233,099
Buildings	21,409,464	21,409,464
Improvements Other Than Buildings	158,653,798	128,253,389
Equipment	<u>2,569,186</u>	<u>2,488,279</u>
<i>Total Property and Equipment in Service</i>	248,865,547	218,384,231
Construction in Progress	<u>7,813,695</u>	<u>33,748,347</u>
 <i>Total Capital Assets</i>	 <u><u>\$ 256,679,242</u></u>	 <u><u>\$ 252,132,578</u></u>
INVESTMENT IN GENERAL CAPITAL ASSETS BY SOURCE:		
Capital Projects Funds:		
General Obligation Bonds	\$ 92,242,834	\$ 89,692,338
Certificates of Obligation Bonds	38,459,149	36,638,647
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	20,618,391	20,453,788
Special Revenue Funds	13,722,449	13,711,386
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><u>\$ 256,679,242</u></u>	 <u><u>\$ 252,132,578</u></u>

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

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

SCHEDULE OF CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
September 30, 2012

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Equipment	Total
GENERAL GOVERNMENT:					
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	-	829,974	5,499	168,176	1,003,649
Municipal Court	-	-	-	90,484	90,484
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>2,127,974</u>	<u>27,703</u>	<u>368,503</u>	<u>4,069,050</u>
PUBLIC SAFETY:					
Police	-	2,239,994	76,209	731,971	3,048,174
Fire	-	2,341,735	74,476	289,812	2,706,023
<i>Total Public Safety</i>	<u>-</u>	<u>4,581,729</u>	<u>150,685</u>	<u>1,021,783</u>	<u>5,754,197</u>
URBAN DEVELOPMENT	<u>-</u>	<u>161,946</u>	<u>10,998</u>	<u>18,648</u>	<u>191,592</u>
STREETS	<u>54,155,412</u>	<u>302,616</u>	<u>133,237,172</u>	<u>95,898</u>	<u>187,791,098</u>
PARKS AND RECREATION:					
Parks	3,971,374	531,800	13,715,636	128,942	18,347,752
Recreation	-	8,015,919	1,106,378	110,310	9,232,607
<i>Total Parks and Recreation</i>	<u>3,971,374</u>	<u>8,547,719</u>	<u>14,822,014</u>	<u>239,252</u>	<u>27,580,359</u>
VISITOR SERVICES:					
Visitor Services	-	-	172,918	34,037	206,955
Visit Addison	-	-	1,605,772	50,263	1,656,035
Conference Centre/Theatre	2,680,636	5,687,480	8,531,958	733,658	17,633,732
Special Events	3,880,807	-	94,578	7,144	3,982,529
<i>Total Visitor Services</i>	<u>6,561,443</u>	<u>5,687,480</u>	<u>10,405,226</u>	<u>825,102</u>	<u>23,479,251</u>
<i>Balance at End of Year</i>	<u>\$ 66,233,099</u>	<u>\$ 21,409,464</u>	<u>\$ 158,653,798</u>	<u>\$ 2,569,186</u>	<u>\$ 248,865,547</u>
Construction in Progress					<u>7,813,695</u>
<i>Total General Capital Assets</i>					<u><u>\$ 256,679,242</u></u>

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

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

**SCHEDULE OF CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY**
For the fiscal year ended September 30, 2012

Function and Activity	Balance 9/30/2011	Additions	Deletions	Transfers	Balance 9/30/2012
GENERAL GOVERNMENT:					
City Manager	\$ 1,379,611	\$ -	\$ -	\$ -	\$ 1,379,611
Financial & Strategic Services	1,375,864	-	-	-	1,375,864
General Services	1,003,649	-	-	-	1,003,649
Municipal Court	90,484	-	-	-	90,484
Human Resources	217,819	-	-	-	217,819
City Council Special Projects	1,623	-	-	-	1,623
<i>Total General Government</i>	<u>4,069,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,069,050</u>
PUBLIC SAFETY:					
Police	2,978,330	69,844	-	-	3,048,174
Fire	2,706,023	-	-	-	2,706,023
<i>Total Public Safety</i>	<u>5,684,353</u>	<u>69,844</u>	<u>-</u>	<u>-</u>	<u>5,754,197</u>
URBAN DEVELOPMENT					
	<u>191,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,592</u>
STREETS					
	<u>157,390,690</u>	<u>30,400,408</u>	<u>-</u>	<u>-</u>	<u>187,791,098</u>
PARKS AND RECREATION:					
Parks	18,347,752	-	-	-	18,347,752
Recreation	9,232,607	-	-	-	9,232,607
<i>Total Parks and Recreation</i>	<u>27,580,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,580,359</u>
VISITOR SERVICES:					
Visitor Services	206,955	-	-	-	206,955
Visit Addison	1,656,035	-	-	-	1,656,035
Conference Centre/Theatre	17,622,668	11,064	-	-	17,633,732
Special Events	3,982,529	-	-	-	3,982,529
<i>Total Visitor Services</i>	<u>23,468,187</u>	<u>11,064</u>	<u>-</u>	<u>-</u>	<u>23,479,251</u>
<i>Total General Capital Assets Allocated by Function</i>	218,384,231	30,481,316	-	-	248,865,547
Construction in Progress	<u>33,748,347</u>	<u>(25,934,652)</u>	<u>-</u>	<u>-</u>	<u>7,813,695</u>
<i>Total General Capital Assets</i>	<u>\$ 252,132,578</u>	<u>\$ 4,546,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,679,242</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.



Long-Term Debt Schedules

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$1,085,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 1,085,000.00	\$ 19,665.62	\$ 1,104,665.62	1,104,665.62
<i>Total</i>		<u>\$ 1,085,000.00</u>	<u>\$ 19,665.62</u>	<u>\$ 1,104,665.62</u>	<u>\$ 1,104,665.62</u>

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SUPPORTED BY HOTEL FUND
SERIES 2003
BONDS OUTSTANDING: \$595,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 595,000.00	\$ 10,412.50	\$ 605,412.50	605,412.50
<i>Total</i>		<u>\$ 595,000.00</u>	<u>\$ 10,412.50</u>	<u>\$ 605,412.50</u>	<u>\$ 605,412.50</u>

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2004
BONDS OUTSTANDING: \$1,495,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 730,000.00	\$ 28,031.25	\$ 758,031.25	
August	2013	-	14,343.75	14,343.75	\$ 772,375.00
February	2014	765,000.00	14,343.75	779,343.75	779,343.75
<i>Total</i>		<u>\$ 1,495,000.00</u>	<u>\$ 56,718.75</u>	<u>\$ 1,551,718.75</u>	<u>\$ 1,551,718.75</u>

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2005
BONDS OUTSTANDING: \$2,860,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013 *	\$ 980,000.00	\$ 54,750.00	\$ 1,034,750.00	
August	2013	-	37,600.00	37,600.00	\$ 1,072,350.00
February	2014	920,000.00	37,600.00	957,600.00	
August	2014	-	19,200.00	19,200.00	976,800.00
February	2015	960,000.00	19,200.00	979,200.00	979,200.00
<i>Total</i>		<u>\$ 2,860,000.00</u>	<u>\$ 168,350.00</u>	<u>\$ 3,028,350.00</u>	<u>\$ 3,028,350.00</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$25,489,314.36

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 626,160.51	\$ 567,209.79	\$ 1,193,370.30	
August	2013	-	554,686.58	554,686.58	\$ 1,748,056.88
February	2014	836,153.36	554,686.58	1,390,839.94	
August	2014	-	537,963.51	537,963.51	1,928,803.45
February	2015	878,151.93	537,963.51	1,416,115.44	
August	2015	-	520,400.47	520,400.47	1,936,515.91
February	2016	920,150.50	520,400.47	1,440,550.97	
August	2016	-	501,997.46	501,997.46	1,942,548.43
February	2017	958,331.02	501,997.46	1,460,328.48	
August	2017	-	478,039.19	478,039.19	1,938,367.67
February	2018 *	1,004,147.64	478,039.19	1,482,186.83	
August	2018	-	457,956.23	457,956.23	1,940,143.06
February	2019	1,053,782.32	457,956.23	1,511,738.55	
August	2019	-	436,880.59	436,880.59	1,948,619.14
February	2020	1,103,416.99	436,880.59	1,540,297.58	
August	2020	-	414,812.25	414,812.25	1,955,109.83
February	2021	1,153,051.67	414,812.25	1,567,863.92	
August	2021	-	391,030.56	391,030.56	1,958,894.48
February	2022	1,210,322.45	391,030.56	1,601,353.01	
August	2022	-	365,311.20	365,311.20	1,966,664.21
February	2023	1,267,593.22	365,311.20	1,632,904.42	
August	2023	-	338,374.85	338,374.85	1,971,279.27
February	2024	1,324,864.00	338,374.85	1,663,238.85	
August	2024	-	305,253.25	305,253.25	1,968,492.10
February	2025	1,389,770.88	305,253.25	1,695,024.13	
August	2025	-	274,852.01	274,852.01	1,969,876.14
February	2026	1,454,677.77	274,852.01	1,729,529.78	
August	2026	-	242,121.76	242,121.76	1,971,651.54
February	2027	1,523,402.70	242,121.76	1,765,524.46	
August	2027	-	204,036.69	204,036.69	1,969,561.15
February	2028	1,595,945.69	204,036.69	1,799,982.38	
August	2028	-	168,127.91	168,127.91	1,968,110.29
February	2029	1,309,591.80	168,127.91	1,477,719.71	
August	2029	-	138,662.10	138,662.10	1,616,381.81
February	2030	1,370,680.63	138,662.10	1,509,342.73	
August	2030	-	106,965.11	106,965.11	1,616,307.84
February	2031	1,435,587.51	106,965.11	1,542,552.62	
August	2031	-	71,075.43	71,075.43	1,613,628.05
February	2032	1,500,494.39	71,075.43	1,571,569.82	
August	2032	-	36,376.49	36,376.49	1,607,946.31
February	2033	1,573,037.38	36,376.49	1,609,413.87	
August	2033	-	-	-	1,609,413.87
<i>Total</i>		<u>\$ 25,489,314.36</u>	<u>\$ 13,657,057.07</u>	<u>\$ 39,146,371.43</u>	<u>\$ 39,146,371.43</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011
EXCLUDING HOTEL FUND PORTION
BONDS OUTSTANDING: \$5,385,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 680,000.00	\$ 71,725.00	\$ 751,725.00	
August	2013	-	64,925.00	64,925.00	\$ 816,650.00
February	2014	1,130,000.00	64,925.00	1,194,925.00	
August	2014	-	53,625.00	53,625.00	1,248,550.00
February	2015	1,160,000.00	53,625.00	1,213,625.00	
August	2015	-	36,225.00	36,225.00	1,249,850.00
February	2016	1,190,000.00	36,225.00	1,226,225.00	
August	2016	-	18,375.00	18,375.00	1,244,600.00
February	2017	1,225,000.00	18,375.00	1,243,375.00	
August	2017	-	-	-	1,243,375.00
<i>Total</i>		<u>\$ 5,385,000.00</u>	<u>\$ 418,025.00</u>	<u>\$ 5,803,025.00</u>	<u>\$ 5,803,025.00</u>

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SUPPORTED BY HOTEL FUND
SERIES 2011
BONDS OUTSTANDING: \$3,310,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 5,000.00	\$ 46,500.00	\$ 51,500.00	
August	2013	-	46,450.00	46,450.00	\$ 97,950.00
February	2014	625,000.00	46,450.00	671,450.00	
August	2014	-	40,200.00	40,200.00	711,650.00
February	2015	640,000.00	40,200.00	680,200.00	
August	2015	-	30,600.00	30,600.00	710,800.00
February	2016	660,000.00	30,600.00	690,600.00	
August	2016	-	20,700.00	20,700.00	711,300.00
February	2017	680,000.00	20,700.00	700,700.00	
August	2017	-	10,500.00	10,500.00	711,200.00
February	2018	700,000.00	10,500.00	710,500.00	
August	2018	-	-	-	710,500.00
<i>Total</i>		<u>\$ 3,310,000.00</u>	<u>\$ 343,400.00</u>	<u>\$ 3,653,400.00</u>	<u>\$ 3,653,400.00</u>

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**

From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUND AND IMPROVEMENT BONDS, SERIES 2012

BONDS OUTSTANDING: \$22,590,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ -	\$ 456,490.63	\$ 456,490.63	
August	2013	-	456,490.63	456,490.63	\$ 912,981.26
February	2014	375,000.00	456,490.63	831,490.63	
August	2014	-	452,740.63	452,740.63	1,284,231.26
February	2015	1,175,000.00	452,740.63	1,627,740.63	
August	2015	-	435,115.63	435,115.63	2,062,856.26
February	2016	1,630,000.00	435,115.63	2,065,115.63	
August	2016	-	410,665.63	410,665.63	2,475,781.26
February	2017	1,690,000.00	410,665.63	2,100,665.63	
August	2017	-	385,315.63	385,315.63	2,485,981.26
February	2018	1,740,000.00	385,315.63	2,125,315.63	
August	2018	-	350,515.63	350,515.63	2,475,831.26
February	2019	1,820,000.00	350,515.63	2,170,515.63	
August	2019	-	314,115.63	314,115.63	2,484,631.26
February	2020	885,000.00	314,115.63	1,199,115.63	
August	2020	-	296,415.63	296,415.63	1,495,531.26
February	2021	920,000.00	296,415.63	1,216,415.63	
August	2021	-	278,015.63	278,015.63	1,494,431.26
February	2022 *	875,000.00	278,015.63	1,153,015.63	
August	2022	-	260,515.63	260,515.63	1,413,531.26
February	2023	910,000.00	260,515.63	1,170,515.63	
August	2023	-	237,765.63	237,765.63	1,408,281.26
February	2024	955,000.00	237,765.63	1,192,765.63	
August	2024	-	213,890.63	213,890.63	1,406,656.26
February	2025	1,010,000.00	213,890.63	1,223,890.63	
August	2025	-	188,640.63	188,640.63	1,412,531.26
February	2026	1,060,000.00	188,640.63	1,248,640.63	
August	2026	-	162,140.63	162,140.63	1,410,781.26
February	2027	1,115,000.00	162,140.63	1,277,140.63	
August	2027	-	134,265.63	134,265.63	1,411,406.26
February	2028	1,170,000.00	134,265.63	1,304,265.63	
August	2028	-	105,015.63	105,015.63	1,409,281.26
February	2029	1,230,000.00	105,015.63	1,335,015.63	
August	2029	-	74,265.63	74,265.63	1,409,281.26
February	2030	1,295,000.00	74,265.63	1,369,265.63	
August	2030	-	41,890.63	41,890.63	1,411,156.26
February	2031	1,350,000.00	41,890.63	1,391,890.63	
August	2031	-	21,640.63	21,640.63	1,413,531.26
February	2032	1,385,000.00	21,640.63	1,406,640.63	
August	2032	-	-	-	1,406,640.63
Total		\$ 22,590,000.00	\$ 10,095,334.57	\$ 32,685,334.57	\$ 32,685,334.57

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**

From September 30, 2012 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012

BONDS OUTSTANDING: \$14,835,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ -	\$ 210,781.25	\$ 210,781.25	
August	2013	-	210,781.25	210,781.25	\$ 421,562.50
February	2014	200,000.00	210,781.25	410,781.25	
August	2014	-	208,781.25	208,781.25	619,562.50
February	2015	190,000.00	208,781.25	398,781.25	
August	2015	-	206,881.25	206,881.25	605,662.50
February	2016	670,000.00	206,881.25	876,881.25	
August	2016	-	201,856.25	201,856.25	1,078,737.50
February	2017	680,000.00	201,856.25	881,856.25	
August	2017	-	195,056.25	195,056.25	1,076,912.50
February	2018	700,000.00	195,056.25	895,056.25	
August	2018	-	188,056.25	188,056.25	1,083,112.50
February	2019	710,000.00	188,056.25	898,056.25	
August	2019	-	180,956.25	180,956.25	1,079,012.50
February	2020	720,000.00	180,956.25	900,956.25	
August	2020	-	173,756.25	173,756.25	1,074,712.50
February	2021	735,000.00	173,756.25	908,756.25	
August	2021	-	166,406.25	166,406.25	1,075,162.50
February	2022 *	755,000.00	166,406.25	921,406.25	
August	2022	-	155,081.25	155,081.25	1,076,487.50
February	2023	780,000.00	155,081.25	935,081.25	
August	2023	-	139,481.25	139,481.25	1,074,562.50
February	2024	815,000.00	139,481.25	954,481.25	
August	2024	-	123,181.25	123,181.25	1,077,662.50
February	2025	840,000.00	123,181.25	963,181.25	
August	2025	-	110,581.25	110,581.25	1,073,762.50
February	2026	870,000.00	110,581.25	980,581.25	
August	2026	-	97,531.25	97,531.25	1,078,112.50
February	2027	900,000.00	97,531.25	997,531.25	
August	2027	-	84,031.25	84,031.25	1,081,562.50
February	2028	455,000.00	84,031.25	539,031.25	
August	2028	-	77,206.25	77,206.25	616,237.50
February	2029	470,000.00	77,206.25	547,206.25	
August	2029	-	70,156.25	70,156.25	617,362.50
February	2030	485,000.00	70,156.25	555,156.25	
August	2030	-	62,881.25	62,881.25	618,037.50
February	2031	500,000.00	62,881.25	562,881.25	
August	2031	-	55,381.25	55,381.25	618,262.50
February	2032	515,000.00	55,381.25	570,381.25	
August	2032	-	47,334.38	47,334.38	617,715.63
February	2033	530,000.00	47,334.38	577,334.38	
August	2033	-	38,721.88	38,721.88	616,056.26
February	2034	550,000.00	38,721.88	588,721.88	
August	2034	-	29,784.38	29,784.38	618,506.26
February	2035	570,000.00	29,784.38	599,784.38	
August	2035	-	20,165.63	20,165.63	619,950.01
February	2036	585,000.00	20,165.63	605,165.63	
August	2036	-	10,293.75	10,293.75	615,459.38
February	2037	610,000.00	10,293.75	620,293.75	
August	2037	-	-	-	620,293.75
Total		\$ 14,835,000.00	\$ 5,919,468.79	\$ 20,754,468.79	\$ 20,754,468.79

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Governmental Activities

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2012 to Maturity

GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS
FOR GOVERNMENTAL ACTIVITIES*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,701,160.51	\$ 2,850,843.25	\$ 7,552,003.76
2014	4,851,153.36	2,697,787.60	7,548,940.96
2015	5,003,151.93	2,541,732.74	7,544,884.67
2016	5,070,150.50	2,382,816.69	7,452,967.19
2017	5,233,331.02	2,222,505.41	7,455,836.43
2018	4,144,147.64	2,065,439.18	6,209,586.82
2019	3,583,782.32	1,928,480.58	5,512,262.90
2020	2,708,416.99	1,816,936.60	4,525,353.59
2021	2,808,051.67	1,720,436.57	4,528,488.24
2022	2,840,322.45	1,616,360.52	4,456,682.97
2023	2,957,593.22	1,496,529.81	4,454,123.03
2024	3,094,864.00	1,357,946.86	4,452,810.86
2025	3,239,770.88	1,216,399.02	4,456,169.90
2026	3,384,677.77	1,075,867.53	4,460,545.30
2027	3,538,402.70	924,127.21	4,462,529.91
2028	3,220,945.69	772,683.36	3,993,629.05
2029	3,009,591.80	633,433.77	3,643,025.57
2030	3,150,680.63	494,820.97	3,645,501.60
2031	3,285,587.51	359,834.30	3,645,421.81
2032	3,400,494.39	231,808.18	3,632,302.57
2033	2,103,037.38	122,432.75	2,225,470.13
2034	550,000.00	68,506.26	618,506.26
2035	570,000.00	49,950.01	619,950.01
2036	585,000.00	30,459.38	615,459.38
2037	610,000.00	10,293.75	620,293.75
<i>Total</i>	<u>\$ 77,644,314.36</u>	<u>\$ 30,688,432.30</u>	<u>\$ 108,332,746.66</u>

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

Town of Addison, Texas
Long-Term Debt Schedules - Business-type Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$2,685,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 2,685,000.00	\$ 48,665.63	\$ 2,733,665.63	
August	2013	-	-	-	\$ 2,733,665.63
<i>Total</i>		<u>\$ 2,685,000.00</u>	<u>\$ 48,665.63</u>	<u>\$ 2,733,665.63</u>	<u>\$ 2,733,665.63</u>

Town of Addison, Texas
Long-Term Debt Schedules - Business-type Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2004
SUPPORTED BY AIRPORT FUND
BONDS OUTSTANDING: \$2,685,000

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 290,000.00	\$ 54,642.50	\$ 344,642.50	
August	2013	-	48,842.50	48,842.50	\$ 393,485.00
February	2014	300,000.00	48,842.50	348,842.50	
August	2014	-	42,842.50	42,842.50	391,685.00
February	2015 *	315,000.00	42,842.50	357,842.50	
August	2015	-	36,542.50	36,542.50	394,385.00
February	2016	325,000.00	36,542.50	361,542.50	
August	2016	-	30,042.50	30,042.50	391,585.00
February	2017	340,000.00	30,042.50	370,042.50	
August	2017	-	23,242.50	23,242.50	393,285.00
February	2018	355,000.00	23,242.50	378,242.50	
August	2018	-	15,965.00	15,965.00	394,207.50
February	2019	370,000.00	15,965.00	385,965.00	
August	2019	-	8,287.50	8,287.50	394,252.50
February	2020	390,000.00	8,287.50	398,287.50	
August	2020	-	-	-	398,287.50
<i>Total</i>		<u>\$ 2,685,000.00</u>	<u>\$ 466,172.50</u>	<u>\$ 3,151,172.50</u>	<u>\$ 3,151,172.50</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Business-type Activities

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2012 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
WATER AND SEWER PORTION
BONDS OUTSTANDING: \$7,890,685.64

<u>Payment</u>		<u>Principal</u>	<u>Interest</u>	<u>Payment Total</u>	<u>Fiscal Year Total</u>
<u>Month</u>	<u>Year</u>				
February	2013	\$ 193,839.49	\$ 175,590.21	\$ 369,429.70	
August	2013	-	171,713.42	171,713.42	\$ 541,143.12
February	2014	258,846.64	171,713.42	430,560.06	
August	2014	-	166,536.49	166,536.49	597,096.55
February	2015	271,848.07	166,536.49	438,384.56	
August	2015	-	161,099.53	161,099.53	599,484.09
February	2016	284,849.50	161,099.53	445,949.03	
August	2016	-	155,402.54	155,402.54	601,351.57
February	2017	296,668.98	155,402.54	452,071.52	
August	2017	-	147,985.81	147,985.81	600,057.33
February	2018 *	310,852.36	147,985.81	458,838.17	
August	2018	-	141,768.77	141,768.77	600,606.94
February	2019	326,217.68	141,768.77	467,986.45	
August	2019	-	135,244.41	135,244.41	603,230.86
February	2020	341,583.01	135,244.41	476,827.42	
August	2020	-	128,412.75	128,412.75	605,240.17
February	2021	356,948.33	128,412.75	485,361.08	
August	2021	-	121,050.69	121,050.69	606,411.77
February	2022	374,677.55	121,050.69	495,728.24	
August	2022	-	113,088.80	113,088.80	608,817.04
February	2023	392,406.78	113,088.80	505,495.58	
August	2023	-	104,750.15	104,750.15	610,245.73
February	2024	410,136.00	104,750.15	514,886.15	
August	2024	-	94,496.75	94,496.75	609,382.90
February	2025	430,229.12	94,496.75	524,725.87	
August	2025	-	85,085.49	85,085.49	609,811.36
February	2026	450,322.23	85,085.49	535,407.72	
August	2026	-	74,953.24	74,953.24	610,360.96
February	2027	471,597.30	74,953.24	546,550.54	
August	2027	-	63,163.31	63,163.31	609,713.85
February	2028	494,054.31	63,163.31	557,217.62	
August	2028	-	52,047.09	52,047.09	609,264.71
February	2029	405,408.20	52,047.09	457,455.29	
August	2029	-	42,925.40	42,925.40	500,380.69
February	2030	424,319.37	42,925.40	467,244.77	
August	2030	-	33,113.02	33,113.02	500,357.79
February	2031	444,412.49	33,113.02	477,525.51	
August	2031	-	22,002.70	22,002.70	499,528.21
February	2032	464,505.61	22,002.70	486,508.31	
August	2032	-	11,261.01	11,261.01	497,769.32
February	2033	486,962.62	11,261.01	498,223.63	
August	2033	-	-	-	498,223.63
<i>Total</i>		<u>\$ 7,890,685.64</u>	<u>\$ 4,227,792.95</u>	<u>\$ 12,118,478.59</u>	<u>\$ 12,118,478.59</u>

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules - Business-type Activities

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2012 to Maturity

**GENERAL OBLIGATION AND CERTIFICATES OF OBLIGATION BONDS
FOR BUSINESS-TYPE ACTIVITIES***

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,168,839.49	\$ 499,454.26	\$ 3,668,293.75
2014	558,846.64	429,934.91	988,781.55
2015	586,848.07	407,021.02	993,869.09
2016	609,849.50	383,087.07	992,936.57
2017	636,668.98	356,673.35	993,342.33
2018	665,852.36	328,962.08	994,814.44
2019	696,217.68	301,265.68	997,483.36
2020	731,583.01	271,944.66	1,003,527.67
2021	356,948.33	249,463.44	606,411.77
2022	374,677.55	234,139.49	608,817.04
2023	392,406.78	217,838.95	610,245.73
2024	410,136.00	199,246.90	609,382.90
2025	430,229.12	179,582.24	609,811.36
2026	450,322.23	160,038.73	610,360.96
2027	471,597.30	138,116.55	609,713.85
2028	494,054.31	115,210.40	609,264.71
2029	405,408.20	94,972.49	500,380.69
2030	424,319.37	76,038.42	500,357.79
2031	444,412.49	55,115.72	499,528.21
2032	464,505.61	33,263.71	497,769.32
2033	486,962.62	11,261.01	498,223.63
<i>Total</i>	<u>\$ 13,260,685.64</u>	<u>\$ 4,742,631.08</u>	<u>\$ 18,003,316.72</u>

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

Town of Addison, Texas
Long-Term Debt Schedules - Summary of Governmental Activities & Business-type Activities

SUMMARY OF DEBT SERVICE

From September 30, 2012 to Maturity

FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Fiscal Year	General Obligation Bonds	Tax and Revenue Certificates of Obligation	Total Requirements
2013	\$ 7,510,637.51	\$ 3,709,660.00	\$ 11,220,297.51
2014	5,000,575.01	3,537,147.50	8,537,722.51
2015	5,002,706.26	3,536,047.50	8,538,753.76
2016	4,431,681.26	4,014,222.50	8,445,903.76
2017	4,440,556.26	4,008,622.50	8,449,178.76
2018	3,186,331.26	4,018,070.00	7,204,401.26
2019	2,484,631.26	4,025,115.00	6,509,746.26
2020	1,495,531.26	4,033,350.00	5,528,881.26
2021	1,494,431.26	3,640,468.75	5,134,900.01
2022	1,413,531.26	3,651,968.75	5,065,500.01
2023	1,408,281.26	3,656,087.50	5,064,368.76
2024	1,406,656.26	3,655,537.50	5,062,193.76
2025	1,412,531.26	3,653,450.00	5,065,981.26
2026	1,410,781.26	3,660,125.00	5,070,906.26
2027	1,411,406.26	3,660,837.50	5,072,243.76
2028	1,409,281.26	3,193,612.50	4,602,893.76
2029	1,409,281.26	2,734,125.00	4,143,406.26
2030	1,411,156.26	2,734,703.13	4,145,859.39
2031	1,413,531.26	2,731,418.76	4,144,950.02
2032	1,406,640.63	2,723,431.26	4,130,071.89
2033	-	2,723,693.76	2,723,693.76
2034	-	618,506.26	618,506.26
2035	-	619,950.01	619,950.01
2036	-	615,459.38	615,459.38
2037	-	620,293.75	620,293.75
	<u>50,560,159.57</u>	<u>75,775,903.81</u>	<u>126,336,063.38</u>
Less amounts representing interest	<u>11,150,159.57</u>	<u>24,280,903.81</u>	<u>35,431,063.38</u>
<i>Total Principal</i>	<u>\$ 39,410,000.00</u>	<u>\$ 51,495,000.00</u>	<u>\$ 90,905,000.00</u>

Town of Addison, Texas
Long-Term Debt Schedules - Summary of Tax Supported Debt Requirements

**SUMMARY OF TAX SUPPORTED
DEBT REQUIREMENTS**
From September 30, 2012 to Maturity

Fiscal Year	General Obligation Debt Service Requirements	Certificates of Obligation Debt Service Requirements	Less Amount Supported by Hotel Fund ⁽¹⁾	Less Amount Supported by Airport Fund ⁽¹⁾	Less Amount Supported by Water and Sewer Fund ⁽¹⁾	Net Tax Supported Debt Service Requirements ⁽²⁾
2013	\$ 7,510,637.51	\$ 3,709,660.00	\$ 703,362.50	\$ 393,485.00	\$ 3,274,808.75	\$ 6,848,641.26
2014	5,000,575.01	3,537,147.50	711,650.00	391,685.00	597,096.55	6,837,290.96
2015	5,002,706.26	3,536,047.50	710,800.00	394,385.00	599,484.09	6,834,084.67
2016	4,431,681.26	4,014,222.50	711,300.00	391,585.00	601,351.57	6,741,667.19
2017	4,440,556.26	4,008,622.50	711,200.00	393,285.00	600,057.33	6,744,636.43
2018	3,186,331.26	4,018,070.00	710,500.00	394,207.50	600,606.94	5,499,086.82
2019	2,484,631.26	4,025,115.00	-	394,252.50	603,230.86	5,512,262.90
2020	1,495,531.26	4,033,350.00	-	398,287.50	605,240.17	4,525,353.59
2021	1,494,431.26	3,640,468.75	-	-	606,411.77	4,528,488.24
2022	1,413,531.26	3,651,968.75	-	-	608,817.04	4,456,682.97
2023	1,408,281.26	3,656,087.50	-	-	610,245.73	4,454,123.03
2024	1,406,656.26	3,655,537.50	-	-	609,382.90	4,452,810.86
2025	1,412,531.26	3,653,450.00	-	-	609,811.36	4,456,169.90
2026	1,410,781.26	3,660,125.00	-	-	610,360.96	4,460,545.30
2027	1,411,406.26	3,660,837.50	-	-	609,713.85	4,462,529.91
2028	1,409,281.26	3,193,612.50	-	-	609,264.71	3,993,629.05
2029	1,409,281.26	2,734,125.00	-	-	500,380.69	3,643,025.57
2030	1,411,156.26	2,734,703.13	-	-	500,357.79	3,645,501.60
2031	1,413,531.26	2,731,418.76	-	-	499,528.21	3,645,421.81
2032	1,406,640.63	2,723,431.26	-	-	497,769.32	3,632,302.57
2033	-	2,723,693.76	-	-	498,223.63	2,225,470.13
2034	-	618,506.26	-	-	-	618,506.26
2035	-	619,950.01	-	-	-	619,950.01
2036	-	615,459.38	-	-	-	615,459.38
2037	-	620,293.75	-	-	-	620,293.75
Total	\$ 50,560,159.57	\$ 75,775,903.81	\$ 4,258,812.50	\$ 3,151,172.50	\$ 14,852,144.22	\$ 104,073,934.16

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

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

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

Addison!®





STATISTICAL SECTION

(Unaudited)

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

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being has changed over time.	1-7
Revenue Capacity	These schedules present information to help the reader assess the Town's most significant local revenue source, the property tax.	8-10
Debt Capacity	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	11-15
Demographic & Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	16-18
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	19-21

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

Town of Addison, Texas
Statistical Section

Table 1

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Assets by Component										
Last Ten Fiscal Years										
(Accrual Basis of Accounting)										
(Unaudited)										
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 108,172,454	\$ 114,752,714	\$ 117,007,853	\$ 117,537,709	\$ 117,446,984	\$ 117,389,355	\$ 120,308,696	\$ 123,041,354	\$ 129,261,976	\$ 129,471,095
Restricted for Debt Service	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846	781,304	918,483	-	1,007,330	1,698,555
Promotion of Tourism and Hotel Industry										1,993,040
Court Technology	-	-	-	-	-	-	-	-	-	77,179
Building Security	-	-	-	-	-	-	-	-	-	66,716
Other purposes	-	-	-	-	-	-	-	-	-	32,449
Unrestricted	16,955,351	15,551,534	17,759,209	20,148,886	24,100,898	26,591,388	24,442,088	23,381,754	21,729,168	21,596,253
Total Net Assets - Governmental Activities	\$ 127,241,229	\$ 131,878,866	\$ 136,174,857	\$ 139,264,987	\$ 143,117,728	\$ 144,762,047	\$ 145,669,267	\$ 146,423,108	\$ 151,998,474	\$ 154,935,287
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 35,905,882	\$ 36,193,196	\$ 34,950,063	\$ 36,416,684	\$ 36,925,876	\$ 31,595,371	\$ 34,327,264	\$ 36,299,788	\$ 51,113,892	\$ 49,639,925
Unrestricted	5,034,702	4,665,572	5,783,509	7,105,849	7,676,017	13,568,364	13,195,545	12,740,025	9,834,613	14,319,525
Total Net Assets - Business-type Activities	\$ 40,940,584	\$ 40,858,768	\$ 40,733,572	\$ 43,522,533	\$ 44,601,893	\$ 45,163,735	\$ 47,522,809	\$ 49,039,813	\$ 60,948,505	\$ 63,959,450
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 144,078,336	\$ 150,945,910	\$ 151,957,916	\$ 153,954,393	\$ 154,372,860	\$ 148,984,726	\$ 154,635,960	\$ 159,341,142	\$ 180,375,868	\$ 179,111,020
Restricted for Debt Service	2,113,424	1,574,618	1,408,795	1,578,392	1,569,846	781,304	918,483	-	1,007,330	1,698,555
Promotion of Tourism and Hotel Industry										1,993,040
Court Technology	-	-	-	-	-	-	-	-	-	77,179
Building Security	-	-	-	-	-	-	-	-	-	66,716
Other purposes	-	-	-	-	-	-	-	-	-	32,449
Unrestricted	21,990,053	20,217,106	23,541,718	27,254,735	31,776,915	40,159,752	37,637,633	36,121,779	31,563,781	35,915,778
Total Net Assets - Primary Government	\$ 168,181,813	\$ 172,737,634	\$ 176,908,429	\$ 182,787,520	\$ 187,719,621	\$ 189,925,782	\$ 193,192,076	\$ 195,462,921	\$ 212,946,979	\$ 218,894,737

SOURCE: Town of Addison Comprehensive Annual Financial Reports

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$ 5,177,758	\$ 5,771,545	\$ 5,929,812	\$ 6,251,658	\$ 5,769,960	\$ 6,405,494	\$ 6,527,735	\$ 6,876,385	\$ 6,709,095	\$ 6,485,716
Public Safety	10,982,315	11,434,040	12,136,999	12,641,284	13,452,066	13,994,387	14,743,542	14,550,333	14,914,759	15,130,157
Development Services	489,613	502,033	553,651	549,107	833,330	940,555	856,793	938,059	866,023	879,253
Streets	4,897,731	4,047,277	3,873,029	4,562,905	5,072,907	5,269,124	4,998,440	5,277,938	4,913,524	5,028,071
Parks and Recreation	3,633,439	3,719,576	4,084,150	4,305,515	4,054,147	4,759,378	5,119,320	4,502,295	4,742,946	4,963,327
Visitor Services	5,117,318	5,223,648	5,524,971	6,151,819	6,370,107	6,928,724	6,687,392	6,027,442	6,431,136	6,852,198
Interest on Long-Term Debt	1,998,762	2,211,265	1,960,226	1,755,697	1,598,951	2,127,985	2,420,908	2,423,732	2,261,571	1,898,595
Total Governmental Activities	<u>32,296,936</u>	<u>32,909,384</u>	<u>34,062,838</u>	<u>36,217,985</u>	<u>37,151,468</u>	<u>40,425,647</u>	<u>41,354,130</u>	<u>40,596,184</u>	<u>40,839,054</u>	<u>41,237,317</u>
Business-type Activities:										
Airport	3,492,184	4,125,194	4,292,548	4,426,545	4,473,096	4,198,855	4,289,852	4,181,256	4,387,384	4,505,476
Utilities	7,324,758	7,495,051	7,624,573	8,182,476	8,512,308	8,782,702	8,539,106	8,529,681	8,633,217	9,075,186
Total Business-type Activities	<u>10,816,942</u>	<u>11,620,245</u>	<u>11,917,121</u>	<u>12,609,021</u>	<u>12,985,404</u>	<u>12,981,557</u>	<u>12,828,958</u>	<u>12,710,937</u>	<u>13,020,601</u>	<u>13,580,662</u>
Total Expenses - Primary Government	<u>\$ 43,113,878</u>	<u>\$ 44,529,629</u>	<u>\$ 45,979,959</u>	<u>\$ 48,827,006</u>	<u>\$ 50,136,872</u>	<u>\$ 53,407,204</u>	<u>\$ 54,183,088</u>	<u>\$ 53,307,121</u>	<u>\$ 53,859,655</u>	<u>\$ 54,817,979</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,742,925	\$ 1,844,636	\$ 652,602	\$ 100,957	\$ 285,301	\$ 186,920	\$ 203,258	\$ 266,954	\$ 143,529	\$ 208,734
Public Safety	828,794	782,561	1,601,127	2,424,249	1,953,587	2,203,371	2,318,099	2,094,280	1,899,711	2,101,058
Development Services	-	-	4,325	651,408	743,201	798,006	429,681	835,808	1,213,741	956,089
Streets	-	-	193,071	206,134	318,731	333,645	350,587	332,330	2,299,731	378,982
Parks and Recreation	12,864	20,046	91,047	100,564	106,882	133,022	105,705	108,113	107,387	114,164
Visitor Services	1,254,871	1,375,623	1,559,282	1,657,987	2,054,468	2,149,274	1,829,964	2,183,247	2,007,821	2,429,686
Operating Grants and Contributions	520,882	4,185,029	3,218,659	1,440,734	369,544	561,992	2,044,979	230,290	223,792	164,749
Capital Grants and Contributions	-	-	-	-	-	-	-	1,348,141	3,429,804	568,285
Total Governmental Activities	<u>4,360,336</u>	<u>8,207,895</u>	<u>7,320,113</u>	<u>6,582,033</u>	<u>5,831,714</u>	<u>6,366,230</u>	<u>7,282,273</u>	<u>7,399,163</u>	<u>11,325,516</u>	<u>6,921,747</u>
Business-type Activities:										
Charges for Services:										
Airport	4,039,109	4,066,085	4,215,280	4,062,398	4,203,815	4,061,347	3,989,304	4,289,225	4,526,593	4,255,547
Utilities	7,126,331	7,426,268	7,326,015	10,777,843	9,050,758	8,903,506	9,188,791	8,806,069	10,740,568	11,128,700
Operating Grants and Contributions	-	170,037	61,948	145,360	460,497	301,676	1,786,297	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	1,102,850	9,668,165	1,258,798
Total Business-type Activities	<u>11,165,440</u>	<u>11,662,390</u>	<u>11,603,243</u>	<u>14,985,601</u>	<u>13,715,070</u>	<u>13,266,529</u>	<u>14,964,392</u>	<u>14,198,144</u>	<u>24,935,326</u>	<u>16,643,045</u>
Total Program Revenues - Primary Government	<u>\$ 15,525,776</u>	<u>\$ 19,870,285</u>	<u>\$ 18,923,356</u>	<u>\$ 21,567,634</u>	<u>\$ 19,546,784</u>	<u>\$ 19,632,759</u>	<u>\$ 22,246,665</u>	<u>\$ 21,597,307</u>	<u>\$ 36,260,842</u>	<u>\$ 23,564,792</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (27,936,600)	\$ (24,701,489)	\$ (26,742,725)	\$ (29,635,952)	\$ (31,319,754)	\$ (34,059,417)	\$ (34,071,857)	\$ (33,197,021)	\$ (29,513,538)	\$ (34,315,570)
Business-Type Activities	348,498	42,145	(313,878)	2,376,580	729,666	284,972	2,135,434	1,487,207	11,914,725	3,062,383
Total Net Expense - Primary Government	<u>\$(27,588,102)</u>	<u>\$(24,659,344)</u>	<u>\$(27,056,603)</u>	<u>\$(27,259,372)</u>	<u>\$(30,590,088)</u>	<u>\$(33,774,445)</u>	<u>\$(31,936,423)</u>	<u>\$(31,709,814)</u>	<u>\$(17,598,813)</u>	<u>\$(31,253,187)</u>
General Revenues										
Taxes:										
Property Taxes, Levied for General Purposes	\$ 11,594,844	\$ 12,018,231	\$ 12,830,522	\$ 13,297,948	\$ 13,587,051	\$ 14,310,671	\$ 15,711,056	\$ 15,900,631	\$ 15,772,858	\$ 17,400,696
Sales Taxes	9,660,644	10,225,550	10,597,327	10,936,530	11,691,786	11,619,637	10,838,895	9,987,439	10,604,803	11,988,116
Franchise Taxes	2,314,536	2,706,204	2,564,683	2,146,225	2,615,504	2,555,927	2,761,511	2,578,154	2,792,601	2,699,520
Hotel/Motel Taxes	3,346,197	3,447,058	4,038,131	4,679,099	5,203,080	5,204,247	3,958,238	3,666,781	4,000,786	4,295,149
Interest on Investments	677,618	595,916	765,850	1,354,575	1,700,412	1,504,162	1,383,743	339,986	148,966	99,065
Miscellaneous	289,158	124,557	242,203	311,705	374,662	509,092	325,634	2,474,485	772,276	769,837
Transfer	-	221,610	-	-	-	-	-	-	-	-
Total General Revenues	<u>27,882,997</u>	<u>29,339,126</u>	<u>31,038,716</u>	<u>32,726,082</u>	<u>35,172,495</u>	<u>35,703,736</u>	<u>34,979,077</u>	<u>34,947,476</u>	<u>34,092,290</u>	<u>37,252,383</u>
Business-type Activities										
Interest on Investments	99,048	80,758	171,791	335,828	388,070	260,533	214,492	11,065	(16,178)	(51,843)
Miscellaneous	-	16,891	16,891	76,553	(38,376)	16,337	9,148	18,732	10,145	405
Transfer	-	(221,610)	-	-	-	-	-	-	-	-
Total Business-type Activities	<u>99,048</u>	<u>(123,961)</u>	<u>188,682</u>	<u>412,381</u>	<u>349,694</u>	<u>276,870</u>	<u>223,640</u>	<u>29,797</u>	<u>(6,033)</u>	<u>(51,438)</u>
Change in Net Assets										
Governmental Activities	(53,603)	4,637,637	4,295,991	3,090,130	3,852,741	1,644,319	907,220	1,750,455	4,578,752	2,936,813
Business-type Activities	447,546	(81,816)	(125,196)	2,788,961	1,079,360	561,842	2,359,074	1,517,004	11,908,692	3,010,945
Total Change in Net Assets - Primary Government	<u>\$ 393,943</u>	<u>\$ 4,555,821</u>	<u>\$ 4,170,795</u>	<u>\$ 5,879,091</u>	<u>\$ 4,932,101</u>	<u>\$ 2,206,161</u>	<u>\$ 3,266,294</u>	<u>\$ 3,267,459</u>	<u>\$ 16,487,444</u>	<u>\$ 5,947,758</u>

SOURCE: Town of Addison Comprehensive Annual Financial Reports

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 168,743	\$ 89,973	\$ 127,088	\$ 101,836	\$ 305,918	\$ 358,337	\$ 420,883	\$ 188,035	\$ -	\$ -
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	87,835	114,733
Prepaid Items	-	-	-	-	-	-	-	-	67,135	94,028
Assigned for Other Purposes	-	-	-	-	-	-	-	-	61,193	23,061
Unreserved	7,845,899	7,209,812	6,923,417	8,073,344	10,378,247	11,337,593	10,231,859	10,668,716	10,150,531	-
Total General Fund	8,014,642	7,299,785	7,050,505	8,175,180	10,684,165	11,695,930	10,652,742	10,856,751	10,366,694	231,822
All Other Governmental Funds										
Reserved	187,653	1,660,191	1,488,509	1,755,980	1,769,294	1,548,218	1,309,497	1,302,623	-	-
Unreserved, Reported in:										
Special Revenue Funds	95,828	106,272	125,491	186,758	205,790	229,327	16,573	51,469	-	-
Capital Project Funds	15,561,134	22,414,425	9,224,315	7,553,427	7,114,632	33,491,143	29,190,201	20,334,339	-	-
Debt Service Funds	2,731,398	765,623	778,627	810,936	864,331	890,310	902,577	863,925	-	-
Hotel Fund	5,248,751	4,699,920	4,617,539	4,639,050	5,382,310	5,715,693	4,635,799	4,423,339	-	-
Restricted for:										
Debt Service	-	-	-	-	-	-	-	-	1,945,104	1,840,901
Promotion of Tourism & Hotel Industry	-	-	-	-	-	-	-	-	-	1,993,040
Capital Projects	-	-	-	-	-	-	-	-	9,851,762	39,654,624
Court Technology	-	-	-	-	-	-	-	-	83,827	77,179
Building Security	-	-	-	-	-	-	-	-	72,462	66,716
Other Purposes	-	-	-	-	-	-	-	-	45,500	36,793
Committed for:										
Economic Development	-	-	-	-	-	-	-	-	358,676	516,823
Assigned for:										
Other Purposes	-	-	-	-	-	-	-	-	27,603	-
Unassigned	-	-	-	-	-	-	-	-	115,223	12,174,333
Total All Other Governmental Funds	23,824,764	29,646,431	16,234,481	14,946,151	15,336,357	41,874,691	36,054,647	26,975,695	12,500,157	56,360,409
Total Governmental Funds	\$ 31,839,406	\$ 36,946,216	\$ 23,284,986	\$ 23,121,331	\$ 26,020,522	\$ 53,570,621	\$ 46,707,389	\$ 37,832,446	\$ 22,866,851	\$ 56,592,231

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.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Ad Valorem Taxes	\$ 12,176,518	\$ 11,883,632	\$ 12,765,636	\$ 13,293,707	\$ 13,629,796	\$ 14,367,964	\$ 15,636,534	\$ 15,900,747	\$ 15,803,400	\$ 17,471,642
Non-Property Taxes	13,042,476	13,643,147	14,594,219	15,586,851	16,719,036	16,841,525	14,478,768	13,744,620	14,564,185	16,183,779
Franchise Fees	2,450,145	2,674,701	2,563,797	2,681,263	2,615,504	2,555,927	2,761,511	2,578,154	2,760,188	2,727,370
Licenses and Permits	386,824	455,089	479,239	651,408	743,201	798,006	429,681	833,178	1,210,058	953,709
Intergovernmental	520,882	4,063,307	2,223,779	1,440,734	185,297	561,992	257,429	1,323,831	3,543,357	2,676,792
Service Fees	2,018,592	2,157,156	2,157,963	2,414,454	2,648,853	2,944,353	2,696,581	3,135,434	2,840,317	3,104,592
Fines and Forfeitures	828,794	782,561	862,839	1,185,093	1,239,873	1,297,064	1,322,196	1,215,414	1,104,477	1,208,773
Earnings on Investments	598,025	536,699	707,240	1,148,087	1,416,049	1,291,081	1,234,816	298,634	122,128	75,972
Contributions	-	-	-	-	184,247	-	-	-	-	-
Rental Charges	544,601	532,636	667,577	656,988	676,563	744,496	670,546	700,207	733,957	931,619
Recycling Proceeds	12,864	20,046	26,768	29,311	32,703	41,567	18,570	21,126	22,608	26,414
Other	129,244	45,240	120,964	194,943	333,005	333,101	90,574	2,277,342	531,149	483,009
Total Revenues	\$ 32,708,965	\$ 36,794,214	\$ 37,170,021	\$ 39,282,839	\$ 40,424,127	\$ 41,777,076	\$ 39,597,206	\$ 42,028,687	\$ 43,235,824	\$ 45,843,671
EXPENDITURES:										
Current:										
General Government	\$ 4,916,867	\$ 5,406,092	\$ 5,799,332	\$ 6,138,990	\$ 5,699,206	\$ 6,412,823	\$ 6,357,501	\$ 6,323,891	\$ 6,353,784	\$ 6,135,191
Public Safety	11,082,467	11,930,745	12,286,885	12,745,195	13,318,918	14,193,406	14,374,702	13,812,617	14,857,023	15,075,757
Development Services	485,810	520,215	553,651	563,271	770,557	884,770	864,234	887,132	885,218	886,705
Streets	1,504,349	1,425,047	1,276,489	1,421,464	1,476,582	1,805,175	2,356,219	1,672,375	1,612,011	1,612,699
Parks and Recreation	3,114,382	3,296,846	3,519,130	3,671,919	3,569,031	4,108,418	4,072,051	3,698,831	4,061,666	4,269,381
Visitor Services	4,971,996	4,774,003	5,015,755	5,801,404	6,040,917	6,512,965	6,216,141	5,445,391	7,655,939	6,171,479
Municipal Court	-	-	-	-	-	-	-	-	-	54,370
Economic Development	-	-	-	-	-	-	-	-	342,200	469,679
Debt Service:										
Principal Retirement	2,510,522	3,645,076	3,178,542	3,570,000	3,735,000	3,919,769	4,115,100	4,369,520	3,873,610	4,738,040
Interest and Fiscal Charges	4,204,999	3,322,316	3,605,378	1,747,186	1,628,447	1,624,105	2,808,332	2,444,875	2,284,774	1,918,640
Debt Issuance Costs	-	85,000	-	-	-	-	-	-	-	141,666
Capital Projects:										
Salaries and Fringe Benefits	228,162	200,541	144,444	50,461	52,304	36,908	4,325	-	-	-
Supplies	55	-	-	2,340	-	-	2,878	937	-	17,635
Maintenance and Materials	-	-	-	-	-	-	41,480	231,367	9,870	-
Engineering and Contractual Services	2,253,876	1,265,921	1,135,319	449,930	123,695	745,837	1,591,103	2,585,480	1,846,919	796,958
Construction and Equipment	13,590,564	6,564,077	14,316,326	4,796,080	1,110,279	2,232,634	3,573,333	9,431,214	14,375,210	3,038,501
Total Expenditures	\$ 48,864,049	\$ 42,435,879	\$ 50,831,251	\$ 40,958,240	\$ 37,524,936	\$ 42,476,810	\$ 46,377,399	\$ 50,903,630	\$ 58,158,224	\$ 45,326,701
Excess/(Deficiency) of Revenues over Expenditures	(16,155,084)	(5,641,665)	(13,661,230)	(1,675,401)	2,899,191	(699,734)	(6,780,193)	(8,874,943)	(14,922,400)	516,970
OTHER FINANCING SOURCES/(USES):										
Proceeds from Refunding Bonds Issued	-	-	-	6,355,000	-	-	-	-	-	46,315,000
Payment to Refunded Bond Escrow Agent	-	-	-	(6,228,588)	-	-	-	-	-	(14,834,842)
Issuance of Debt	23,095,000	10,695,000	-	1,500,000	-	28,222,000	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-	-	-	-	-	(632,482)
Bond Issuance Costs	-	-	-	(114,666)	-	-	-	-	-	-
Premium on Issuance of Bonds	-	53,475	-	-	-	27,833	-	-	-	4,133,956
Transfers In	2,413,496	1,456,770	704,610	968,890	706,710	700,000	896,489	2,133,827	1,384,156	1,258,263
Transfers Out	(2,413,496)	(1,456,770)	(704,610)	(968,890)	(706,710)	(700,000)	(979,528)	(2,133,827)	(1,384,156)	(3,074,679)
Total Other Financing Sources/(Uses)	23,095,000	10,748,475	-	1,511,746	-	28,249,833	(83,039)	-	-	33,165,216
Net Change in Fund Balance	\$ 6,939,916	\$ 5,106,810	\$(13,661,230)	\$ (163,655)	\$ 2,899,191	\$ 27,550,099	\$(6,863,232)	\$(8,874,943)	\$(14,922,400)	\$ 33,682,186
Debt Service as a Percentage of										
Non-Capital Expenditures	19.99%	20.36%	19.31%	15.00%	14.97%	14.14%	17.51%	17.63%	15.40%	16.32%

SOURCE: Town of Addison Comprehensive Annual Financial Reports

**GENERAL GOVERNMENTAL 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
2003	\$ 25,218,994	\$ 2,450,145	\$ 386,824	\$ -	\$ 2,018,592	\$ 828,794	\$ 281,579	\$ 544,601	\$ 121,293	\$ 31,850,822
2004	25,526,779	2,674,701	455,089	55,527	2,157,156	782,561	270,649	532,636	65,286	32,520,384
2005	27,359,855	2,563,797	479,239	245,789	2,157,963	862,839	317,889	667,577	147,732	34,802,680
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

Table includes General, 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 ⁽¹⁾	Development Services	Streets	Parks and Recreation ⁽²⁾	Visitor Services ⁽³⁾	Economic Development	Debt Service	Total
2003	\$ 4,916,867	\$ 11,040,379	\$ 485,810	\$ 1,504,349	\$ 3,114,382	\$ 4,971,996	-	\$ 6,715,521	\$ 32,749,304
2004	5,406,092	11,930,745	520,215	1,425,047	3,296,846	4,774,003	-	6,967,392	34,320,340
2005	5,799,332	12,286,885	553,651	1,276,489	3,519,130	5,015,755	-	6,783,920	35,235,162
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

Table includes General, 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
2003	\$ 12,176,518	\$ 8,971,759	\$ 724,520	\$ 2,450,145	\$ 3,346,197	\$ 27,669,139
2004	11,883,632	9,303,529	892,560	2,674,701	3,447,058	28,201,480
2005	12,765,636	9,663,892	892,196	2,563,797	4,038,131	29,923,652
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

Table includes General, Special Revenue 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 ⁽¹⁾	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate ⁽²⁾
2003	2002	\$ 2,598,035,207	\$ 748,577,450	\$ (259,709,659)	\$ 3,086,902,998	\$ 0.3999
2004	2003	2,453,576,988	692,547,030	(259,882,104)	2,886,241,914	0.4228
2005	2004	2,358,157,460	605,585,490	(267,252,593)	2,696,490,357	0.4760
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

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 ⁽¹⁾			Overlapping Rates ⁽²⁾					
	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
2003	\$ 0.1890	\$ 0.2109	\$ 0.3999	\$ 0.2015	\$ 0.0600	\$ 1.5875	\$ 1.7224	\$ 0.2540	\$ 2.5029
2004	0.2201	0.2027	0.4228	0.2094	0.0778	1.6395	1.7358	0.2540	2.6035
2005	0.2597	0.2163	0.4760	0.2094	0.0803	1.6694	1.7824	0.2540	2.6891
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

SOURCE: Dallas Central Appraisal District

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 ⁽¹⁾	Total Collections to Date	
			Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2003	2002	\$ 12,344,525	\$ 12,083,669	97.9%	\$ 37,901	\$ 12,121,570	98.2%
2004	2003	12,203,031	11,880,084	97.4%	(54,256)	11,825,828	96.9%
2005	2004	12,835,294	12,587,375	98.1%	84,329	12,671,704	98.7%
2006	2005	13,296,460	13,197,440	99.3%	23,531	13,220,971	99.4%
2007	2006	14,057,369	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	17,394,485	99.0%

SOURCE: Dallas Central Appraisal District

Notes:

- (1) 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					Percentage of Personal Income	Per Capita ⁽¹⁾
	General Obligation Bonds	General Obligation Refunding Bonds	Hotel Occupancy Tax Revenue Bonds	Certificates of Obligation	General Obligation Bonds	General Obligation Refunding Bonds	Water and Sewer Refunding Bonds	Certificates of Obligation	Total Primary Government			
2003	\$ 16,085,000	\$ 15,218,386	\$ 340,000	\$ 9,890,000	\$ -	\$ 20,030,859	\$ -	\$ -	\$ 61,564,245	10.96 %	\$ 4,173.85	
2004	25,810,000	13,323,311	-	9,450,000	-	18,934,234	-	-	67,517,545	13.37	4,788.48	
2005	24,280,000	12,584,769	-	8,540,000	-	17,465,231	-	4,400,000	67,270,000	12.84	4,655.36	
2006	17,790,000	18,934,769	-	7,085,000	-	15,805,231	-	4,185,000	63,800,000	10.67	4,281.88	
2007	16,615,000	16,854,769	-	6,605,000	-	14,090,231	-	3,960,000	58,125,000	9.36	3,811.48	
2008	9,945,000	20,105,000	-	34,327,000	-	12,060,000	-	10,003,000	86,440,000	12.91	5,668.20	
2009	8,645,000	17,850,000	-	33,766,900	-	9,950,000	-	9,748,100	79,960,000	13.79	5,967.16	
2010	7,275,000	15,500,000	-	33,117,380	-	7,760,000	-	9,467,620	73,120,000	13.29	5,204.27	
2011	6,605,000	12,970,000	-	32,443,770	-	5,275,000	-	9,176,230	66,470,000	13.00	5,089.59	
2012	1,495,000	35,230,000	-	40,324,314	-	2,685,000	-	10,575,686	90,310,000	12.27	6,601.61	

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

Notes:

⁽¹⁾ The Net Tax Supported Debt Service Requirements schedule shows the actual Ad Valorem tax burden placed on the taxpayers, most of which are commercial businesses rather than resident citizens. This schedule can be found on page 151.

RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	General Obligation Refunding Bonds	Certificates of Obligation	Total Primary Government		
2003	\$ 16,085,000	\$ 15,218,386	\$ 1,890,000	\$ 33,193,386	1.08 %	\$ 2,250.40
2004	25,810,000	13,323,311	1,450,000	40,583,311	1.41	2,878.25
2005	24,280,000	12,584,769	990,000	37,854,769	1.40	2,619.71
2006	17,790,000	18,934,769	-	36,724,769	1.31	2,464.75
2007	16,615,000	16,854,769	-	33,469,769	1.10	2,194.74
2008	9,945,000	20,105,000	28,222,000	58,272,000	1.67	3,821.11
2009	8,645,000	17,850,000	28,176,900	54,671,900	1.47	4,079.99
2010	7,275,000	15,500,000	28,062,380	50,837,380	1.54	3,618.32
2011	6,605,000	12,970,000	27,943,770	47,518,770	1.55	3,638.50
2012	1,495,000	35,230,000	40,324,314	77,049,314	2.54	5,632.26

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, 2012

Taxing Jurisdiction	G.O. Bonded Debt	Percent Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 317,180,000	4.34%	\$ 13,765,612
Dallas County	121,605,000	1.93%	2,346,977
Dallas County Community College District	374,265,000	1.93%	7,223,315
Dallas County Hospital District	705,000,000	1.93%	13,606,500
Dallas ISD	2,554,985,000	3.44%	<u>87,891,484</u>
Total Overlapping Debt			124,833,888
Town of Addison (Direct Debt)	\$ 73,739,314 ⁽²⁾	100%	<u>73,739,314</u>
Total Direct and Overlapping Debt			<u>\$ 198,573,202</u>
Ratio of Overlapping G.O. Debt to 2011 Taxable Assessed Valuation			4.12%
Per Capita Overlapping G.O. Debt			\$ 9,112

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 ⁽²⁾			Revenue Bond Coverage ⁽³⁾
	Gross Revenue	Expense ⁽¹⁾	Net Revenue	Principal	Interest	Total	
2003	\$ 6,862,799	\$ 5,685,179	\$ 1,177,620	\$ -	\$ -	\$ -	N/A
2004	7,501,174	5,738,577	1,762,597	-	-	-	N/A
2005	7,408,715	5,926,601	1,482,114	-	-	-	N/A
2006	10,448,742	6,594,211	3,854,531	-	-	-	N/A
2007	9,378,480	6,837,579	2,540,901	-	-	-	N/A
2008	9,086,984	6,970,850	2,116,134	-	-	-	N/A
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

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 ⁽²⁾
	Gross Revenue	Expenditure ⁽¹⁾	Net Revenue	Principal	Interest	Total	
2003	\$ 4,681,695	\$ 721,460	\$ 3,960,235	\$ 350,000	\$ 21,105	\$ 371,105	10.6
2004	4,895,842	839,410	4,056,432	340,000	274,883	614,883	6.6
2005	5,676,622	850,326	4,826,296	450,000	254,613	704,613	6.8
2006	6,539,634	1,118,079	5,421,555	465,000	240,887	705,887	7.7
2007	7,490,887	942,884	6,548,003	480,000	226,710	706,710	9.3
2008	7,546,348	1,077,436	6,468,912	500,000	212,012	712,012	9.1
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

Notes:

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

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

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

Fiscal Year	Estimated Population ⁽¹⁾	Assessed Valuations ⁽²⁾	Personal Income (Thousands)	Per Capita Personal Income ⁽³⁾	Labor Force ⁽⁴⁾	Unemployment Rate ⁽⁴⁾
2003	14,750	\$ 3,086,902,998	\$ 561,672	\$ 38,079	8,350	5.9%
2004	14,100	2,886,241,914	505,077	35,821	8,171	4.9%
2005	14,450	2,696,490,357	523,909	36,257	2,026,997	5.2%
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%

SOURCES:

- (1) North Central Texas Council of Governments estimates
- (2) Dallas Central Appraisal District
- (3) Personal income is estimated by the U.S. Census Bureau based on current income trends within the area.
- (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	2012			2003		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
Post Addison Circle	Mixed Development	\$ 127,500,000	1	4.21%	\$ 107,500,000	2	3.43%
SP Millenium Center, LP	Land, Office Buildings	120,000,000	2	3.96%			
Richmont Properties Ltd	Land, Office Buildings	64,381,040	3	2.13%	55,149,810	5	1.76%
COP Spectrum Center LLC	Office Buildings	49,796,250	4	1.64%	52,258,950	6	1.67%
DCO Savoye LLC	Apartments	47,000,000	5	1.55%			
MBNA Texas Properties	Land, Office Buildings	45,074,060	6	1.49%	56,200,390	4	1.79%
MHSS-Addison LP	Land, Office Buildings	45,064,170	7	1.49%			
Fairfield Addison Circle	Land, Office Buildings	43,179,680	8	1.43%			
VOP LP	Office Buildings	41,550,000	9	1.37%			
KBS Millennium 1	Land, Office Buildings	40,370,490	10	1.33%			
EOP Colonnade of Dallas	Land, Office Buildings				115,484,440	1	3.68%
Crescent Real Estate	Land, Office Buildings				79,682,310	3	2.54%
Millennium Park Ph1 LP	Land, Office Buildings				46,789,830	8	1.49%
FSP Addison Cir LTD Ph 1 LP	Office Buildings				51,000,000	7	1.63%
ATV Partners LTD	Shopping Center				40,500,000	9	1.29%
AER Mfg. LP	Manufacturing				36,351,280	10	1.16%
		<u>\$ 623,915,690</u>		<u>20.60%</u>	<u>\$ 640,917,010</u>		<u>20.44%</u>

SOURCE: Dallas Central Appraisal District

MAJOR EMPLOYERS
 Current Year and Nine Years Ago

Company	Type of Business	2012		2003	
		Estimated Number of Employees	Percent of Total Employees	Estimated Number of Employees	Percent of Total Employees
Bank of America	Finance	3,400	7.45%	2,000	4.38%
Mary Kay Cosmetics Inc.	Cosmetics	1,070	2.34%	1,000	2.19%
National Default Exchange Management	Mortgage	566	1.24%	N/A*	N/A*
Rexel	Industrial Electrical Supplies	550	1.20%	N/A*	N/A*
American Mortgage Servicing	Mortgage	500	1.10%	N/A*	N/A*
United Surgical Partners International	Medical	360	0.79%	N/A*	N/A*
Concentra Operating Corporation	Medical	321	0.70%	N/A*	N/A*
Hilton Worldwide, Incorporated	Hospitality	319	0.70%	N/A*	N/A*
Glazer's Family of Companies	Spirits	280	0.61%	N/A*	N/A*
Greenhill School	Education	256	0.56%	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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City Manager's Office	9.5	10.0	10.0	10.0	8.5	8.5	8.5	8.5	8.0	7.5
Financial and Strategic Services	11.5	12.0	12.0	11.0	10.0	10.0	10.0	9.0	8.0	8.0
Municipal Court	4.5	4.7	4.7	4.7	4.7	4.7	5.7	5.7	5.4	5.4
General Services	8.4	9.0	9.0	9.0	9.0	10.0	10.0	10.0	9.0	8.0
Human Resources	4.3	4.3	4.7	4.7	4.7	4.7	5.2	5.2	4.2	5.2
Information Technology	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Total General Government	44.2	46.0	46.4	45.4	42.9	43.9	45.4	44.4	40.6	40.1
Public Safety										
Police	84.8	84.8	83.8	81.8	68.3	69.3	70.3	73.3	72.3	73.8
Emergency Communications	-	-	-	-	12.5	12.5	13.5	13.5	13.5	13.5
Fire	55.0	55.0	55.0	55.0	55.0	55.0	55.0	54.0	53.0	52.0
Total Public Safety	139.8	139.8	138.8	136.8	135.8	136.8	138.8	140.8	138.8	139.3
Development Services										
Development Services	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.2
Economic Development										
Economic Development	-	-	-	-	-	-	-	-	-	1.0
Public Works										
Streets	6.4	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	5.0
Utilities	15.4	18.0	18.0	18.0	17.0	17.0	18.0	17.0	17.0	16.0
Total Public Works	21.8	24.0	24.0	24.0	24.0	24.0	25.0	24.0	24.0	21.0
Parks and Recreation										
Parks	20.0	20.0	20.0	20.0	20.0	20.0	21.0	20.0	20.0	20.0
Recreation	15.4	17.9	17.9	17.2	15.2	15.6	15.6	15.6	15.6	14.6
Total Parks and Recreation	35.4	37.9	37.9	37.2	35.2	35.6	36.6	35.6	35.6	34.6
Visitor Services										
Visitor Services	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	3.0	3.0
Conference Centre	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8.0
Special Events	2.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Marketing	1.0	1.0	-	-	-	-	-	-	-	1.0
Performing Arts	-	-	-	-	-	-	-	-	-	-
Total Visitor Services	13.0	14.5	13.5	14.5	14.0	14.0	14.0	14.0	13.5	15.0
Airport Fund										
Airport Fund	3.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Other										
Public Safety Fund	0.2	-	-	-	-	-	-	-	-	-
Street Capital Project Fund	2.1	-	-	-	-	-	-	-	-	-
2002 Capital Project Fund	0.5	-	-	-	-	-	-	-	-	-
Total Other	2.8	-	-	-	-	-	-	-	-	-
TOTAL	266.2	270.2	268.6	265.9	260.9	263.3	268.8	267.8	261.5	261.2

SOURCE: Town of Addison Human Resources Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2003 ⁽¹⁾	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Crimes Against Property	n/a	1,169	984	1,217	1,094	954	1,100	968	1,056	933
Crimes Against Persons	n/a	379	340	387	397	390	452	381	388	435
Arrests	n/a	2,270	2,289	2,071	2,227	2,844	3,220	2,775	2,876	2,924
Calls for Service	17,636	18,288	17,504	19,414	19,320	17,365	16,109	15,453	17,989	17,390
Fire										
Number of Fires	n/a	50	55	74	39	38	50	44	51	45
Dollar Loss	n/a	584,000	623,175	379,541	283,000	234,375	396,100	2,212,000	3,027,173	2,484,545
Calls for Service - Fire	1,164	1,133	1,119	1,037	968	1,033	893	834	866	837
Calls for Service - EMS	1,534	1,493	1,561	1,477	1,588	1,507	1,422	1,518	1,463	1,676
Streets										
Tons of Recycling Collected	n/a	328	360	365	357	354	343	328	330	334
Parks										
Acres Maintained	n/a	142	151	150	138	137	138	139	163	163
Recreation										
Recreation Event Participants	n/a	12,549	12,605	12,720	13,371	13,002	13,184	14,947	14,874	22,496
Number of Users	107,304	125,590	126,903	129,090	128,293	126,214	126,123	125,339	123,794	131,730
Active Athletic Club Members	3,515	3,426	3,506	3,757	3,595	3,395	3,222	3,300	3,428	3,637
Utilities										
Water Usage - Peak ⁽²⁾	9,682	8,845	9,652	9,900	8,000	8,421	8,748	8,895	9,402	8,871
Water Usage - Average ⁽²⁾	5,496	5,246	5,091	6,023	5,150	4,847	4,627	4,334	5,014	5,021
Service Line Breaks	n/a	13	19	15	17	13	11	11	7	10
Water Main Breaks	n/a	4	6	3	7	7	1	1	1	2

SOURCE: Town of Addison Department Data

Notes:

⁽¹⁾ For this schedule, n/a means this information is not available.

⁽²⁾ In thousands of gallons

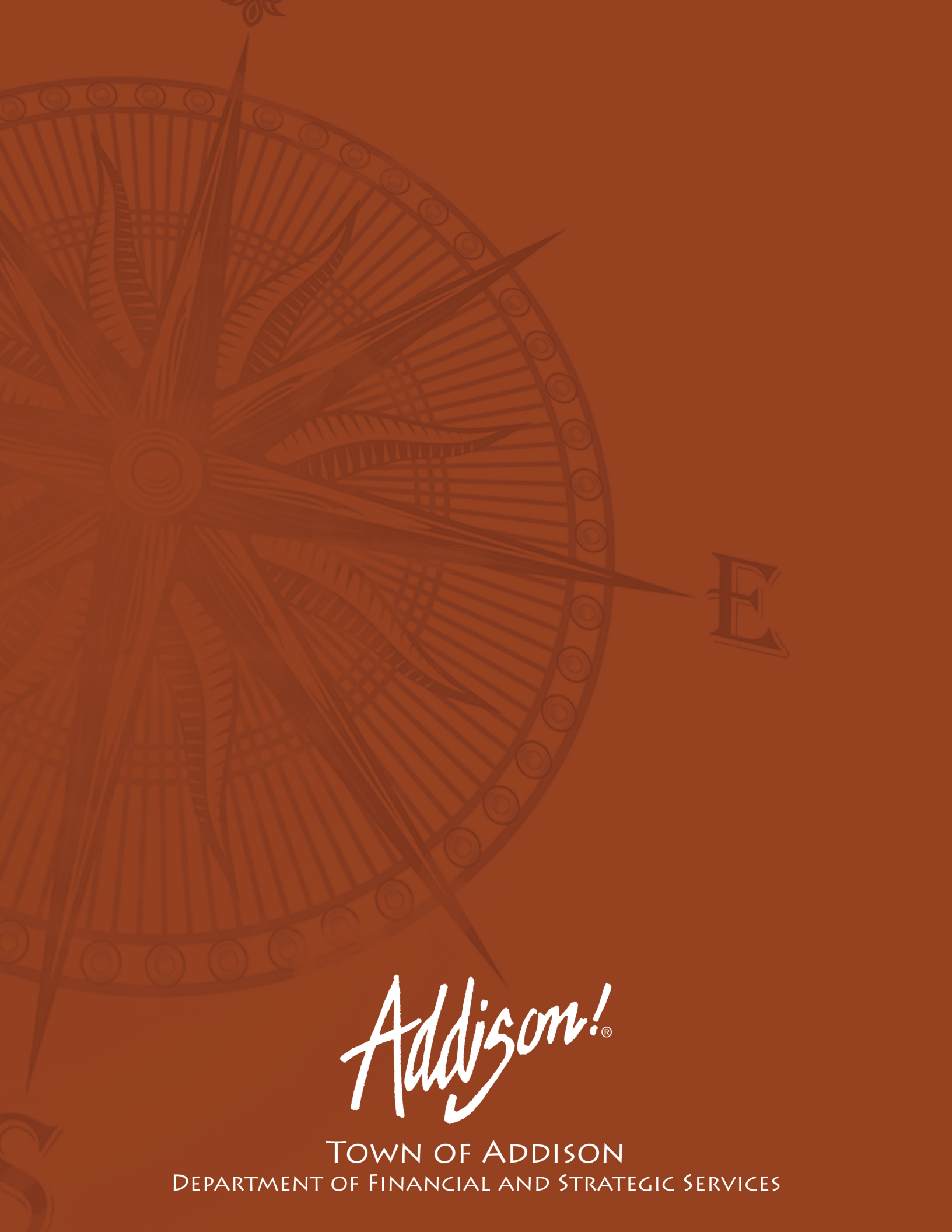
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<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	39	39	39	41	41	41	41	41
Lane Miles	119	119	119	119	119	126	126	164	164	164
Traffic Signals	33	33	33	34	34	34	34	36	36	36
<u>Parks and Recreation</u> ⁽¹⁾										
Acres Maintained	138	142	151	149	149	136	138	139	163	163
Parks	13	13	15	15	16	12	13	13	15	15
Playgrounds	3	3	3	3	3	3	3	3	5	5
Soccer/Football Fields	1	1	1	1	1	0	0	0	1	1
Community Centers	2	2	2	2	2	1	1	1	1	1
<u>Water</u>										
Water Mains (Miles)	93	96	96	98	98	99	101	96	80	80
Fire Hydrants	983	1,030	1,030	1,040	1,150	1,175	1,200	1,013	1,052	1,052
<u>Wastewater</u>										
Miles of Sanitary Sewers	86	86	86	87	87	88	90	82	66	66
Miles of Storm Sewers	18.5	18.5	18.5	22	22	22	22	22	57	57

SOURCE: Town of Addison Department Data

Notes:

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



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TOWN OF ADDISON
DEPARTMENT OF FINANCIAL AND STRATEGIC SERVICES