

Town of Addison, Texas
Comprehensive Annual Financial Report

For the Year Ended September 30, 2011

Prepared by the
Department of Financial & Strategic Services
Marisa Perry, CPA, Financial Services Manager
Mushtaq Ali, Accountant

City Council

| | Expiration of Term |
|--|--------------------|
| Todd Meier, Mayor | May 2013 |
| Blake W. Clemens, Mayor Pro Tempore | May 2013 |
| Kimberly Lay, Deputy Mayor Pro Tempore | May 2012 |
| Bruce Arfsten, Councilmember | May 2013 |
| Chris DeFrancisco, Councilmember | May 2013 |
| Roger S. Mellow, Councilmember | May 2012 |
| Neil Resnik, Councilmember | May 2012 |

City Manager

Ron Whitehead

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Town of Addison, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2011

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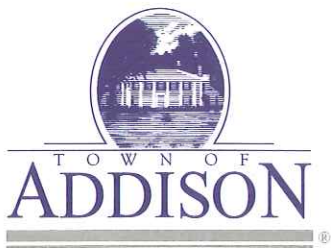
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**INTRODUCTORY
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Addison!®



FINANCIAL & STRATEGIC SERVICES

FAX: (972) 450-7096

Post Office Box 9010, Addison, Texas 75001-9010

(972) 450-7051 5350 Belt Line Road

March 1, 2012

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, 2011. 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.

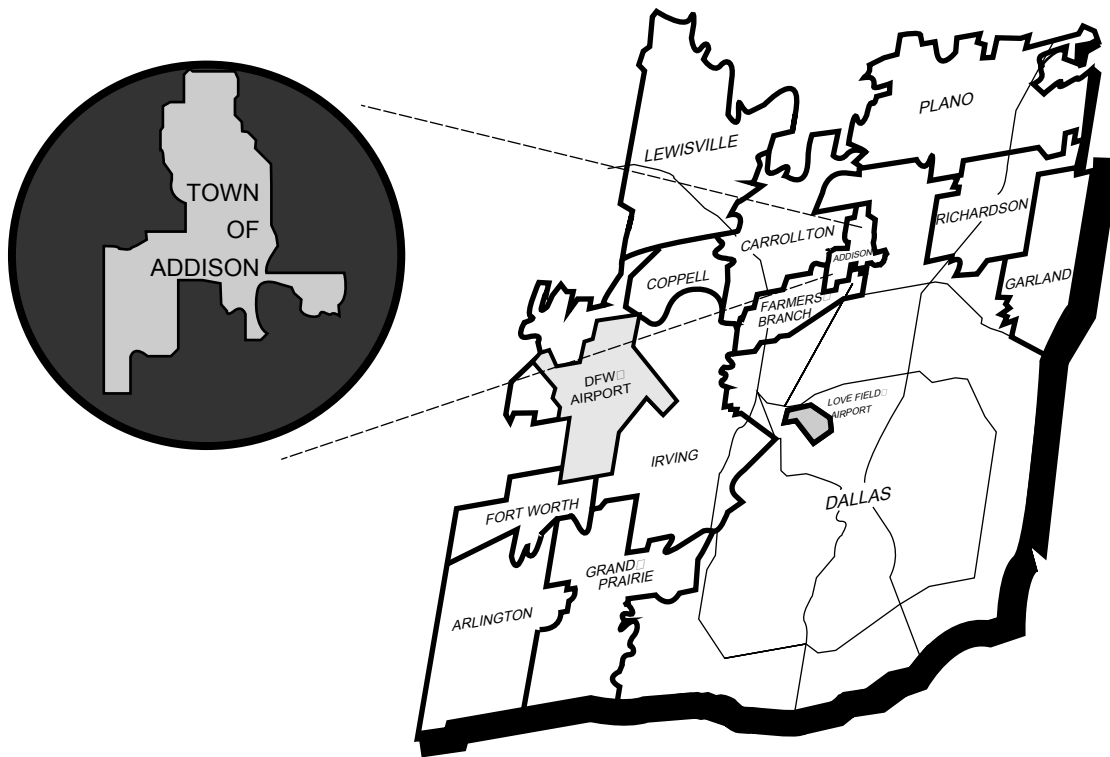
The *Financial Section* contains the opinion of the Town's independent auditor. The Town of Addison's financial statements have been audited by Weaver and Tidwell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Addison for the fiscal year ended September 30, 2011 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, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

THE REPORTING ENTITY

The Town of Addison is located in the Dallas North Parkway area, which has been referred to as the "platinum corridor" of the Dallas Metroplex. The area, which developed rapidly over the past three decades, is home to affluent neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls. At 4.4 square miles, Addison is the smallest, yet most densely developed, of the various suburbs located in the area. Although it has roughly 13,000 residents, the Town has developed into a cosmopolitan center which daily serves an estimated 100,000 to 200,000 business persons, shoppers, and visitors.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended 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.

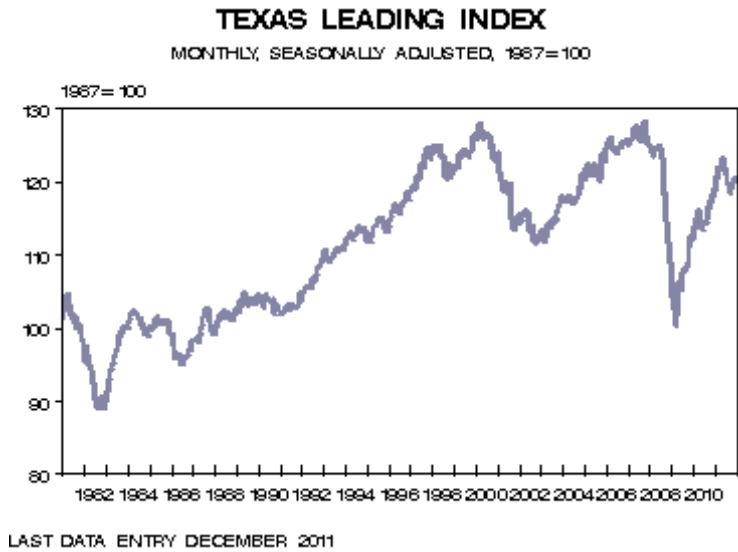
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and council ordinances.¹ The appropriated 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 29 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 65.

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 4.8 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 2011-12 document.

² Source: Federal Reserve Bank of Dallas, [December 2011 Data](#)

The United States unemployment rate remains high, although Texas appears to be faring better than the nation as a whole. Texas employment expanded 2 percent during 2011. The unemployment rate for Texas stood at 7.8 percent in December 2011, lower than the national rate of 8.5 percent.³



An important component to the State's economy is exports to other countries. Texas' export market has continued to grow, and in November 2011, the monetary value of exports was up 11.9 percent from a year earlier. In addition, Texas' housing and manufacturing markets have improved, suggesting a moderately improving economy.³



Because Addison is densely developed with nearly 10 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 2011, Addison's occupancy rate stood at 76.7 percent compared with the 73.4 percent recorded a year earlier. Addison's occupancy rate is somewhat higher than the 71.4 percent average for all of Dallas County.⁴ The low occupancy rates are partly responsible for the 1.0 percent decline in property values of the 2011 certified tax roll that was used for the fiscal year 2012 property tax levy. This is the third consecutive year that values have declined. Over the past three years, values have declined a total 18.7 percent that reversed a four-year trend (fiscal years 2006 through 2009) that witnessed a cumulative 38 percent increase in values.

³ Source: Federal Reserve Bank of Dallas, February 2012 Texas Economic Indicators

⁴ Sources: Xceligent Report Q4 2011 and Q4 2010

For the 2011 fiscal year, General Fund revenues of \$27.7 million represented a 1.5 percent increase from fiscal year 2010. The increase is primarily due to an increase in sales tax and licenses and permits. The Town's sales tax receipts increased 5.2 percent from fiscal year 2010, indicative of an improving economy. The General Fund budget for the 2012 fiscal year assumes revenues of \$27.2 million, on par with 2011 actual amounts. The budget also established a property tax rate of 58.0¢ per \$100 appraised value, a 5.0¢ increase over the 2011 rate, which offsets the decline in property values. General Fund expenditures and transfers for the 2012 budget totaling \$27.6 million are approximately 2.8 percent less than the original 2011 budget. The General Fund ending balance is projected to decline from the actual ending 2011 balance to \$10.0 million, or 36.1 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 2011-12 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/.

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, 2010. 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 35 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 2011 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 24 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 and Tidwell, 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,



Marisa Perry, CPA
Financial Services Manager



Mushtaq Ali
Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Addison
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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.

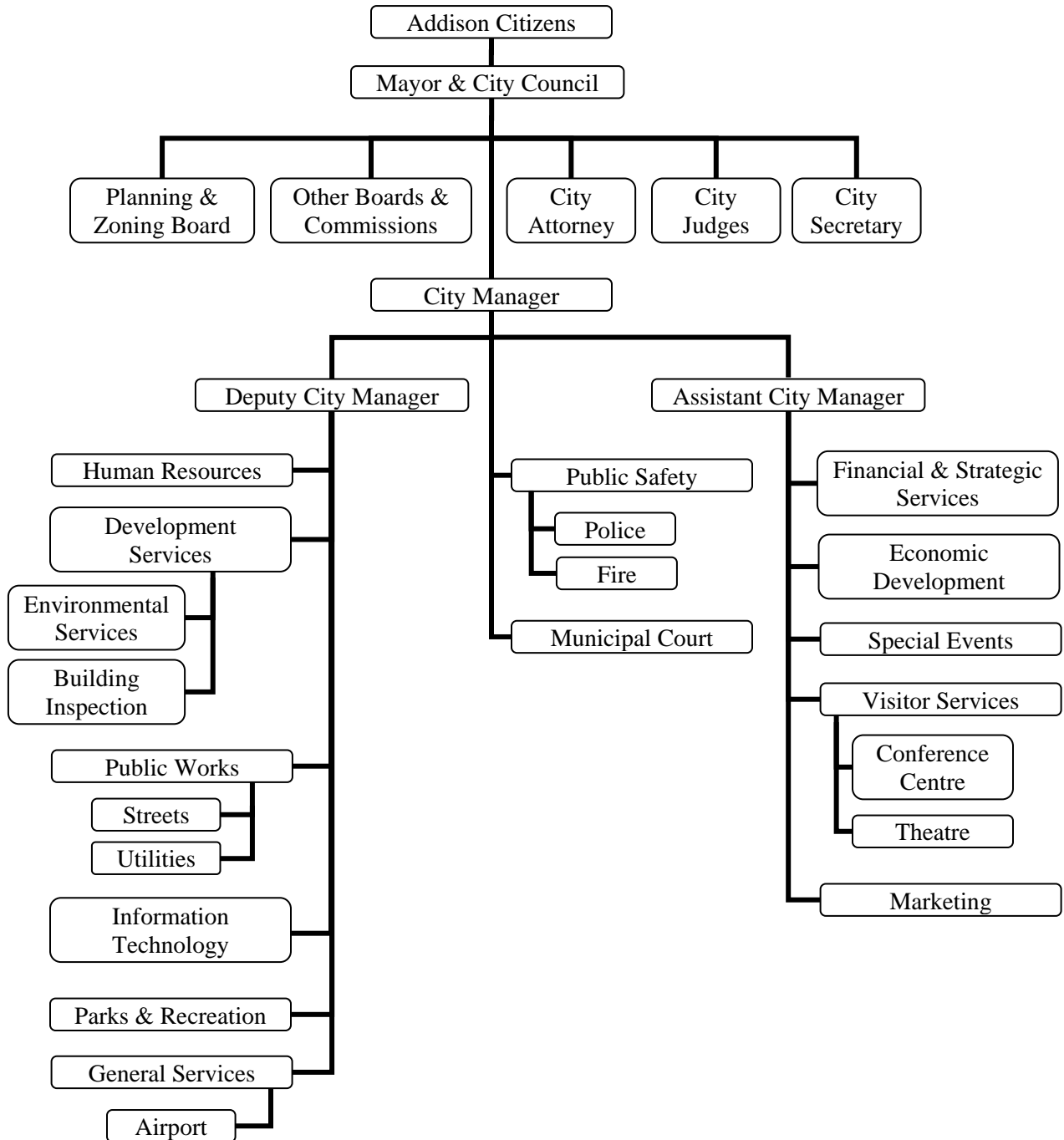


Linda C. Dandison

President

Jeffrey R. Emer

Executive Director



Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2011

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 |
| Financial Services Manager..... | Marisa Perry, CPA..... | (972) 450-7064 |
| 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 |

**FINANCIAL
SECTION**

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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, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's administration. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2011, 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.

As discussed in Note D, Assets, Liabilities, and Net Assets or Equity to the basic financial statements, the Town implemented Government Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions".

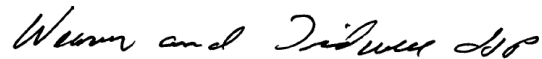
The information identified in the accompanying table of contents as *management's discussion and analysis, Texas Municipal Retirement System Analysis of Funding Progress, and the Retiree Health Plan Analysis of Funding Progress* are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Town of Addison

Page 2

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

March 1, 2012
Dallas, Texas

Addison!®

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, 2011. 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.**

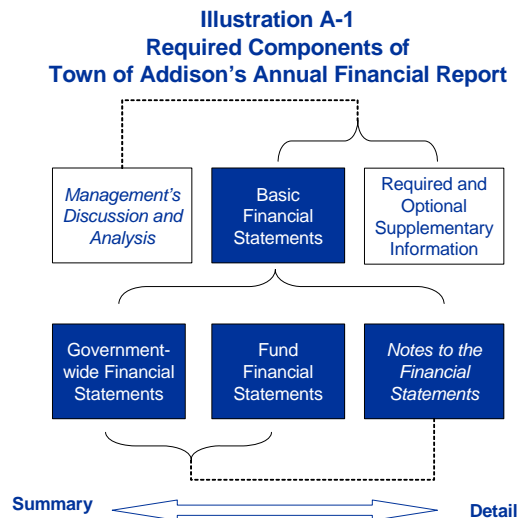
Financial Highlights

- The Town’s assets exceeded its liabilities at the close of the 2011 fiscal year by \$212,947. This amount represents an increase over the previous year by \$16,487. 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, 2011, the Town’s governmental funds reported combined ending fund balances of \$22,910, a decline of \$14,922. Most of the decline is due to the application of bond proceeds in the capital project funds to the construction of infrastructure throughout the city.
- At the end of the 2011 fiscal year, fund balance for the General Fund was \$10,367, or 37.7 percent of total fund expenditures. Fund balance decreased \$490 during the year.
- At year-end, the Town of Addison’s outstanding debt totals \$66,470, a decline of \$6,650 from the previous year which is attributed to the scheduled retirement of debt and no issuance of new 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 | | | |
| | <u>Government-wide Statements</u> | <u>Fund Statements</u> | |
| | | <u>Governmental Funds</u> | <u>Proprietary Funds</u> |
| 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 23-24 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 15 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 minor funds and are combined into a single, aggregated presentation. Individual fund data for each of these minor funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-59 of this report.

Other Information

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

The combining statements referred to earlier in connection with minor governmental funds and internal service funds are presented on pages 109-110 and 131-133.

Government-wide Financial Analysis

As of the close of the 2011 fiscal year, the Town's net assets (assets exceeding liabilities) totaled \$212,947 (see Table A-1). Of this amount \$180,376, or 84.7 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 (\$1,007) has been restricted for retiring the Town's long-term general obligation debt. The remaining amount of net assets is labeled as unrestricted and totals \$31,564. 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

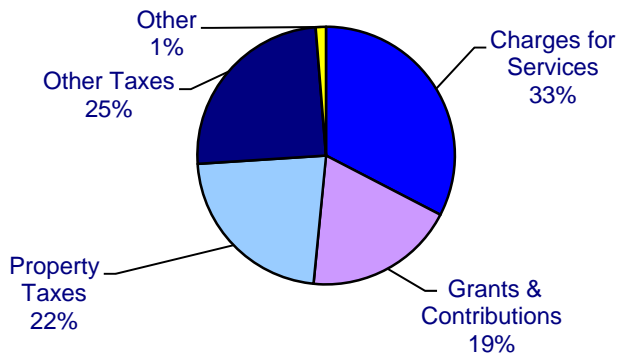
| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 37,881 | \$ 50,386 | \$ 17,346 | \$ 19,947 | \$ 55,227 | \$ 70,333 |
| Capital Assets | 171,467 | 158,636 | 60,200 | 47,949 | 231,667 | 206,585 |
| Total Assets | 209,348 | 209,022 | 77,546 | 67,896 | 286,894 | 276,918 |
| Liabilities: | | | | | | |
| Long-Term Liabilities Outstanding | 53,314 | 57,293 | 14,360 | 17,104 | 67,674 | 74,397 |
| Other Liabilities | 4,036 | 4,309 | 2,237 | 1,752 | 6,273 | 6,061 |
| Total Liabilities | 57,350 | 61,602 | 16,597 | 18,856 | 73,947 | 80,458 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of | | | | | | |
| Related Debt | 129,262 | 123,041 | 51,114 | 36,300 | 180,376 | 159,341 |
| Restricted for Debt Service | 1,007 | 997 | - | - | 1,007 | 997 |
| Unrestricted | 21,729 | 23,382 | 9,835 | 12,740 | 31,564 | 36,122 |
| Total Net Assets | \$ 151,998 | \$ 147,420 | \$ 60,949 | \$ 49,040 | \$ 212,947 | \$ 196,460 |

As reflected in Table A-2, the Town's net assets increased \$16,487, or 8.4 percent during the 2011 fiscal year. The increase is primarily due to capital grants and developer contributions associated with the Vitruvian Park development, intersection improvements at Spring Valley Road, and improvements at the Addison Airport.

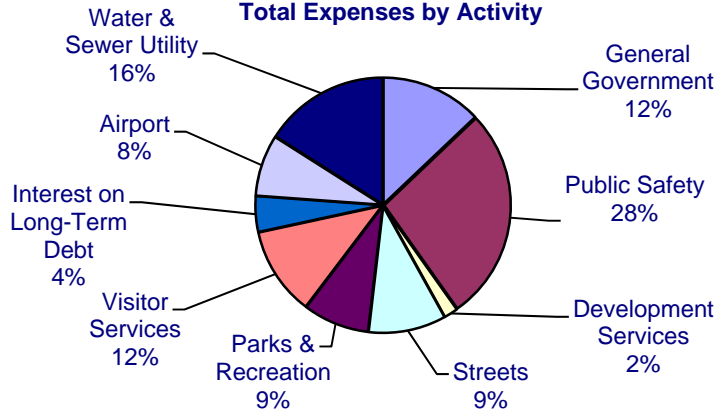
**Table A-2
Town of Addison's Changes in Net Assets**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 7,672 | \$ 5,821 | \$ 15,267 | \$ 13,095 | \$ 22,939 | \$ 18,916 |
| Grants & Contributions | 3,654 | 1,578 | 9,668 | 1,103 | 13,322 | 2,681 |
| General Revenues: | | | | | | |
| Property Taxes | 15,773 | 15,901 | - | - | 15,773 | 15,901 |
| Other Taxes | 17,398 | 16,232 | - | - | 17,398 | 16,232 |
| Other | 921 | 2,815 | (6) | 30 | 915 | 2,845 |
| Total Revenues | 45,418 | 42,347 | 24,929 | 14,228 | 70,347 | 56,575 |
| Expenses: | | | | | | |
| General Government | 6,709 | 6,876 | - | - | \$ 6,709 | \$ 6,876 |
| Public Safety | 14,915 | 14,550 | - | - | 14,915 | 14,550 |
| Development Services | 866 | 938 | - | - | 866 | 938 |
| Streets | 4,914 | 5,278 | - | - | 4,914 | 5,278 |
| Parks & Recreation | 4,743 | 4,502 | - | - | 4,743 | 4,502 |
| Visitor Services | 6,431 | 6,028 | - | - | 6,431 | 6,028 |
| Interest on Long-Term Debt | 2,262 | 2,424 | - | - | 2,262 | 2,424 |
| Airport | - | - | 4,387 | 4,181 | 4,387 | 4,181 |
| Water & Sewer Utility | - | - | 8,633 | 8,530 | 8,633 | 8,530 |
| Total Expenses | 40,840 | 40,596 | 13,020 | 12,711 | 53,860 | 53,307 |
| Increase/(Decrease) in Net Assets | 4,578 | 1,751 | 11,909 | 1,517 | 16,487 | 3,268 |
| Net Assets - 10/01/10 | 147,420 | 145,669 | 49,040 | 47,523 | 196,460 | 193,192 |
| Net Assets - 09/30/11 | \$ 151,998 | \$ 147,420 | \$ 60,949 | \$ 49,040 | \$ 212,947 | \$ 196,460 |

**Illustration A-3
Total Sources of Revenue**



**Illustration A-4
Total Expenses by Activity**



Governmental Activities

Governmental activities increased the Town of Addison’s net assets by \$4,578.

Business-Type Activities

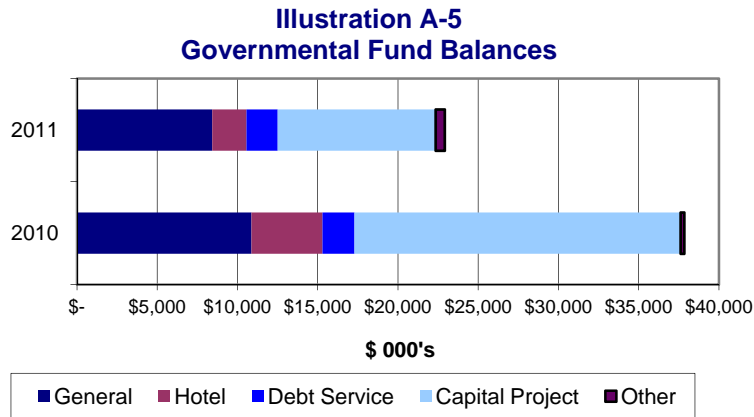
The Town’s business-type activities experienced an \$11,909 increase in net assets with the Airport Fund recording an increase of \$9,801, while the Utility Fund posted a gain of \$2,108. Of the Airport Fund’s increase, \$9,595 is attributed to capital grants for improvements at the Addison Airport.

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, 2011, the Town’s governmental funds reported combined ending fund balances of \$22,910, a decline of \$14,922 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$10,266 or 44.8 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$9,852) and debt service (\$1,945). Components of the net decrease of total fund balance are:

- In the General Fund, expenditures totaled \$27,467 compared to revenues of \$27,677. Revenues increased \$414 from the previous year. Most of the increase was due to receiving an additional \$486 in non-property (sales) taxes and an additional \$377 in licenses and permits, offset by a \$398 decline in property tax. Expenditures increased \$1,407 from the 2010 fiscal year. The increase is primarily due to resuming contributions to the capital replacement internal service funds after a one-year suspension.
- In the Hotel Fund, expenditures and transfers out to other funds totaled \$8,326 compared to revenues of \$6,026. Fund revenues increased a \$126 from the previous year. Expenditures increased \$2,214 from fiscal year 2010 due in large part to making ready the Visitor Services offices and the Visit Addison facilities at Village on the Parkway.
- Capital project funds recorded a net decline in fund balance of \$10,483 due to scheduled application of funds for capital projects.



Proprietary funds - The Town of Addison’s proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to \$2,311 while the Utility Fund reported unrestricted net assets of \$7,524. Issues relating to these two funds were discussed in the preceding narrative of the Town’s business-type activities.

General Fund Budgetary Highlights

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

- Revenues were amended to recognize decreased property tax revenue (\$110), and decreased court fine revenue (\$200). All revenue amendments resulted in a net budget decline of \$327. Allocations to various departments were made that resulted in a net increase to appropriations of \$710.

The adjustments resulted in decreasing budgeted revenue 1.2 percent and increasing expenditures by 2.6 percent. The projected deficit of expenditures and other uses exceeding revenues increased from \$1,612 to \$2,649. Fund balance actually decreased only \$490.

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, 2011, totals \$231,667 (net of accumulated depreciation). This amount represents a \$25,082 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, Redding Trail Extension, Spring Valley intersection, and Vitruvian Park infrastructure improvements. 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 | |
|-----------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 66,233 | \$ 65,784 | \$ 10,224 | \$ 10,223 | \$ 76,457 | \$ 76,007 |
| Buildings | 11,644 | 12,200 | 1,468 | 1,531 | 13,112 | 13,731 |
| Improvements other than Buildings | 56,276 | 58,602 | 31,693 | 32,785 | 87,969 | 91,387 |
| Machinery and Equipment | 3,566 | 4,112 | 851 | 879 | 4,417 | 4,991 |
| Construction in Progress | 33,748 | 17,938 | 15,964 | 2,531 | 49,712 | 20,469 |
| Total Capital Assets | \$ 171,467 | \$ 158,636 | \$ 60,200 | \$ 47,949 | \$ 231,667 | \$ 206,585 |

Long-term debt – At the end of the 2011 fiscal year, the Town of Addison had total bonded debt outstanding of \$66,470 as detailed in Table A-4. No new debt was issued during 2011. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aa1” from Moody’s. Other than the 2008 issue, 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, 2011 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 | |
|-------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General Obligation Bonds | \$ 19,575 | \$ 22,775 | \$ 5,275 | \$ 7,760 | \$ 24,850 | \$ 30,535 |
| Certificates of Obligation | 32,444 | 33,117 | 9,176 | 9,468 | 41,620 | 42,585 |
| Total Debt Outstanding | \$ 52,019 | \$ 55,892 | \$ 14,451 | \$ 17,228 | \$ 66,470 | \$ 73,120 |

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 2011 averaged 6.6 percent, somewhat lower than the 7.4 percent rate recorded a year earlier. This unemployment rate is less than that of the Dallas/Plano/Irving Metro Division, which recorded a 7.2 percent rate. The December 2011 rate for the State of Texas was 7.2 percent, lower than the 8.0 percent in December 2010.¹
- Sales tax collections for the Town were up 5.2 percent from the amount collected in 2010 after two consecutive years of decreases in annual collections. This increase appears to indicate a modestly improving economy.
- Hotel occupancy tax collections increased 9.1 percent from the previous year after two consecutive years of decreases in annual collections, although collections are still down 23.1 percent from the 2008 fiscal year.
- In July 2011 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 2011-12 fiscal year. Certified taxable property values in Addison totaled \$3,028,043, which represented a 1.0 percent decline from the previous year, and was the third consecutive year of decline following four consecutive years of increased values.

These various factors were taken into consideration in development of the Town's 2011-12 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 2011-12 budget include:

- The property tax rate was increased 5.0¢ to \$.5800 per \$100 appraised value. The increase offset the decline in property values and provided an additional \$458 for the Town's annual debt service. Of the 2012 budget tax rate, \$.3819 was levied for operation/maintenance (including \$.0185 for economic development funding) and \$.1981 for debt service. This compares to the 2011 distribution of \$.3479 and \$.1821 respectively. *(Note: The preceding tax rates are not reflected in \$000's of dollars).*
- The General Fund balance is projected to decline \$405 from the actual beginning fund balance of \$10,367 to \$9,962. The projected ending fund balance is 36.1 percent of operating expenditures.
- The Hotel Fund balance is projected to decline \$601 from the actual beginning fund balance to \$1,530. The projected ending fund balance is only 23.4 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 included a five percent increase in water and sewer rates and established a library card fee and a business license fee.

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) 450-7064
Email: mperry@addisontx.gov

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

Basic Financial Statements

Addison!®

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

| | Primary Government | | | Summarized 2010 Total |
|---|----------------------------|-----------------------------|-----------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and Investments | \$ 29,464,546 | \$ 7,097,065 | \$ 36,561,611 | \$ 54,805,426 |
| Receivables, Net of Allowances for Uncollectibles | 8,026,125 | 2,630,939 | 10,657,064 | 7,690,735 |
| Inventories, at Cost | 87,835 | 16 | 87,851 | 106,540 |
| Prepaid Items | 110,329 | 230,275 | 340,604 | 41,600 |
| Deferred Charges | 192,037 | 149,204 | 341,241 | 395,475 |
| Investment in Joint Venture | - | 7,238,882 | 7,238,882 | 7,293,066 |
| Capital Assets, Net of Accumulated Depreciation | | | | |
| Land | 66,233,099 | 10,223,421 | 76,456,520 | 76,007,544 |
| Buildings | 11,643,535 | 1,468,265 | 13,111,800 | 13,730,913 |
| Improvements other than Buildings | 56,276,141 | 31,693,205 | 87,969,346 | 91,387,352 |
| Machinery and Equipment | 3,566,079 | 850,515 | 4,416,594 | 4,990,432 |
| Construction in Progress | 33,748,347 | 15,964,000 | 49,712,347 | 20,468,909 |
| Total Assets | \$ 209,348,073 | \$ 77,545,787 | \$ 286,893,860 | \$ 276,917,992 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 3,374,334 | \$ 1,335,444 | \$ 4,709,778 | \$ 4,771,752 |
| Contracts and Retainage Payable | 583,613 | - | 583,613 | 254,301 |
| Intergovernmental Payable | 55,557 | - | 55,557 | 140,207 |
| Customer Deposits | 22,441 | 901,324 | 923,765 | 894,920 |
| Non-Current Liabilities: | | | | |
| Due within One Year | 5,451,278 | 2,985,038 | 8,436,316 | 7,514,913 |
| Due in More Than One Year | 47,862,376 | 11,375,476 | 59,237,852 | 66,882,364 |
| Total Liabilities | 57,349,599 | 16,597,282 | 73,946,881 | 80,458,457 |
| NET ASSETS: | | | | |
| Invested in Capital Assets, Net of Related Debt | 129,261,976 | 51,113,892 | 180,375,868 | 159,341,142 |
| Restricted for Debt Service | 1,007,330 | - | 1,007,330 | 996,614 |
| Unrestricted | 21,729,168 | 9,834,613 | 31,563,781 | 36,121,779 |
| Total Net Assets | 151,998,474 | 60,948,505 | 212,946,979 | 196,459,535 |
| Total Liabilities and Net Assets | \$ 209,348,073 | \$ 77,545,787 | \$ 286,893,860 | \$ 276,917,992 |

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, 2011

| 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 | \$ 6,709,095 | \$ 143,529 | \$ - | \$ - | \$ (6,565,566) | \$ - | \$ (6,565,566) |
| Public Safety | 14,914,759 | 1,899,711 | 223,792 | - | (12,791,256) | - | (12,791,256) |
| Development Services | 866,023 | 1,213,741 | - | - | 347,718 | - | 347,718 |
| Streets | 4,913,524 | 2,299,731 | - | 3,429,804 | 816,011 | - | 816,011 |
| Parks and Recreation | 4,742,946 | 107,387 | - | - | (4,635,559) | - | (4,635,559) |
| Visitor Services | 6,431,136 | 2,007,821 | - | - | (4,423,315) | - | (4,423,315) |
| Interest on Long-Term Debt | 2,261,571 | - | - | - | (2,261,571) | - | (2,261,571) |
| Total Governmental Activities | 40,839,054 | 7,671,920 | 223,792 | 3,429,804 | (29,513,538) | - | (29,513,538) |
| Business-Type Activities: | | | | | | | |
| Airport | 4,387,384 | 4,526,593 | - | 9,654,165 | - | 9,793,374 | 9,793,374 |
| Utilities | 8,633,217 | 10,740,568 | - | 14,000 | - | 2,121,351 | 2,121,351 |
| Total Business-Type Activities | 13,020,601 | 15,267,161 | - | 9,668,165 | - | 11,914,725 | 11,914,725 |
| Total Primary Government | \$ 53,859,655 | \$ 22,939,081 | \$ 223,792 | \$ 13,097,969 | \$ (29,513,538) | \$ 11,914,725 | \$ (17,598,813) |
| GENERAL REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 15,772,858 | - | 15,772,858 |
| Sales Taxes | | | | | 10,604,803 | - | 10,604,803 |
| Franchise Taxes | | | | | 2,792,601 | - | 2,792,601 |
| Hotel/Motel Taxes | | | | | 4,000,786 | - | 4,000,786 |
| Interest on Investments | | | | | 148,966 | (16,178) | 132,788 |
| Miscellaneous | | | | | 772,276 | 10,145 | 782,421 |
| Total General Revenues | | | | | 34,092,290 | (6,033) | 34,086,257 |
| Change in Net Assets | | | | | 4,578,752 | 11,908,692 | 16,487,444 |
| NET ASSETS, Beginning of Year | | | | | 147,419,722 | 49,039,813 | 196,459,535 |
| NET ASSETS, End of Year | | | | | \$ 151,998,474 | \$ 60,948,505 | \$ 212,946,979 |

See accompanying notes to basic financial statements.

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

**Governmental Funds
Balance Sheet
September 30, 2011**

| | General | Hotel | General Obligation Debt Service | Hotel Debt Service | Capital Project Fund | Reimbursement Grant Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------------------------|-----------------------|-------------------------|-----------------------------|------------------------------------|--------------------------------|
| ASSETS: | | | | | | | | |
| Cash and Investments | \$ 7,770,156 | \$ 1,990,959 | \$ 1,159,139 | \$ 815,200 | \$ 10,885,059 | \$ - | \$ 922,038 | \$ 23,542,551 |
| Receivables: | | | | | | | | |
| Ad Valorem Taxes, Including Interest and Penalties | 300,166 | - | 133,032 | - | - | - | - | 433,198 |
| Non-Property Taxes | 1,925,207 | 297,082 | - | - | - | - | - | 2,222,289 |
| Franchise Fees | 657,399 | - | - | - | - | - | - | 657,399 |
| Service Fees | 1,038,818 | - | - | - | - | - | - | 1,038,818 |
| Ambulance | 198,522 | - | - | - | - | - | - | 198,522 |
| Interest | 26,581 | 5,044 | 2,948 | 2,073 | 18,313 | - | 5,196 | 60,155 |
| Interfund | 2,770,112 | - | - | - | - | - | - | 2,770,112 |
| Other | - | 121,783 | - | - | 56,394 | 3,086,241 | 53,458 | 3,317,876 |
| Prepaid Items | 67,135 | 43,194 | - | - | - | - | - | 110,329 |
| Inventories, at Cost | 87,835 | - | - | - | - | - | - | 87,835 |
| Total Assets | \$ 14,841,931 | \$ 2,458,062 | \$ 1,295,119 | \$ 817,273 | \$ 10,959,766 | \$ 3,086,241 | \$ 980,692 | \$ 34,439,084 |
| LIABILITIES AND FUND BALANCE: | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 1,543,852 | \$ 300,512 | \$ - | \$ - | \$ 565,114 | \$ 366,695 | \$ 327,973 | \$ 3,104,146 |
| Contracts and Retainage Payable | - | - | - | - | 542,890 | - | 40,723 | 583,613 |
| Deferred Revenue | 2,897,157 | - | 149,687 | - | - | 1,945,467 | 859 | 4,993,170 |
| Intergovernmental Payable | 32,487 | 5,469 | 17,601 | - | - | - | - | 55,557 |
| Customer Deposits | 1,741 | 20,700 | - | - | - | - | - | 22,441 |
| Interfund Payable | - | - | - | - | - | 2,719,440 | 50,672 | 2,770,112 |
| Total Liabilities | 4,475,237 | 326,681 | 167,288 | - | 1,108,004 | 5,031,602 | 420,227 | 11,529,039 |
| Fund Balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventories | 87,835 | - | - | - | - | - | - | 87,835 |
| Prepaid Items | 67,135 | 43,194 | - | - | - | - | - | 110,329 |
| Restricted: | | | | | | | | |
| Debt Service | - | - | 1,127,831 | 817,273 | - | - | - | 1,945,104 |
| Capital Projects | - | - | - | - | 9,851,762 | - | - | 9,851,762 |
| Court Technology | - | - | - | - | - | - | 83,827 | 83,827 |
| Building Security | - | - | - | - | - | - | 72,462 | 72,462 |
| Other Purposes | - | - | - | - | - | - | 45,500 | 45,500 |
| Committed: | | | | | | | | |
| Economic Development | - | - | - | - | - | - | 358,676 | 358,676 |
| Assigned: | | | | | | | | |
| Other Purposes | 61,193 | 27,603 | - | - | - | - | - | 88,796 |
| Unassigned | 10,150,531 | 2,060,584 | - | - | - | (1,945,361) | - | 10,265,754 |
| Total Fund Balance | 10,366,694 | 2,131,381 | 1,127,831 | 817,273 | 9,851,762 | (1,945,361) | 560,465 | 22,910,045 |
| Total Liabilities and Fund Balance | \$ 14,841,931 | \$ 2,458,062 | \$ 1,295,119 | \$ 817,273 | \$ 10,959,766 | \$ 3,086,241 | \$ 980,692 | \$ 34,439,084 |

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, 2011

| | |
|---|------------------------------|
| Total Fund Balances - Governmental Funds | \$ 22,910,045 |
| 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. | 9,071,030 |
| 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 \$252,132,578, net of accumulated depreciation of \$83,716,544, exclusive of the capital assets of internal service funds with a net carrying value of \$3,051,167, included above increased net assets in the government-wide financial statements. | 168,416,034 |
| Debt issue costs have been reflected net of amortization in the government-wide financial statements. | 192,037 |
| Bonds payable, contractual obligations, and related premium and deferred refunding amounts have not been included in the fund financial statements. | (52,056,987) |
| Accrued liabilities for compensated absences have not been reflected in the fund financial statements. | (904,677) |
| Net OPEB obligation is not reflected in the fund financial statements. | (351,990) |
| 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. | (270,188) |
| 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. | 4,993,170 |
| Net Assets of Governmental Activities | <u>\$ 151,998,474</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, 2011**

| | General | Hotel | General Obligation Debt Service | Hotel Debt Service | Capital Project Fund | Reimbursement Grant Fund | Non-Major Governmental Funds | Total Governmental |
|---|-------------------|------------------|---------------------------------------|-----------------------|-------------------------|-----------------------------|------------------------------------|-----------------------|
| REVENUES: | | | | | | | | |
| Ad Valorem Taxes | \$ 10,373,352 | - | \$ 5,430,048 | \$ - | \$ - | \$ - | \$ - | \$ 15,803,400 |
| Non-Property Taxes | 10,563,399 | 4,000,786 | - | - | - | - | - | 14,564,185 |
| Franchise Fees | 2,760,188 | - | - | - | - | - | - | 2,760,188 |
| Licenses and Permits | 1,210,058 | - | - | - | - | - | - | 1,210,058 |
| Intergovernmental | - | - | - | - | - | 1,711,914 | 1,831,443 | 3,543,357 |
| Service Fees | 1,414,120 | 1,426,197 | - | - | - | - | - | 2,840,317 |
| Fines and Forfeitures | 1,062,986 | - | - | - | - | - | 41,491 | 1,104,477 |
| Earnings on Investments | 25,514 | 9,934 | 10,111 | 3,336 | 66,210 | (189) | 7,212 | 122,128 |
| Rental Charges | 152,333 | 581,624 | - | - | - | - | - | 733,957 |
| Recycling Proceeds | 22,608 | - | - | - | - | - | - | 22,608 |
| Other | 91,985 | 7,836 | - | - | 419,888 | - | 11,440 | 531,149 |
| Total Revenues | 27,676,543 | 6,026,377 | 5,440,159 | 3,336 | 486,098 | 1,711,725 | 1,891,586 | 43,235,824 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 6,353,784 | - | - | - | - | - | - | 6,353,784 |
| Public Safety | 14,553,921 | - | - | - | - | 14,462 | 288,640 | 14,857,023 |
| Development Services | 885,218 | - | - | - | - | - | - | 885,218 |
| Streets | 1,612,011 | - | - | - | - | - | - | 1,612,011 |
| Parks and Recreation | 4,061,666 | - | - | - | - | - | - | 4,061,666 |
| Visitor Services | - | 7,655,939 | - | - | - | - | - | 7,655,939 |
| Economic Development | - | - | - | - | - | - | 342,200 | 342,200 |
| Debt Service: | | | | | | | | |
| Principal Retirement | - | - | 3,318,610 | 555,000 | - | - | - | 3,873,610 |
| Interest and Fiscal Charges | - | - | 2,119,787 | 164,987 | - | - | - | 2,284,774 |
| Capital Projects: | | | | | | | | |
| Maintenance and Materials | - | - | - | - | 9,870 | - | - | 9,870 |
| Engineering and Contractual Services | - | - | - | - | 1,683,926 | - | 162,993 | 1,846,919 |
| Construction and Equipment | - | - | - | - | 9,260,723 | 3,657,075 | 1,457,412 | 14,375,210 |
| Total Expenditures | 27,466,600 | 7,655,939 | 5,438,397 | 719,987 | 10,954,519 | 3,671,537 | 2,251,245 | 58,158,224 |
| Excess/(Deficiency) of Revenues over Expenditures | 209,943 | (1,629,562) | 1,762 | (716,651) | (10,468,421) | (1,959,812) | (359,659) | (14,922,400) |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | |
| Transfers In | - | - | - | 670,000 | - | 14,156 | 700,000 | 1,384,156 |
| Transfers Out | (700,000) | (670,000) | - | - | (14,156) | - | - | (1,384,156) |
| Net Change in Fund Balance | (490,057) | (2,299,562) | 1,762 | (46,651) | (10,482,577) | (1,945,656) | 340,341 | (14,922,400) |
| Fund Balances at Beginning of Year | 10,856,751 | 4,430,943 | 1,126,069 | 863,924 | 20,334,339 | 295 | 220,124 | 37,832,445 |
| Fund Balances at End of Year | \$ 10,366,694 | \$ 2,131,381 | \$ 1,127,831 | \$ 817,273 | \$ 9,851,762 | \$ (1,945,361) | \$ 560,465 | \$ 22,910,045 |

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, 2011

Total Net Change in Fund Balances - Governmental Funds \$ (14,922,400)

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. 262,753

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. 18,174,139

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. (4,873,375)

Amortization of costs associated with debt issuances 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 amortization is to decrease net assets. (22,552)

Current year long-term debt principal payments on contractual obligation bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. 3,873,610

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 decrease net assets. (5,216)

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 increase net assets. 112,479

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. 23,203

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. 1,956,111

Change in Net Assets of Governmental Activities \$ 4,578,752

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, 2011

| | Budget | | Actual GAAP Basis | Variance with Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES: | | | | |
| Ad Valorem Taxes | \$ 10,386,590 | \$ 10,276,590 | \$ 10,373,352 | \$ 96,762 |
| Non-Property Taxes | 10,337,780 | 10,337,780 | 10,563,399 | 225,619 |
| Franchise Fees | 2,607,960 | 2,602,960 | 2,760,188 | 157,228 |
| Licenses and Permits | 621,080 | 621,080 | 1,210,058 | 588,978 |
| Service Fees | 1,346,600 | 1,346,600 | 1,414,120 | 67,520 |
| Fines and Forfeitures | 1,225,000 | 1,025,000 | 1,062,986 | 37,986 |
| Earnings on Investments | 80,000 | 35,000 | 25,514 | (9,486) |
| Rental Charges | 153,000 | 153,000 | 152,333 | (667) |
| Recycling Proceeds | 20,000 | 20,000 | 22,608 | 2,608 |
| Other | 37,990 | 70,990 | 91,985 | 20,995 |
| <i>Total Revenues</i> | <u>26,816,000</u> | <u>26,489,000</u> | <u>27,676,543</u> | <u>1,187,543</u> |
| EXPENDITURES: | | | | |
| General Government | 6,449,120 | 6,706,120 | 6,353,784 | 352,336 |
| Public Safety | 14,567,150 | 14,779,850 | 14,553,921 | 225,929 |
| Development Services | 898,680 | 898,680 | 885,218 | 13,462 |
| Streets | 1,794,880 | 1,779,880 | 1,612,011 | 167,869 |
| Parks and Recreation | 4,018,140 | 4,273,140 | 4,061,666 | 211,474 |
| <i>Total Expenditures</i> | <u>27,727,970</u> | <u>28,437,670</u> | <u>27,466,600</u> | <u>971,070</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (911,970) | (1,948,670) | 209,943 | 2,158,613 |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers Out | <u>(700,000)</u> | <u>(700,000)</u> | <u>(700,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (1,611,970) | (2,648,670) | (490,057) | 2,158,613 |
| Fund Balances at Beginning of Year | <u>10,856,751</u> | <u>10,856,751</u> | <u>10,856,751</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ 9,244,781</u> | <u>\$ 8,208,081</u> | <u>\$ 10,366,694</u> | <u>\$ 2,158,613</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, 2011

| | Budget | | Actual GAAP Basis | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Hotel/Motel Occupancy Taxes | \$ 3,550,000 | \$ 4,000,000 | \$ 4,000,786 | \$ 786 |
| Proceeds from Special Events | 1,680,500 | 1,547,500 | 1,426,197 | (121,303) |
| Conference Centre Rental | 500,100 | 425,100 | 428,777 | 3,677 |
| Theatre Centre Rental | 303,540 | 78,000 | 82,107 | 4,107 |
| Visitor Centre Rental | - | 94,540 | 70,740 | (23,800) |
| Earnings on Investments | 13,000 | 13,000 | 9,934 | (3,066) |
| Other | 700 | 700 | 7,836 | 7,136 |
| <i>Total Revenues</i> | <u>6,047,840</u> | <u>6,158,840</u> | <u>6,026,377</u> | <u>(132,463)</u> |
| EXPENDITURES: | | | | |
| Visitor Services | 1,098,570 | 1,098,570 | 1,008,029 | 90,548 |
| Visit Addison | 440,110 | 1,995,110 | 1,978,750 | 16,360 |
| Conference Centre | 1,028,370 | 1,053,370 | 1,007,162 | 46,205 |
| Marketing | 731,460 | 731,460 | 727,291 | 4,166 |
| Special Events | 2,392,720 | 2,392,720 | 2,405,602 | (12,882) |
| Performing Arts | 552,950 | 552,950 | 529,105 | 23,844 |
| <i>Total Expenditures</i> | <u>6,244,180</u> | <u>7,824,180</u> | <u>7,655,939</u> | <u>168,241</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (196,340) | (1,665,340) | (1,629,562) | 35,778 |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers Out | (670,000) | (670,000) | (670,000) | - |
| Net Change in Fund Balance | (866,340) | (2,335,340) | (2,299,562) | 35,778 |
| Fund Balances at Beginning of Year | <u>4,430,943</u> | <u>4,430,943</u> | <u>4,430,943</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ 3,564,603</u> | <u>\$ 2,095,603</u> | <u>\$ 2,131,381</u> | <u>\$ 35,778</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Assets
September 30, 2011

| | Business Type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|----------------------|----------------------|----------------------------|
| | Airport | Utility | Total | Internal Service |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 2,133,522 | \$ 4,963,543 | \$ 7,097,065 | \$ 5,921,995 |
| Interest Receivable | 5,519 | 12,793 | 18,312 | 15,059 |
| Accounts Receivable | 388,217 | 2,224,410 | 2,612,627 | 82,809 |
| Inventory | 16 | - | 16 | - |
| Prepaid Items | 166,277 | 63,998 | 230,275 | - |
| Total Current Assets | 2,693,551 | 7,264,744 | 9,958,295 | 6,019,863 |
| Non-Current Assets: | | | | |
| Deferred Charges | 23,246 | 125,958 | 149,204 | - |
| Capital Assets: | | | | |
| Land | 8,911,357 | 1,312,064 | 10,223,421 | - |
| Buildings | 1,386,047 | 1,728,905 | 3,114,952 | - |
| Improvements other than Buildings | 23,248,622 | 42,105,840 | 65,354,462 | - |
| Machinery and Equipment | 1,263,834 | 2,085,558 | 3,349,392 | 11,595,480 |
| Accumulated Depreciation | (16,231,434) | (21,575,387) | (37,806,821) | (8,544,313) |
| Total Capital Assets, Net of Accumulated Depreciation | 18,578,426 | 25,656,980 | 44,235,406 | 3,051,167 |
| Construction in Progress | 10,601,347 | 5,362,653 | 15,964,000 | - |
| Net Property, Plant, and Equipment | 29,179,773 | 31,019,633 | 60,199,406 | 3,051,167 |
| Investment in Joint Venture | - | 7,238,882 | 7,238,882 | - |
| Total Assets | \$ 31,896,570 | \$ 45,649,217 | \$ 77,545,787 | \$ 9,071,030 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | \$ 231,505 | \$ 1,030,898 | \$ 1,262,403 | \$ - |
| Current Maturities of Bonds Payable | 275,000 | 2,710,038 | 2,985,038 | - |
| Accrued Interest Payable | 15,036 | 58,005 | 73,041 | - |
| Customer Deposits | 159,016 | 742,308 | 901,324 | - |
| Total Current Liabilities | 680,557 | 4,541,249 | 5,221,806 | - |
| Long-Term Debt, Net of Current Portion: | | | | |
| General Obligation Bonds and Certificates of Obligation Payable | 2,685,000 | 8,690,476 | 11,375,476 | - |
| Total Liabilities | 3,365,557 | 13,231,725 | 16,597,282 | - |
| NET ASSETS: | | | | |
| Invested in Capital Assets, Net of Related Debt | 26,219,773 | 24,894,119 | 51,113,892 | 3,051,167 |
| Unrestricted | 2,311,240 | 7,523,373 | 9,834,613 | 6,019,863 |
| Total Net Assets | \$ 28,531,013 | \$ 32,417,492 | \$ 60,948,505 | \$ 9,071,030 |

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, 2011

| | Business Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------------|----------------------|----------------------------|
| | Airport | Utility | Total | Internal Service |
| OPERATING REVENUES: | | | | |
| Water | \$ - | \$ 6,140,865 | \$ 6,140,865 | \$ - |
| Sewer | - | 4,496,894 | 4,496,894 | - |
| Penalties | - | 71,834 | 71,834 | - |
| Water and Sewer Taps and Other Fees | - | 17,845 | 17,845 | - |
| Fuel Flowage Fees | 657,159 | - | 657,159 | - |
| Customs Agent Fees | 50,842 | - | 50,842 | - |
| Rental Charges | 3,481,639 | - | 3,481,639 | - |
| Other Income | 336,953 | 13,130 | 350,083 | 1,160,000 |
| <i>Total Operating Revenues</i> | <u>4,526,593</u> | <u>10,740,568</u> | <u>15,267,161</u> | <u>1,160,000</u> |
| OPERATING EXPENSES: | | | | |
| Salaries and Fringe Benefits | 264,010 | 1,371,308 | 1,635,318 | - |
| Supplies | 19,695 | 115,407 | 135,102 | - |
| Maintenance and Materials | 2,061,944 | 415,161 | 2,477,105 | - |
| Contractual Services | 864,493 | 569,029 | 1,433,522 | 29,956 |
| Water Purchases | - | 2,520,302 | 2,520,302 | - |
| Wastewater Purchases | - | 1,889,041 | 1,889,041 | - |
| Bad Debts Expense | - | - | - | - |
| <i>Total Operating Expenses (Excluding Depreciation)</i> | <u>3,210,142</u> | <u>6,880,248</u> | <u>10,090,390</u> | <u>29,956</u> |
| Depreciation | 1,050,854 | 1,098,741 | 2,149,595 | 982,922 |
| <i>Total Operating Expenses</i> | <u>4,260,996</u> | <u>7,978,989</u> | <u>12,239,985</u> | <u>1,012,878</u> |
| OPERATING INCOME/LOSS | <u>265,597</u> | <u>2,761,579</u> | <u>3,027,176</u> | <u>147,122</u> |
| NON-OPERATING REVENUES/(EXPENSES): | | | | |
| Investment Income | 7,558 | (23,736) | (16,178) | 26,837 |
| Sale of Assets | - | 10,145 | 10,145 | 88,794 |
| Gain/(Loss) of the Joint Venture | - | (54,184) | (54,184) | - |
| Interest Expense | (124,063) | (509,932) | (633,995) | - |
| Amortization Expense | (2,325) | (80,713) | (83,038) | - |
| Fiscal Fees | - | (9,399) | (9,399) | - |
| <i>Total Non-Operating Revenues/(Expenses)</i> | <u>(118,830)</u> | <u>(667,819)</u> | <u>(786,649)</u> | <u>115,631</u> |
| NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | 146,767 | 2,093,760 | 2,240,527 | 262,753 |
| Capital Contributions and Grants | 9,654,165 | 14,000 | 9,668,165 | - |
| CHANGE IN NET ASSETS | 9,800,932 | 2,107,760 | 11,908,692 | 262,753 |
| Net Assets at Beginning of Year | 18,730,081 | 30,309,732 | 49,039,813 | 8,808,277 |
| Net Assets at End of Year | <u>\$ 28,531,013</u> | <u>\$ 32,417,492</u> | <u>\$ 60,948,505</u> | <u>\$ 9,071,030</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 | \$ 4,492,483 | \$ 10,226,476 | \$ 14,718,959 | \$ 1,160,000 |
| Payments to Suppliers | (3,131,430) | (4,909,521) | (8,040,951) | (29,956) |
| Payments to Employees for Services | (264,010) | (1,371,308) | (1,635,318) | - |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | <u>1,097,043</u> | <u>3,945,647</u> | <u>5,042,690</u> | <u>1,130,044</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition and Construction of Capital Assets | (10,690,520) | (3,695,338) | (14,385,858) | (513,353) |
| Principal Paid on Certificates of Obligation and General Obligation Bonds | (265,000) | (2,478,842) | (2,743,842) | - |
| Interest Paid on Certificates of Obligation and General Obligation Bonds | (125,222) | (574,979) | (700,201) | - |
| Proceeds from Sale of Capital Assets | - | 10,145 | 10,145 | 5,985 |
| Capital Grants | 9,654,165 | - | 9,654,165 | - |
| Fiscal Fees Related to Outstanding Debt | - | (9,399) | (9,399) | - |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | <u>(1,426,577)</u> | <u>(6,748,413)</u> | <u>(8,174,990)</u> | <u>(507,368)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on Cash and Investments | <u>7,080</u> | <u>(20,533)</u> | <u>(13,453)</u> | <u>22,583</u> |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | (322,454) | (2,823,299) | (3,145,753) | 645,259 |
| Cash and Cash Investments, October 1 | 2,455,976 | 7,786,842 | 10,242,818 | 5,276,736 |
| Cash and Cash Investments, September 30 | <u>\$ 2,133,522</u> | <u>\$ 4,963,543</u> | <u>\$ 7,097,065</u> | <u>\$ 5,921,995</u> |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | | | |
| Operating Income/(Loss) | \$ 265,597 | \$ 2,761,579 | \$ 3,027,176 | \$ 147,122 |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | | | |
| Depreciation | 1,050,854 | 1,098,741 | 2,149,595 | 982,922 |
| Change in Assets and Liabilities: | | | | |
| (Increase)/Decrease in Accounts Receivables | 134,287 | (539,692) | (405,405) | - |
| (Increase)/Decrease in Inventories | (16) | - | (16) | - |
| (Increase)/Decrease in Prepaid Items | (166,277) | (63,998) | (230,275) | - |
| Increase/(Decrease) in Accounts Payable | (185,282) | 663,417 | 478,135 | - |
| Increase/(Decrease) in Customer Deposits | (2,120) | 25,600 | 23,480 | - |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | <u>\$ 1,097,043</u> | <u>\$ 3,945,647</u> | <u>\$ 5,042,690</u> | <u>\$ 1,130,044</u> |
| NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Capital Contributions | \$ 59,303 | \$ - | \$ 59,303 | \$ - |
| Gain/(Loss) of Joint Venture | - | (54,184) | (54,184) | - |
| <i>Net Non-Cash Items from Capital and Related Financing Activities</i> | <u>\$ 59,303</u> | <u>\$ (54,184)</u> | <u>\$ 5,119</u> | <u>\$ -</u> |

See accompanying notes to the basic financial statements.

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NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, 2011

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, 2011

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.

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.

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, 2011

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, 2011 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, 2011

4) Capital Assets

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

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

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

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

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

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

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

5) Compensated Absences

Vacation, holiday, and sick pay costs are charged to operations when taken by the employees of the Town. In the event of termination, an employee is reimbursed for all accumulated vacation and holiday days not exceeding two years' accumulation. The amounts of such liabilities have been provided for in the government-wide financial statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided. The Town's liability for compensated absences increased \$5,216 for a total liability of \$904,677.

6) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is \$9,594,862 of grants and \$59,303 of developer contributions for improvements at the Addison Airport; \$1,821,810 for intersection improvements at Spring Valley Road; \$1,135,648 for the Vitruvian Park urban residential development, and \$486,346 for other various projects. Operating grants included \$191,200 for the Community Oriented Policing Services grant and \$32,592 of funding for public safety initiatives.

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 permanent funds

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

Committed – Amounts that can be used only for specific purposes set by resolution of the City Council, such as economic development funding

Assigned – Amounts intended to be used for specific purposes, such as encumbrances. The City 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, 2010, 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 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, revenue decreased \$110,000 in Ad Valorem tax for the fiscal year due to appeals of property valuations, and court fine revenue was reduced by \$200,000 as a result of limited enforcement by motorcycle officers due to wet weather and workers compensation injuries. Contractual services expenditures for the City Manager’s Office were increased \$100,000 for the cost of a project coordinator for special projects. The Police budget was increased \$112,700 for additional overtime costs associated with special one-time events, increased outside agency costs, and the acquisition of animal control responsibilities from the Streets department. The Fire budget was increased \$100,000 due to increased vehicle maintenance costs, and the Parks budget was increased \$175,000 for additional water usage caused by the unseasonably dry weather. Hotel Fund revenue was increased \$450,000 for additional hotel occupancy tax revenue but was offset by a decrease in special event revenue (\$133,000) due to inclement weather at events which hampered attendance and a decrease in rental revenue (\$206,000). The budget for Visit Addison was increased \$1,555,000 to account for make-ready costs of the new offices and visitor center at the Village on the Parkway. Budget amendments recognized the shifting of intergovernmental revenue and expenditures previously budgeted in the Advanced Funding Grant Fund to the Reimbursement Grant Fund (\$1,000,000) and recognized an additional \$830,000 in grant funding for capital projects in the Reimbursement Grant Fund and \$115,000 of public safety grant funding in the ARRA Grant Fund. Expenditures for the Belt Line Streetscape project were increased \$1,044,000 in the 2002 Capital Project Fund and \$187,000 in the 2004 Capital Project Fund. Developer contributions of \$267,000 were recognized in the 2008 Capital Project Fund as well as an additional \$478,000 in capital costs for the Spring Valley intersection improvements.

Excess of Expenditures over Appropriations – For the year ended September 30, 2011, expenditures in the General Fund’s City Council Special Projects department exceeded appropriations by \$17,200 due primarily to additional rental charges for special meetings held outside Council chambers. Police expenditures exceeded appropriations by \$23,356 due to increased benefit costs. In the Hotel Fund, Special Event expenditures exceeded appropriations by \$12,882 due to the purchase of an online automation system approved by the City Council. 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, 2011

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, 2011. Included in Cash and Investments is \$6,264 of petty cash. At year-end, the carrying amount of the Town's deposits was a credit balance of \$1,113,794 primarily consisting of outstanding checks. The respective bank balance totaled \$779,853. 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 \$1,685,089 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, 2011 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.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

Investments

As of September 30, 2011, the Town held the following investments:

| | Fair Value | Average Maturity (Days) |
|---------------------------------------|---------------|----------------------------|
| Agency Securities | \$ 14,238,317 | 309 |
| Treasuries | 4,016,800 | 213 |
| Commercial Paper | 4,998,380 | 34 |
| Certificate of Deposit | 7,063,176 | 156 |
| <i>Total Investment in Securities</i> | 30,316,673 | |
| TexStar | 3,597,315 | |
| TexPool | 3,755,153 | |
| <i>Total Investment in Pools</i> | 7,352,468 | 1 |
| <i>Total Investments</i> | \$ 37,669,141 | 227 |

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 book value of the Town's investments at September 30, 2011 was \$37,670,096, of which \$14,387,569 had maturities of less than one year.

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, 2011

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 37.8%, Commercial Paper (30%) of which the Town's portfolio is currently at 13.3%, Certificates of Deposit (30%) of which the Town's portfolio is currently at 18.8%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 19.5%. In addition, treasuries comprised 10.6% of the Town's portfolio.

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, 2010, upon which the fiscal year 2011 levy is based, was \$3,058,773,717

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, 2011 was \$.5300 per \$100, of which \$.3479 was allocated for general government and \$.1821 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, 2011 were 96.7% of the original tax levy. In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the Town may at its own expense require annual reviews of appraised values. The Town may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this arrangement, the Town continues to set tax rates on Town property. However, if the effective tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation also provides that, if approved by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, 2011 was \$153,572.

C. Receivables

As of September 30, 2011, 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>Reimburse- ment Grant Fund</u> | <u>Non-Major and Internal Service Funds</u> | <u>Total</u> |
|---------------------------------------|---------------------|-------------------|-------------------------|-----------------------------------|-----------------------------|---|---|----------------------|
| Taxes: | | | | | | | | |
| Ad Valorem | \$ 400,971 | \$ - | \$ 185,799 | \$ - | \$ - | \$ - | \$ - | \$ 586,770 |
| Non-Property | 1,925,207 | 297,082 | - | - | - | - | - | 2,222,289 |
| Franchise Fees | 657,399 | - | - | - | - | - | - | 657,399 |
| Service Fees | 3,347,365 | - | - | - | - | - | - | 3,347,365 |
| Ambulance | 383,931 | - | - | - | - | - | - | 383,931 |
| Interest | 26,581 | 5,044 | 2,948 | 2,073 | 18,313 | - | 20,255 | 75,214 |
| Interfund | 2,770,112 | - | - | - | - | - | - | 2,770,112 |
| Other | - | 121,783 | - | - | 56,394 | 3,086,241 | 136,267 | 3,400,685 |
| Gross Receivables | \$ 9,511,566 | \$ 423,909 | \$ 188,747 | \$ 2,073 | \$ 74,707 | \$ 3,086,241 | \$ 156,522 | \$ 13,443,765 |
| Less: Allowance for Uncollectibles | 2,594,761 | - | 52,767 | - | - | - | - | 2,647,528 |
| Net Receivables | <u>\$ 6,916,805</u> | <u>\$ 423,909</u> | <u>\$ 135,980</u> | <u>\$ 2,073</u> | <u>\$ 74,707</u> | <u>\$ 3,086,241</u> | <u>\$ 156,522</u> | <u>\$ 10,796,237</u> |

The allowance for uncollectible accounts represents reserves for ambulance (\$185,409), court warrants (\$2,308,547), and property taxes (\$153,572). Of the \$3,086,241 intergovernmental receivable recorded in the Reimbursement Grant Fund, \$1,140,774 was received within 30 days from year end; the remaining \$1,945,467 is recorded as deferred revenue at year end.

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2011

D. Capital Assets

Capital Asset activity for the year ended September 30, 2011 was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|----------------------|------------------|------------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital Assets, not Depreciable: | | | | | |
| Land | \$ 65,784,123 | \$ 448,976 | \$ - | \$ - | \$ 66,233,099 |
| Construction in Progress | 17,937,565 | 15,810,782 | - | - | 33,748,347 |
| <i>Total Capital Assets, not Depreciable</i> | <u>83,721,688</u> | <u>16,259,758</u> | <u>-</u> | <u>-</u> | <u>99,981,446</u> |
| Capital Assets, Depreciable: | | | | | |
| Buildings | 21,409,464 | - | - | - | 21,409,464 |
| Improvements other than Buildings | 126,487,627 | 1,765,762 | - | - | 128,253,389 |
| Machinery and Equipment | 13,919,774 | 661,972 | (497,987) | - | 14,083,759 |
| <i>Total Capital Assets, Depreciable</i> | <u>161,816,865</u> | <u>2,427,734</u> | <u>(497,987)</u> | <u>-</u> | <u>163,746,612</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (9,209,115) | (556,814) | - | - | (9,765,929) |
| Improvements other than Buildings | (67,885,074) | (4,092,174) | - | - | (71,977,248) |
| Machinery and Equipment | (9,808,358) | (1,207,309) | 497,987 | - | (10,517,680) |
| <i>Total Accumulated Depreciation</i> | <u>(86,902,547)</u> | <u>(5,856,297)</u> | <u>497,987</u> | <u>-</u> | <u>(92,260,857)</u> |
| <i>Total Capital Assets, Depreciable, net</i> | <u>74,914,318</u> | <u>(3,428,563)</u> | <u>-</u> | <u>-</u> | <u>71,485,755</u> |
| <i>Governmental Activities Capital Assets, net</i> | <u>\$ 158,636,006</u> | <u>\$ 12,831,195</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 171,467,201</u> |
| Business-type Activities: | | | | | |
| Capital Assets, not Depreciable: | | | | | |
| Land | \$ 10,223,421 | \$ - | \$ - | \$ - | \$ 10,223,421 |
| Construction in Progress | 2,531,344 | 14,184,957 | - | (752,301) | 15,964,000 |
| <i>Total Capital Assets, not Depreciable</i> | <u>12,754,765</u> | <u>14,184,957</u> | <u>-</u> | <u>(752,301)</u> | <u>26,187,421</u> |
| Capital Assets, Depreciable: | | | | | |
| Buildings | 3,114,952 | - | - | - | 3,114,952 |
| Improvements other than Buildings | 64,542,858 | 59,303 | - | 752,301 | 65,354,462 |
| Machinery and Equipment | 3,211,797 | 155,597 | (18,002) | - | 3,349,392 |
| <i>Total Capital Assets, Depreciable</i> | <u>70,869,607</u> | <u>214,900</u> | <u>(18,002)</u> | <u>752,301</u> | <u>71,818,806</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (1,584,388) | (62,299) | - | - | (1,646,687) |
| Improvements other than Buildings | (31,758,059) | (1,903,198) | - | - | (33,661,257) |
| Machinery and Equipment | (2,332,781) | (184,098) | 18,002 | - | (2,498,877) |
| <i>Total Accumulated Depreciation</i> | <u>(35,675,228)</u> | <u>(2,149,595)</u> | <u>18,002</u> | <u>-</u> | <u>(37,806,821)</u> |
| <i>Total Capital Assets, Depreciable, net</i> | <u>35,194,379</u> | <u>(1,934,695)</u> | <u>-</u> | <u>752,301</u> | <u>34,011,985</u> |
| <i>Business-type Activities Capital Assets, net</i> | <u>\$ 47,949,144</u> | <u>\$ 12,250,262</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 60,199,406</u> |

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to departments of the Town as follows:

| | Governmental Activities | Business-type Activities |
|----------------------|----------------------------|-----------------------------|
| General Government | \$ 329,576 | \$ - |
| Public Safety | 817,984 | - |
| Development Services | 22,907 | - |
| Streets | 3,244,269 | - |
| Parks and Recreation | 794,589 | - |
| Visitor Services | 646,972 | - |
| Airport Fund | - | 1,050,854 |
| Utility Fund | - | 1,098,741 |
| | <u>\$ 5,856,297</u> | <u>\$ 2,149,595</u> |

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2011:

| Project | Estimated Commitments | Less Expenditures to Date | Total Unfinished Commitments |
|---|--------------------------|------------------------------|---------------------------------|
| Governmental Activities | | | |
| Belt Line Streetscape | \$ 3,000,000 | \$ 1,644,178 | \$ 1,355,822 |
| UDR Infrastructure – Phase 1 | 27,500,000 | 24,564,954 | 2,935,046 |
| Spring Valley Intersection Improvements | 4,500,000 | 4,191,908 | 308,092 |
| | <u>35,000,000</u> | <u>30,401,040</u> | <u>4,598,960</u> |
| Business-type Activities | | | |
| UDR Infrastructure – Water/Sewer | 1,600,000 | 1,587,120 | 12,880 |
| Elevated Water Storage Tank | 6,500,000 | 3,495,558 | 3,004,442 |
| | <u>8,100,000</u> | <u>5,082,678</u> | <u>3,017,322</u> |
| | <u>\$ 43,100,000</u> | <u>\$ 35,483,718</u> | <u>\$ 7,616,282</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 \$7,238,882, net of \$5,275,000 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
 September 30, 2011

F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2011:

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> |
|--|--|---|
| General Obligation Refunding Bonds Series of 2001 | | |
| A series of 3,213 bonds at \$5,000 each, dated August 15, 2001. The bonds were issued to refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; General Obligation Bonds, Series 1995; and Combination Tax and Revenue Certificates of Obligation, Series 1997; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds mature serially through 2013 with interest rates ranging from 4.0% to 4.35%. The bonds are callable at par plus accrued interest on or after February 15, 2011. Bonds and interest are payable from Ad Valorem taxes. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; FGIC Insured | 1,300,000 | |
| 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 | 6,960,000 | 5,275,000 |
| 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 | 4,500,000 | |
| 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 | 6,605,000 | |

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
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| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|------------------------------------|-------------------------------------|
| Combination Tax and Revenue Certificates of Obligation Series of 2004 | | |
| <p>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.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; MBIA Insured</p> | | |
| | | 2,960,000 |
| General Obligation Refunding and Improvement Bonds Series of 2005 | | |
| <p>A series of 1,571 bonds at \$5,000 each dated November 1, 2005. The bonds 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.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"; AMBAC Insured</p> | | |
| | 4,710,000 | |
| Combination Tax and Revenue Certificates of Obligation Series of 2008 | | |
| <p>A series of 6,900 bonds at \$5,000 each dated May 1, 2008. The bonds 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.</p> <p>Ratings: Moody's "Aa1"; Standard & Poor's "AAA"</p> | | |
| | <u>27,943,770</u> | <u>6,216,230</u> |
| Total Long-Term Debt Outstanding | <u>\$ 52,018,770</u> | <u>\$ 14,451,230</u> |

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
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Changes in Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2011 was as follows (in thousands of dollars):

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|---|----------------------|-----------------|-------------------|-------------------|------------------------|
| Governmental Funds: | | | | | |
| General Obligation Bonds | \$ 22,775 | \$ - | \$ (3,200) | \$ 19,575 | \$ 3,330 |
| Premium on General Obligation Refunding Bonds | 74 | - | (15) | 59 | 6 |
| Deferred Loss on Refunding Amount on G.O. Bonds | (63) | - | 19 | (44) | (4) |
| Certificates of Obligation | 33,117 | - | (674) | 32,443 | 1,213 |
| Premium on Certificates of Obligation | 25 | - | (1) | 24 | 1 |
| Compensated Absences | 899 | 1,141 | (1,135) | 905 | 905 |
| Net OPEB Obligation | 464 | - | (112) | 352 | - |
| Long-Term Liabilities – Governmental Activities | \$ 57,291 | \$ 1,141 | \$ (5,118) | \$ 53,314 | \$ 5,451 |
| Proprietary Funds: | | | | | |
| General Obligation Bonds | \$ 7,760 | \$ - | \$ (2,485) | \$ 5,275 | \$ 2,590 |
| <i>(Payable from utility system revenues)</i> | | | | | |
| Premium on General Obligation Refunding Bonds | 16 | - | (16) | - | - |
| Discount on General Obligation Refunding Bonds | (42) | - | 7 | (35) | (7) |
| Deferred Loss on Refunding Amount on G.O. Bonds | (103) | - | 42 | (61) | (15) |
| Combination Tax and Revenue Certificates of Obligation | 3,225 | - | (265) | 2,960 | 275 |
| <i>(Payable from levy of Ad Valorem tax)</i> | | | | | |
| Combination Tax and Revenue Certificates of Obligation | 6,243 | - | (27) | 6,216 | 142 |
| <i>(Payable from utility system revenues)</i> | | | | | |
| Premium on Combination Tax and Revenue C.O. | 6 | - | (1) | 5 | - |
| Long-Term Liabilities – Business-type Activities | \$ 17,105 | \$ - | \$ (2,745) | \$ 14,360 | \$ 2,985 |

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 \$1,127,831 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 at September 30, 2011.

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

Town of Addison, Texas
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The debt service requirements on the aforementioned bonded debt are as follows:

| | Governmental Activities | | Business-type Activities | |
|-----------------------------|--------------------------------|----------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| General Obligation Bonds: | | | | |
| 2012 | \$ 3,330,000 | \$ 748,141 | \$ 2,590,000 | \$ 142,656 |
| 2013 | 3,455,000 | 622,608 | 2,685,000 | 48,666 |
| 2014 | 2,910,000 | 501,912 | - | - |
| 2015-2019 | 9,625,000 | 916,888 | - | - |
| 2020-2022 | 255,000 | 10,300 | - | - |
| | <u>\$ 19,575,000</u> | <u>\$ 2,799,849</u> | <u>\$ 5,275,000</u> | <u>\$ 191,322</u> |
| Certificates of Obligation: | | | | |
| 2012 | \$ 1,213,040 | \$ 1,375,000 | \$ 416,960 | \$ 388,003 |
| 2013 | 1,265,760 | 1,329,068 | 439,240 | 370,879 |
| 2014 | 1,515,710 | 1,277,251 | 499,290 | 352,109 |
| 2015-2019 | 7,867,490 | 5,442,134 | 2,852,510 | 1,428,594 |
| 2020-2024 | 6,490,830 | 4,029,090 | 1,834,170 | 904,735 |
| 2025-2033 | 14,090,940 | 2,988,389 | 3,134,060 | 664,898 |
| | <u>\$ 32,443,770</u> | <u>\$ 16,440,932</u> | <u>\$ 9,176,230</u> | <u>\$ 4,109,218</u> |

G. Property Under Operating Leases

The Town leases land with a book value of \$63,560 to tenants under non-cancelable lease agreements. The following is a schedule by year of minimum lease rental receipts as of September 30, 2011.

| <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>Thereafter</u> | <u>Total</u> |
|-------------|-------------|-------------|-------------|-------------------|--------------|
| \$ 156,667 | \$ 137,500 | \$120,000 | \$120,000 | \$200,000 | \$ 734,167 |

H. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2011 is as follows:

| | <u>Interfund Receivables:</u> | |
|----------------------------|-----------------------------------|--|
| <u>Interfund Payables:</u> | <u>General Fund</u> | |
| Reimbursement Grant Fund | \$ 2,719,440 | Loan for grant expenditures, reimbursement expected in subsequent year |
| ARRA Grant Fund | 50,672 | Loan for grant expenditures, reimbursement expected in subsequent year |
| Total | <u>\$ 2,770,112</u> | |

Transfers between funds during the year ended September 30, 2011 were comprised of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Purpose of Transfer</u> |
|------------------------------|---------------------|----------------------|---|
| Reimbursement Grant Fund | \$ 14,156 | \$ - | Reimbursement of Reimbursement Grant Fund expense |
| Street Capital Projects Fund | - | 14,156 | Reimbursement of Reimbursement Grant Fund expense |
| General Fund | - | 700,000 | To establish Economic Development Fund |
| Economic Development Fund | 700,000 | - | To establish Economic Development Fund |
| 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>\$ 1,384,156</u> | <u>\$ 1,384,156</u> | |

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 2011, 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.

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, 2009 valuations are contained in the 2009 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The report is also available on the System's web site at: <http://www.tmr.org/publications.php>

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 |

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 2010 is 14.35%, and the rate for 2011 is 15.01%. 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, 2011 valuation is effective for rates beginning January 2013).

Annual Pension Cost and Net Pension Obligation

The Town's annual pension cost of \$2,328,673 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.

| | <u>Fiscal Year Ending September 30</u> | | |
|---|--|------------------|------------------|
| | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Annual Pension Cost | \$ 2,240,980 | \$ 2,238,741 | \$ 2,328,673 |
| Contributions Made | <u>2,240,980</u> | <u>2,238,741</u> | <u>2,328,673</u> |
| Net Pension Obligation (NPO) at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contributions as a % of Annual Pension Cost | 100% | 100% | 100% |

NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

Funding Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 96.4% funded. The actuarial accrued liability for benefits was \$86,525,773, and the actuarial value of assets was \$83,398,352, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,127,421. The covered payroll (annual payroll of active employees covered by the plan as of the valuation date) was \$16,680,756, and the ratio of the UAAL to the covered payroll was 18.7%.

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 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 at its December 8, 2009 meeting and approved increases for calendar year 2011 at its November 23, 2010 meeting.

| | 2008 | 2009 | 2010 |
|-------------------------------|---------------------------|---------------------------|---------------------------|
| 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 | 29 Yrs - Closed | 28 Yrs - Closed | 22 Yrs - Closed |
| Asset Valuation Method | Amortized Cost | 10-Year Smoothed Market | 10-Year Smoothed Market |
| Investment Rate of Return | 7.5% | 7.5% | 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% |

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

2) Postemployment Benefits

Plan Description

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

Funding Policy

Before age 65, the Town will pay a \$150 monthly stipend toward the retiree's healthcare premium if the retiring employee meets the eligibility criteria at the time of termination and elects coverage in the health plan. For members who retire after 65 or were eligible for the \$150 stipend before age 65, the Town will pay a \$75 monthly stipend directly to the retiree. Current retirees contribute to the health plan the total blended premium for active and retired participants, less the \$150 stipend provided by the Town. The Town contribution to the health plan consists of total premiums in excess of retiree contributions. Retirees receiving medical benefits during fiscal year 2011 contribute \$496 to \$1,986 per month depending on coverage levels selected. In fiscal year 2011, total retiree contributions were \$101,135. The Town contributions to the plan for fiscal year 2011, which are also equal to premiums paid in excess of premiums collected from retirees, were \$26,414.

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 2011.

| | |
|---|-------------------|
| Annual Required Contribution | \$ 176,442 |
| Interest on OPEB Obligation | 20,901 |
| Adjustment to ARC | <u>(19,365)</u> |
| Annual OPEB Cost (Expense) | 177,978 |
| Contributions Made | <u>(290,457)</u> |
| Change in OPEB Obligation | (112,479) |
| Net OPEB Obligation (Asset) – Beginning of Year | <u>464,469</u> |
| Net OPEB Obligation (Asset) – End of Year | <u>\$ 351,990</u> |

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, 2011 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 |
|-------------|-------------------|----------------------|--|---------------------|
| 2009 | \$ 254,772 | \$ 22,950 | 9.0% | \$ 231,822 |
| 2010 | 254,772 | 22,125 | 8.7% | 464,469 |
| 2011 | 177,978 | 290,457* | 163.2% | 351,990 |

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

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 12.65%. 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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 10 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, 2011, litigation is pending with respect to matters arising in the normal course of the Town's operations. The Town's management is of the opinion that the settlement of the other pending litigation will not have a material adverse effect on the Town's financial statements.

D. Keller Springs Tollway

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.

E. Subsequent Event

In October 2011, the Town issued \$8,890,000 in General Obligation Refunding Bonds. The full amount of the issuance will be used to refund portions of the Town's outstanding debt.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

F. Statement of Working Capital

Statements of Working Capital for proprietary funds for the year ended September 30, 2011 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>2011</u> | <u>2010</u> |
|---|----------------------------|----------------------------|
| <u>AIRPORT FUND</u> | | |
| Net Income (Excluding Depreciation) | \$ 10,851,786 | \$ 1,257,826 |
| Net Additions to Capital Assets | (10,690,520) | (49,752) |
| Net Retirement of Long-Term Debt | (265,000) | (255,000) |
| Net Increase/(Decrease) of Restricted Assets | (10,000) | (10,000) |
| Net Increase/(Decrease) in Other | 2,325 | 2,325 |
| Working Capital at the Beginning of the Year | <u>2,124,403</u> | <u>1,179,004</u> |
| Working Capital at the End of the Year | <u><u>\$ 2,012,994</u></u> | <u><u>\$ 2,124,403</u></u> |
| <u>UTILITY FUND</u> | | |
| Net Income (Excluding Depreciation) | \$ 3,206,501 | \$ 2,381,875 |
| Net Additions to Capital Assets | (3,709,338) | (1,607,539) |
| Net Retirement of Long-Term Debt | (2,478,842) | (2,182,932) |
| Net Increase/(Decrease) of Restricted Assets | (220,570) | (295,910) |
| Net Increase/(Decrease) in Other | 85,147 | 85,161 |
| Working Capital at the Beginning of the Year | <u>5,851,222</u> | <u>7,470,567</u> |
| Working Capital at the End of the Year | <u><u>\$ 2,734,120</u></u> | <u><u>\$ 5,851,222</u></u> |
| <u>CAPITAL REPLACEMENT FUND</u> | | |
| Net Income (Excluding Depreciation) | \$ 606,676 | \$ 79,343 |
| Net Additions to Capital Assets | (254,948) | (702,353) |
| Working Capital at the Beginning of the Year | <u>3,207,561</u> | <u>3,830,571</u> |
| Working Capital at the End of the Year | <u><u>\$ 3,559,289</u></u> | <u><u>\$ 3,207,561</u></u> |
| <u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u> | | |
| Net Income (Excluding Depreciation) | \$ 638,998 | \$ 7,189 |
| Net Additions to Capital Assets | (258,404) | (75,780) |
| Working Capital at the Beginning of the Year | <u>2,079,980</u> | <u>2,148,571</u> |
| Working Capital at the End of the Year | <u><u>\$ 2,460,574</u></u> | <u><u>\$ 2,079,980</u></u> |

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

G. New Accounting Pronouncements

The Town implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions," beginning with fiscal year 2011. This statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. Changes to the governmental fund balance types are reflected in the financial statements and schedules. See Note D, 7, of Section I for information on the governmental fund balance types reported by the Town.

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Required Supplementary Information

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Analysis of Funding Progress (Unaudited)
September 30, 2011

| | (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 Liability (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll | Annual Required Contributions | Actual Contributions |
| 2006 | 12/31/05 | \$ 44,500,440 | \$ 54,187,138 | 82.12% | \$ 9,686,698 | \$ 13,330,709 | 72.66% | \$ 1,885,203 | \$ 1,885,203 |
| 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 |

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 2006-2011. 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, 2011

| | | (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.

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Major Governmental Funds

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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.

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Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| ASSETS: | | |
| Cash and Investments | \$ 7,770,156 | \$ 10,869,858 |
| Receivables: | | |
| Ad Valorem Taxes, Including Interest and Penalties | 300,166 | 316,458 |
| Non-Property Taxes | 1,925,207 | 1,845,293 |
| Franchise Fees | 657,399 | 521,508 |
| Service Fees | 1,038,818 | 1,037,623 |
| Ambulance | 198,522 | 239,389 |
| Interest | 26,581 | 23,698 |
| Interfund | 2,770,112 | 677,855 |
| Prepaid Items | 67,135 | 41,600 |
| Inventories, at Cost | 87,835 | 106,540 |
| <i>Total Assets</i> | \$ 14,841,931 | \$ 15,679,822 |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 1,543,852 | \$ 1,855,955 |
| Deferred Revenue | 2,897,157 | 2,872,264 |
| Intergovernmental Payable | 32,487 | 93,026 |
| Customer Deposits | 1,741 | 1,826 |
| Total Liabilities | 4,475,237 | 4,823,071 |
| Fund Balances: | | |
| Nonspendable: | | |
| Inventories | 87,835 | 106,540 |
| Prepaid Items | 67,135 | 41,600 |
| Assigned: | | |
| Other Purposes | 61,193 | 39,895 |
| Unassigned | 10,150,531 | 10,668,716 |
| Total Fund Balance | 10,366,694 | 10,856,751 |
| <i>Total Liabilities and Fund Balance</i> | \$ 14,841,931 | \$ 15,679,822 |

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|---------------------|---------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Ad Valorem Taxes | \$ 10,386,590 | \$ 10,276,590 | \$ 10,373,352 | \$ 96,762 | \$ 10,771,166 |
| Non-Property Taxes | 10,337,780 | 10,337,780 | 10,563,399 | 225,619 | 10,077,839 |
| Franchise Fees | 2,607,960 | 2,602,960 | 2,760,188 | 157,228 | 2,578,154 |
| Licenses and Permits | 621,080 | 621,080 | 1,210,058 | 588,978 | 833,178 |
| Service Fees | 1,346,600 | 1,346,600 | 1,414,120 | 67,520 | 1,491,528 |
| Fines and Forfeitures | 1,225,000 | 1,025,000 | 1,062,986 | 37,986 | 1,158,581 |
| Earnings on Investments | 80,000 | 35,000 | 25,514 | (9,486) | 60,681 |
| Rental Charges | 153,000 | 153,000 | 152,333 | (667) | 146,821 |
| Recycling Proceeds | 20,000 | 20,000 | 22,608 | 2,608 | 21,126 |
| Other | 37,990 | 70,990 | 91,985 | 20,995 | 123,544 |
| <i>Total Revenues</i> | <u>26,816,000</u> | <u>26,489,000</u> | <u>27,676,543</u> | <u>1,187,543</u> | <u>27,262,618</u> |
| EXPENDITURES: | | | | | |
| General Government | 6,449,120 | 6,706,120 | 6,353,784 | 352,336 | 6,323,891 |
| Public Safety | 14,567,150 | 14,779,850 | 14,553,921 | 225,929 | 13,477,643 |
| Development Services | 898,680 | 898,680 | 885,218 | 13,462 | 887,132 |
| Streets | 1,794,880 | 1,779,880 | 1,612,011 | 167,869 | 1,672,375 |
| Parks and Recreation | 4,018,140 | 4,273,140 | 4,061,666 | 211,474 | 3,698,831 |
| <i>Total Expenditures</i> | <u>27,727,970</u> | <u>28,437,670</u> | <u>27,466,600</u> | <u>971,070</u> | <u>26,059,872</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (911,970) | (1,948,670) | 209,943 | 2,158,613 | 1,202,746 |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfers In | - | - | - | - | 1,263 |
| Transfers Out | (700,000) | (700,000) | (700,000) | - | (1,000,000) |
| Net Change in Fund Balance | (1,611,970) | (2,648,670) | (490,057) | 2,158,613 | 204,009 |
| Fund Balances at Beginning of Year | <u>10,856,751</u> | <u>10,856,751</u> | <u>10,856,751</u> | <u>-</u> | <u>10,652,742</u> |
| Fund Balances at End of Year | <u>\$ 9,244,781</u> | <u>\$ 8,208,081</u> | <u>\$ 10,366,694</u> | <u>\$ 2,158,613</u> | <u>\$ 10,856,751</u> |

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Revenues - Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|-----------------------------------|----------------------|----------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| Taxes: | | | | | |
| Ad Valorem Taxes: | | | | | |
| Current | \$ 10,375,430 | \$ 10,200,430 | \$ 10,290,339 | \$ 89,909 | \$ 10,748,821 |
| Delinquent | 9,850 | 34,850 | 34,564 | (286) | 2,392 |
| Penalties and Interest | 1,310 | 41,310 | 48,449 | 7,139 | 19,953 |
| Total Ad Valorem | <u>10,386,590</u> | <u>10,276,590</u> | <u>10,373,352</u> | <u>96,762</u> | <u>10,771,166</u> |
| Non-Property Taxes: | | | | | |
| Sales Tax | 9,377,780 | 9,377,780 | 9,632,640 | 254,860 | 9,155,849 |
| Alcoholic Beverage Tax | 960,000 | 960,000 | 930,759 | (29,241) | 921,990 |
| Total Non-Property Taxes | <u>10,337,780</u> | <u>10,337,780</u> | <u>10,563,399</u> | <u>225,619</u> | <u>10,077,839</u> |
| Total Taxes | <u>20,724,370</u> | <u>20,614,370</u> | <u>20,936,751</u> | <u>322,381</u> | <u>20,849,005</u> |
| Franchise Fees: | | | | | |
| Electric Franchise | 1,500,000 | 1,500,000 | 1,625,027 | 125,027 | 1,445,519 |
| Gas Franchise | 250,000 | 220,000 | 219,959 | (41) | 215,705 |
| Telephone Franchise | 650,000 | 650,000 | 671,286 | 21,286 | 682,102 |
| Cable Franchise | 200,000 | 225,000 | 235,916 | 10,916 | 228,478 |
| Street Rental Franchise | 7,000 | 7,000 | 8,000 | 1,000 | 6,350 |
| Wireless Network Franchise | 960 | 960 | - | (960) | - |
| Total Franchise Fees | <u>2,607,960</u> | <u>2,602,960</u> | <u>2,760,188</u> | <u>157,228</u> | <u>2,578,154</u> |
| Licenses and Permits: | | | | | |
| Business Licenses and Permits | 167,340 | 167,340 | 247,176 | 79,836 | 147,885 |
| Building and Construction Permits | 453,740 | 453,740 | 962,882 | 509,142 | 685,293 |
| Total Licenses and Permits | <u>621,080</u> | <u>621,080</u> | <u>1,210,058</u> | <u>588,978</u> | <u>833,178</u> |
| Service Fees: | | | | | |
| General Government | 650 | 650 | 97 | (553) | 419 |
| Public Safety | 757,080 | 757,080 | 785,188 | 28,108 | 884,912 |
| Urban Development | 5,300 | 5,300 | 3,683 | (1,617) | 2,630 |
| Streets and Sanitation | 319,870 | 319,870 | 355,973 | 36,103 | 332,330 |
| Recreation | 79,400 | 79,400 | 84,879 | 5,479 | 86,937 |
| Interfund | 184,300 | 184,300 | 184,300 | - | 184,300 |
| Total Service Fees | <u>1,346,600</u> | <u>1,346,600</u> | <u>1,414,120</u> | <u>67,520</u> | <u>1,491,528</u> |
| Fines and Forfeitures | 1,225,000 | 1,025,000 | 1,062,986 | 37,986 | 1,158,581 |
| Earnings on Investments | 80,000 | 35,000 | 25,514 | (9,486) | 60,681 |
| Rental Charges | 153,000 | 153,000 | 152,333 | (667) | 146,821 |
| Recycling Proceeds | 20,000 | 20,000 | 22,608 | 2,608 | 21,126 |
| Other | 37,990 | 70,990 | 91,985 | 20,995 | 123,544 |
| Total Revenues | <u>\$ 26,816,000</u> | <u>\$ 26,489,000</u> | <u>\$ 27,676,543</u> | <u>\$ 1,187,543</u> | <u>\$ 27,262,618</u> |

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|---|-------------------|-------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| General Government: | | | | | |
| City Manager's Office: | | | | | |
| Salaries and Fringe Benefits | \$ 929,510 | \$ 1,166,510 | \$ 1,050,528 | \$ 115,982 | \$ 872,438 |
| Supplies | 26,850 | 26,850 | 36,513 | (9,663) | 39,121 |
| Maintenance and Materials | 31,000 | 31,000 | 32,214 | (1,214) | 33,655 |
| Contractual Services | 523,030 | 386,030 | 485,012 | (98,982) | 325,904 |
| Capital Replacement | 17,500 | 17,500 | 17,500 | - | - |
| <i>Total City Manager's Office</i> | <u>1,527,890</u> | <u>1,627,890</u> | <u>1,621,767</u> | <u>6,123</u> | <u>1,271,118</u> |
| Financial and Strategic Services: | | | | | |
| Salaries and Fringe Benefits | 501,250 | 559,250 | 569,802 | (10,552) | 560,597 |
| Supplies | 39,500 | 39,500 | 40,921 | (1,421) | 38,092 |
| Maintenance and Materials | 27,590 | 27,590 | 18,366 | 9,224 | 39,902 |
| Contractual Services | 253,680 | 253,680 | 214,037 | 39,643 | 213,134 |
| Capital Replacement | 17,800 | 17,800 | 17,800 | - | - |
| <i>Total Financial and Strategic Services</i> | <u>839,820</u> | <u>897,820</u> | <u>860,926</u> | <u>36,894</u> | <u>851,725</u> |
| General Services: | | | | | |
| Salaries and Fringe Benefits | 606,590 | 606,590 | 566,137 | 40,453 | 641,732 |
| Supplies | 27,700 | 27,700 | 23,598 | 4,102 | 20,344 |
| Maintenance and Materials | 55,600 | 71,600 | 62,866 | 8,734 | 50,263 |
| Contractual Services | 77,580 | 77,580 | 70,073 | 7,507 | 68,973 |
| Capital Replacement | 33,800 | 33,800 | 33,800 | - | - |
| Capital Outlay | 25,000 | 25,000 | 23,250 | 1,750 | - |
| <i>Total General Services</i> | <u>826,270</u> | <u>842,270</u> | <u>779,724</u> | <u>62,546</u> | <u>781,312</u> |
| Municipal Court: | | | | | |
| Salaries and Fringe Benefits | 413,550 | 413,550 | 388,053 | 25,497 | 439,784 |
| Supplies | 15,240 | 15,240 | 14,087 | 1,153 | 12,343 |
| Maintenance and Materials | - | - | 500 | (500) | 813 |
| Contractual Services | 56,390 | 56,390 | 48,697 | 7,693 | 48,018 |
| Capital Replacement | 24,400 | 24,400 | 24,400 | - | - |
| <i>Total Municipal Court</i> | <u>509,580</u> | <u>509,580</u> | <u>475,737</u> | <u>33,843</u> | <u>500,958</u> |
| Human Resources: | | | | | |
| Salaries and Fringe Benefits | 372,670 | 372,670 | 355,129 | 17,541 | 391,000 |
| Supplies | 11,750 | 14,250 | 12,664 | 1,586 | 6,559 |
| Maintenance and Materials | 500 | 500 | 718 | (218) | - |
| Contractual Services | 125,610 | 123,110 | 78,156 | 44,954 | 87,498 |
| Capital Replacement | 9,100 | 9,100 | 9,100 | - | - |
| <i>Total Human Resources</i> | <u>\$ 519,630</u> | <u>\$ 519,630</u> | <u>\$ 455,767</u> | <u>\$ 63,863</u> | <u>\$ 485,057</u> |

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|----------------------|----------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| Information Technology: | | | | | |
| Salaries and Fringe Benefits | \$ 747,400 | \$ 747,400 | \$ 749,041 | \$ (1,641) | \$ 730,268 |
| Supplies | 64,170 | 64,170 | 32,443 | 31,727 | 58,843 |
| Maintenance and Materials | 344,210 | 344,210 | 302,533 | 41,677 | 372,804 |
| Contractual Services | 84,720 | 84,720 | 30,964 | 53,756 | 72,746 |
| Capital Replacement | 55,100 | 55,100 | 55,100 | - | - |
| Capital Outlay | 30,000 | 30,000 | 25,949 | 4,051 | - |
| <i>Total Information Technology</i> | <u>1,325,600</u> | <u>1,325,600</u> | <u>1,196,030</u> | <u>129,570</u> | <u>1,234,661</u> |
| Combined Services: | | | | | |
| Salaries and Fringe Benefits | 37,090 | 57,090 | 49,725 | 7,365 | 51,695 |
| Supplies | 111,490 | 121,490 | 91,049 | 30,441 | 77,278 |
| Contractual Services | 454,100 | 444,100 | 445,209 | (1,109) | 473,032 |
| <i>Total Combined Services</i> | <u>602,680</u> | <u>622,680</u> | <u>585,983</u> | <u>36,697</u> | <u>602,005</u> |
| City Council Special Projects: | | | | | |
| Salaries and Fringe Benefits | 30,130 | 30,130 | 25,787 | 4,343 | 26,241 |
| Supplies | 17,340 | 24,340 | 24,745 | (405) | 30,861 |
| Contractual Services | 249,780 | 305,780 | 326,918 | (21,138) | 529,476 |
| Capital Replacement | 400 | 400 | 400 | - | - |
| Capital Outlay | - | - | - | - | 10,477 |
| <i>Total City Council Special Projects</i> | <u>297,650</u> | <u>360,650</u> | <u>377,850</u> | <u>(17,200)</u> | <u>597,055</u> |
| <i>Total General Government</i> | <u>6,449,120</u> | <u>6,706,120</u> | <u>6,353,784</u> | <u>352,336</u> | <u>6,323,891</u> |
| Public Safety: | | | | | |
| Police: | | | | | |
| Salaries and Fringe Benefits | 6,101,490 | 6,146,490 | 6,171,114 | (24,624) | 5,952,514 |
| Supplies | 314,080 | 314,080 | 298,932 | 15,148 | 331,489 |
| Maintenance and Materials | 209,290 | 209,290 | 218,349 | (9,059) | 325,660 |
| Contractual Services | 327,920 | 388,920 | 393,776 | (4,856) | 373,342 |
| Capital Replacement | 677,800 | 677,800 | 677,800 | - | - |
| Capital Outlay | - | 6,700 | 6,665 | 35 | 3,203 |
| <i>Total Police</i> | <u>7,630,580</u> | <u>7,743,280</u> | <u>7,766,636</u> | <u>(23,356)</u> | <u>6,986,208</u> |
| Emergency Communications: | | | | | |
| Salaries and Fringe Benefits | 845,710 | 845,710 | 746,157 | 99,553 | 801,854 |
| Supplies | 5,000 | 5,000 | 4,753 | 247 | 12,216 |
| Maintenance and Materials | 70,180 | 70,180 | 69,897 | 283 | 73,825 |
| Contractual Services | 235,400 | 235,400 | 193,145 | 42,255 | 185,473 |
| <i>Total Emergency Communications</i> | <u>1,156,290</u> | <u>1,156,290</u> | <u>1,013,952</u> | <u>142,338</u> | <u>1,073,368</u> |
| Fire: | | | | | |
| Salaries and Fringe Benefits | 4,963,620 | 4,943,070 | 4,855,995 | 87,075 | 4,759,833 |
| Supplies | 255,420 | 251,742 | 253,892 | (2,150) | 248,585 |
| Maintenance and Materials | 188,300 | 291,300 | 267,538 | 23,762 | 143,777 |
| Contractual Services | 264,440 | 274,990 | 276,730 | (1,740) | 243,996 |
| Capital Replacement | 108,500 | 108,500 | 108,500 | - | - |
| Capital Outlay | - | 10,678 | 10,678 | - | 21,876 |
| <i>Total Fire</i> | <u>5,780,280</u> | <u>5,880,280</u> | <u>5,773,333</u> | <u>106,947</u> | <u>5,418,067</u> |
| <i>Total Public Safety</i> | <u>\$ 14,567,150</u> | <u>\$ 14,779,850</u> | <u>\$ 14,553,921</u> | <u>\$ 225,929</u> | <u>\$ 13,477,643</u> |

Town of Addison, Texas
Major Governmental Funds - General Fund

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|---|-----------------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| Development Services: | | | | | |
| Development Services: | | | | | |
| Salaries and Fringe Benefits | \$ 770,150 | \$ 770,150 | \$ 774,726 | \$ (4,576) | \$ 757,199 |
| Supplies | 16,170 | 16,870 | 17,410 | (540) | 16,165 |
| Maintenance and Materials | 5,150 | 5,150 | 1,078 | 4,072 | 274 |
| Contractual Services | 83,810 | 83,110 | 71,169 | 11,941 | 113,494 |
| Capital Replacement | 12,400 | 12,400 | 12,400 | - | - |
| Capital Outlay | 11,000 | 11,000 | 8,435 | 2,565 | - |
| <i>Total Development Services</i> | <u>898,680</u> | <u>898,680</u> | <u>885,218</u> | <u>13,462</u> | <u>887,132</u> |
| Streets: | | | | | |
| Streets: | | | | | |
| Salaries and Fringe Benefits | 548,440 | 548,440 | 425,122 | 123,318 | 530,666 |
| Supplies | 32,900 | 32,900 | 24,248 | 8,652 | 24,492 |
| Maintenance and Materials | 399,200 | 393,450 | 329,997 | 63,453 | 298,529 |
| Contractual Services | 798,740 | 789,490 | 817,044 | (27,554) | 818,688 |
| Capital Replacement | 15,600 | 15,600 | 15,600 | - | - |
| <i>Total Streets</i> | <u>1,794,880</u> | <u>1,779,880</u> | <u>1,612,011</u> | <u>167,869</u> | <u>1,672,375</u> |
| Parks and Recreation: | | | | | |
| Parks: | | | | | |
| Salaries and Fringe Benefits | 1,302,480 | 1,189,480 | 1,154,199 | 35,281 | 1,187,522 |
| Supplies | 165,400 | 165,400 | 121,461 | 43,939 | 141,391 |
| Maintenance and Materials | 492,500 | 489,500 | 381,527 | 107,973 | 349,166 |
| Contractual Services | 542,800 | 833,800 | 876,714 | (42,914) | 665,952 |
| Capital Replacement | 32,300 | 32,300 | 31,349 | 951 | 4,843 |
| <i>Total Parks</i> | <u>2,535,480</u> | <u>2,710,480</u> | <u>2,565,250</u> | <u>145,230</u> | <u>2,348,874</u> |
| Recreation: | | | | | |
| Salaries and Fringe Benefits | 833,840 | 808,840 | 782,300 | 26,540 | 815,304 |
| Supplies | 134,350 | 134,350 | 128,057 | 6,293 | 124,952 |
| Maintenance and Materials | 93,680 | 198,680 | 209,099 | (10,419) | 119,494 |
| Contractual Services | 322,190 | 322,190 | 278,682 | 43,508 | 290,207 |
| Capital Replacement | 68,600 | 68,600 | 68,600 | - | - |
| Capital Outlay | 30,000 | 30,000 | 29,678 | 322 | - |
| <i>Total Recreation</i> | <u>1,482,660</u> | <u>1,562,660</u> | <u>1,496,416</u> | <u>66,244</u> | <u>1,349,957</u> |
| <i>Total Parks and Recreation</i> | <u>4,018,140</u> | <u>4,273,140</u> | <u>4,061,666</u> | <u>211,474</u> | <u>3,698,831</u> |
| Total Expenditures | <u><u>\$ 27,727,970</u></u> | <u><u>\$ 28,437,670</u></u> | <u><u>\$ 27,466,600</u></u> | <u><u>\$ 971,070</u></u> | <u><u>\$ 26,059,872</u></u> |

HOTEL FUND

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

Addison!®

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | 2011 | 2010 |
|---|--------------|--------------|
| ASSETS: | | |
| Cash and Investments | \$ 1,990,959 | \$ 4,088,860 |
| Receivables: | | |
| Accounts Receivable | 121,783 | 128,578 |
| Occupancy Taxes | 297,082 | 436,982 |
| Interest | 5,044 | 8,399 |
| Prepaid Items | 43,194 | - |
| <i>Total Assets</i> | \$ 2,458,062 | \$ 4,662,819 |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 300,512 | \$ 213,708 |
| Intergovernmental Payable | 5,469 | 2,918 |
| Customer Deposits | 20,700 | 15,250 |
| Total Liabilities | 326,681 | 231,876 |
| Fund Balances: | | |
| Nonspendable: | | |
| Prepaid Items | 43,194 | - |
| Assigned: | | |
| Other Purposes | 27,603 | 7,604 |
| Unassigned | 2,060,584 | 4,423,339 |
| Total Fund Balance | 2,131,381 | 4,430,943 |
| <i>Total Liabilities and Fund Balance</i> | \$ 2,458,062 | \$ 4,662,819 |

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|---------------------|---------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Hotel/Motel Occupancy Taxes | \$ 3,550,000 | \$ 4,000,000 | \$ 4,000,786 | \$ 786 | \$ 3,666,781 |
| Proceeds from Special Events | 1,680,500 | 1,547,500 | 1,426,197 | (121,303) | 1,643,906 |
| Conference Centre Rental | 500,100 | 425,100 | 428,777 | 3,677 | 475,366 |
| Theatre Centre Rental | 303,540 | 78,000 | 82,107 | 4,107 | 78,020 |
| Visitor Centre Rental | - | 94,540 | 70,740 | (23,800) | - |
| Earnings on Investments | 13,000 | 13,000 | 9,934 | (3,066) | 24,657 |
| Other | 700 | 700 | 7,836 | 7,136 | 11,292 |
| <i>Total Revenues</i> | <u>6,047,840</u> | <u>6,158,840</u> | <u>6,026,377</u> | <u>(132,463)</u> | <u>5,900,022</u> |
| EXPENDITURES: | | | | | |
| Visitor Services | 1,098,570 | 1,098,570 | 1,008,029 | 90,541 | 806,786 |
| Visit Addison | 440,110 | 1,995,110 | 1,978,750 | 16,360 | 113,376 |
| Conference Centre | 1,028,370 | 1,053,370 | 1,007,162 | 46,208 | 963,908 |
| Marketing | 731,460 | 731,460 | 727,291 | 4,169 | 617,637 |
| Special Events | 2,392,720 | 2,392,720 | 2,405,602 | (12,882) | 2,376,492 |
| Performing Arts | 552,950 | 552,950 | 529,105 | 23,845 | 563,980 |
| <i>Total Expenditures</i> | <u>6,244,180</u> | <u>7,824,180</u> | <u>7,655,939</u> | <u>168,241</u> | <u>5,442,179</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (196,340) | (1,665,340) | (1,629,562) | 35,778 | 457,843 |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfer to Hotel Debt Service Fund | (670,000) | (670,000) | (670,000) | - | (670,000) |
| Net Change in Fund Balance | (866,340) | (2,335,340) | (2,299,562) | 35,778 | (212,157) |
| Fund Balances at Beginning of Year | 4,430,943 | 4,430,943 | 4,430,943 | - | 4,643,100 |
| Fund Balances at End of Year | <u>\$ 3,564,603</u> | <u>\$ 2,095,603</u> | <u>\$ 2,131,381</u> | <u>\$ 35,778</u> | <u>\$ 4,430,943</u> |

Town of Addison, Texas
Major Governmental Funds - Hotel Fund

Hotel Fund
Schedule of Expenditures - Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--------------------------------|----------------------------|----------------------------|----------------------------|---|----------------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| Visitor Services: | | | | | |
| Salaries and Fringe Benefits | \$ 381,810 | \$ 381,810 | \$ 325,898 | \$ 55,912 | \$ 312,201 |
| Supplies | 23,260 | 23,260 | 70,159 | (46,899) | 11,081 |
| Maintenance and Materials | 47,660 | 47,660 | 199,391 | (151,731) | 25,554 |
| Contractual Services | 642,540 | 642,540 | 408,881 | 233,659 | 457,950 |
| Capital Replacement | 3,300 | 3,300 | 3,700 | (400) | - |
| <i>Total Visitor Services</i> | <u>1,098,570</u> | <u>1,098,570</u> | <u>1,008,029</u> | <u>90,541</u> | <u>806,786</u> |
| Visit Addison: | | | | | |
| Supplies | 16,000 | 96,000 | 155,667 | (59,667) | - |
| Maintenance and Materials | 58,000 | 1,223,000 | 1,197,350 | 25,650 | 679 |
| Contractual Services | 366,110 | 676,110 | 616,492 | 59,618 | 112,697 |
| Capital Outlay | - | - | 9,241 | (9,241) | - |
| <i>Total Visit Addison</i> | <u>440,110</u> | <u>1,995,110</u> | <u>1,978,750</u> | <u>16,360</u> | <u>113,376</u> |
| Conference Centre: | | | | | |
| Salaries and Fringe Benefits | 512,630 | 512,630 | 512,094 | 536 | 490,266 |
| Supplies | 73,550 | 73,550 | 61,799 | 11,751 | 78,156 |
| Maintenance and Materials | 202,000 | 227,000 | 176,262 | 50,738 | 161,972 |
| Contractual Services | 222,990 | 222,990 | 237,507 | (14,517) | 233,514 |
| Capital Replacement | 17,200 | 17,200 | 19,500 | (2,300) | - |
| <i>Total Conference Centre</i> | <u>1,028,370</u> | <u>1,053,370</u> | <u>1,007,162</u> | <u>46,208</u> | <u>963,908</u> |
| Marketing: | | | | | |
| Salaries and Fringe Benefits | 210 | 210 | 16,850 | (16,640) | 50 |
| Supplies | 500 | 500 | 7,377 | (6,877) | 25 |
| Contractual Services | 730,750 | 730,750 | 703,064 | 27,686 | 617,562 |
| <i>Total Marketing</i> | <u>731,460</u> | <u>731,460</u> | <u>727,291</u> | <u>4,169</u> | <u>617,637</u> |
| Special Events: | | | | | |
| Salaries and Fringe Benefits | 626,160 | 626,160 | 577,079 | 49,081 | 610,300 |
| Supplies | 12,700 | 12,700 | 8,861 | 3,839 | 13,750 |
| Maintenance and Materials | 170,740 | 170,740 | 195,923 | (25,183) | 158,603 |
| Contractual Services | 1,549,020 | 1,549,020 | 1,585,039 | (36,019) | 1,593,839 |
| Capital Replacement | 34,100 | 34,100 | 38,700 | (4,600) | - |
| <i>Total Special Events</i> | <u>2,392,720</u> | <u>2,392,720</u> | <u>2,405,602</u> | <u>(12,882)</u> | <u>2,376,492</u> |
| Performing Arts: | | | | | |
| Salaries and Fringe Benefits | 16,820 | 16,820 | 11,523 | 5,297 | 16,123 |
| Supplies | 25,500 | 25,500 | 26,249 | (749) | 40,327 |
| Maintenance and Materials | 60,200 | 60,200 | 67,981 | (7,781) | 61,874 |
| Contractual Services | 447,630 | 447,630 | 420,152 | 27,478 | 445,656 |
| Capital Replacement | 2,800 | 2,800 | 3,200 | (400) | - |
| <i>Total Performing Arts</i> | <u>552,950</u> | <u>552,950</u> | <u>529,105</u> | <u>23,845</u> | <u>563,980</u> |
| Total Expenditures | <u><u>\$ 6,244,180</u></u> | <u><u>\$ 7,824,180</u></u> | <u><u>\$ 7,655,939</u></u> | <u><u>\$ 168,241</u></u> | <u><u>\$ 5,442,179</u></u> |

Addison!®

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.

Addison!®

Town of Addison, Texas

Major Governmental Funds - General Obligation Debt Service Fund

**General Obligation Debt Service Fund
Comparative Balance Sheet
September 30, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|--|---------------------|---------------------|
| ASSETS: | | |
| Cash and Investments | \$ 1,159,139 | \$ 1,184,554 |
| Receivables: | | |
| Ad Valorem Taxes, Including Interest and Penalties | 133,032 | 147,281 |
| Interest | 2,948 | 2,433 |
| <i>Total Assets</i> | <u>\$ 1,295,119</u> | <u>\$ 1,334,268</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Deferred Revenue | \$ 149,687 | \$ 163,936 |
| Intergovernmental Payable | 17,601 | 44,263 |
| Total Liabilities | <u>167,288</u> | <u>208,199</u> |
| Fund Balances: | | |
| Restricted: | | |
| Debt Service | 1,127,831 | 1,126,069 |
| Total Fund Balance | <u>1,127,831</u> | <u>1,126,069</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 1,295,119</u> | <u>\$ 1,334,268</u> |

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

General Obligation Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|---------------------|---------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Ad Valorem Taxes: | | | | | |
| Current | \$ 5,430,770 | \$ 5,430,770 | \$ 5,386,594 | \$ (44,176) | \$ 5,118,940 |
| Delinquent | 5,150 | 5,150 | 18,093 | 12,943 | 1,139 |
| Penalties and Interest | 690 | 690 | 25,361 | 24,671 | 9,502 |
| Total Ad Valorem Taxes | 5,436,610 | 5,436,610 | 5,430,048 | (6,562) | 5,129,581 |
| Other Revenues: | | | | | |
| Earnings on Investments | 20,000 | 20,000 | 10,111 | (9,889) | 12,485 |
| Total Revenues | 5,456,610 | 5,456,610 | 5,440,159 | (16,451) | 5,142,066 |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| Principal Retirement | 3,318,610 | 3,318,610 | 3,318,610 | - | 3,834,520 |
| Interest and Fiscal Charges | 2,125,140 | 2,125,140 | 2,119,787 | 5,353 | 2,263,538 |
| Total Expenditures | 5,443,750 | 5,443,750 | 5,438,397 | 5,353 | 6,098,058 |
| Excess/(Deficiency) of Revenues over Expenditures | 12,860 | 12,860 | 1,762 | (11,098) | (955,992) |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfer from General Fund | - | - | - | - | 1,000,000 |
| Net Change in Fund Balance | 12,860 | 12,860 | 1,762 | (11,098) | 44,008 |
| Fund Balances at Beginning of Year | 1,126,069 | 1,126,069 | 1,126,069 | - | 1,082,061 |
| Fund Balances at End of Year | \$ 1,138,929 | \$ 1,138,929 | \$ 1,127,831 | \$ (11,098) | \$ 1,126,069 |

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

Hotel Debt Service Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| ASSETS: | | |
| Cash and Investments | \$ 815,200 | \$ 862,154 |
| Receivables: | | |
| Interest | 2,073 | 1,771 |
| <i>Total Assets</i> | <u>\$ 817,273</u> | <u>\$ 863,925</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Fund Balances: | | |
| Restricted: | | |
| Debt Service | 817,273 | 863,925 |
| Total Fund Balance | <u>817,273</u> | <u>863,925</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 817,273</u> | <u>\$ 863,925</u> |

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

Hotel Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|-------------------|-------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 12,000 | \$ 12,000 | \$ 3,336 | \$ (8,664) | \$ 7,685 |
| <i>Total Revenues</i> | <u>12,000</u> | <u>12,000</u> | <u>3,336</u> | <u>(8,664)</u> | <u>7,685</u> |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| Principal Retirement | 555,000 | 555,000 | 555,000 | - | 535,000 |
| Interest and Fiscal Charges | <u>164,990</u> | <u>164,990</u> | <u>164,987</u> | <u>3</u> | <u>181,337</u> |
| <i>Total Expenditures</i> | <u>719,990</u> | <u>719,990</u> | <u>719,987</u> | <u>3</u> | <u>716,337</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (707,990) | (707,990) | (716,651) | (8,661) | (708,652) |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfer from Hotel Fund | <u>670,000</u> | <u>670,000</u> | <u>670,000</u> | <u>-</u> | <u>670,000</u> |
| Net Change in Fund Balance | (37,990) | (37,990) | (46,651) | (8,661) | (38,652) |
| Fund Balances at Beginning of Year | <u>863,924</u> | <u>863,924</u> | <u>863,924</u> | <u>-</u> | <u>902,577</u> |
| Fund Balances at End of Year | <u>\$ 825,934</u> | <u>\$ 825,934</u> | <u>\$ 817,273</u> | <u>\$ (8,661)</u> | <u>\$ 863,925</u> |

CAPITAL PROJECT SUB-FUNDS

The Capital Project Sub-Funds account 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 funds). Capital projects are funded primarily by general obligation bonds. The Capital Project Fund is comprised of the following sub-funds:

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.

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Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Balance Sheet for Capital Projects
September 30, 2011

| | Street | Parks | 2002 | 2004 | 2006 | 2008 | Capital Projects |
|---|---------------------|-------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
| ASSETS: | | | | | | | |
| Cash and Investments | \$ 1,581,867 | \$ 119,814 | \$ 1,114,419 | \$ 438,467 | \$ 156,728 | \$ 7,473,764 | \$ 10,885,059 |
| Receivables: | | | | | | | |
| Interest | 4,022 | 449 | 2,835 | 1,115 | 897 | 8,995 | 18,313 |
| Other | - | - | - | - | - | 56,394 | 56,394 |
| Total Assets | \$ 1,585,889 | \$ 120,263 | \$ 1,117,254 | \$ 439,582 | \$ 157,625 | \$ 7,539,153 | \$ 10,959,766 |
| LIABILITIES AND FUND BALANCE: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ 13,968 | \$ 246,481 | \$ - | \$ - | \$ 304,665 | \$ 565,114 |
| Contracts and Retainage Payable | - | 13,422 | 21,935 | - | 8,531 | 499,002 | 542,890 |
| Total Liabilities | - | 27,390 | 268,416 | - | 8,531 | 803,667 | 1,108,004 |
| Fund Balances: | | | | | | | |
| Restricted: | | | | | | | |
| Capital Projects | 1,585,889 | 92,873 | 848,838 | 439,582 | 149,094 | 6,735,486 | 9,851,762 |
| Total Fund Balance | 1,585,889 | 92,873 | 848,838 | 439,582 | 149,094 | 6,735,486 | 9,851,762 |
| Total Liabilities and Fund Balance | \$ 1,585,889 | \$ 120,263 | \$ 1,117,254 | \$ 439,582 | \$ 157,625 | \$ 7,539,153 | \$ 10,959,766 |

Town of Addison, Texas
Capital Projects

Capital Project Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2011

| | Street | Parks | 2002 | 2004 | 2006 | 2008 | Capital Projects |
|---|---------------------|------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| REVENUES: | | | | | | | |
| Earnings on Investments | \$ 7,493 | \$ 1,013 | \$ 6,544 | \$ 2,060 | \$ 1,657 | \$ 47,443 | \$ 66,210 |
| Other | 17,656 | 25,300 | - | - | - | 376,932 | 419,888 |
| <i>Total Revenues</i> | <u>25,149</u> | <u>26,313</u> | <u>6,544</u> | <u>2,060</u> | <u>1,657</u> | <u>424,375</u> | <u>486,098</u> |
| EXPENDITURES: | | | | | | | |
| Maintenance and Materials | - | - | 6,320 | - | - | 3,550 | 9,870 |
| Engineering and Contractual Services | - | 49,779 | 246,439 | - | - | 1,387,708 | 1,683,926 |
| Construction and Equipment | - | 211,198 | 438,729 | - | 204,351 | 8,406,445 | 9,260,723 |
| <i>Total Expenditures</i> | <u>-</u> | <u>260,977</u> | <u>691,488</u> | <u>-</u> | <u>204,351</u> | <u>9,797,703</u> | <u>10,954,519</u> |
| Excess/(Deficiency) of Revenues over Expenditures | 25,149 | (234,664) | (684,944) | 2,060 | (202,694) | (9,373,328) | (10,468,421) |
| OTHER FINANCING SOURCES/(USES): | | | | | | | |
| Transfers Out | (14,156) | - | - | - | - | - | (14,156) |
| Net Change in Fund Balance | 10,993 | (234,664) | (684,944) | 2,060 | (202,694) | (9,373,328) | (10,482,577) |
| Fund Balances at Beginning of Year | 1,574,896 | 327,537 | 1,533,782 | 437,522 | 351,788 | 16,108,814 | 20,334,339 |
| Fund Balances at End of Year | <u>\$ 1,585,889</u> | <u>\$ 92,873</u> | <u>\$ 848,838</u> | <u>\$ 439,582</u> | <u>\$ 149,094</u> | <u>\$ 6,735,486</u> | <u>\$ 9,851,762</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | 2011 | 2010 |
|---|--------------|--------------|
| ASSETS: | | |
| Cash and Investments | \$ 1,581,867 | \$ 1,595,835 |
| Receivables: | | |
| Interest | 4,022 | 1,184 |
| <i>Total Assets</i> | \$ 1,585,889 | \$ 1,597,019 |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ 2,836 |
| Contracts and Retainage Payable | - | 19,287 |
| Total Liabilities | - | 22,123 |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | 1,585,889 | 1,574,896 |
| Total Fund Balance | 1,585,889 | 1,574,896 |
| <i>Total Liabilities and Fund Balance</i> | \$ 1,585,889 | \$ 1,597,019 |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Street Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|------------|-------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 9,100 | \$ 9,100 | \$ 7,493 | \$ (1,607) | \$ 6,125 |
| Other | - | - | 17,656 | 17,656 | - |
| <i>Total Revenues</i> | 9,100 | 9,100 | 25,149 | 16,049 | 6,125 |
| EXPENDITURES: | | | | | |
| Maintenance and Materials | - | - | - | - | 204,092 |
| Engineering and Contractual Services | - | - | - | - | 19,580 |
| Construction and Equipment | 1,007,440 | 1,007,440 | - | 1,007,440 | - |
| <i>Total Expenditures</i> | 1,007,440 | 1,007,440 | - | 1,007,440 | 223,672 |
| Excess/(Deficiency) of Revenues over Expenditures | (998,340) | (998,340) | 25,149 | 1,023,489 | (217,547) |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfer from Reimbursement Grant Fund | - | - | - | - | 462,564 |
| Transfer to Reimbursement Grant Fund | - | (14,160) | (14,156) | 4 | - |
| Net Change in Fund Balance | (998,340) | (1,012,500) | 10,993 | 1,023,493 | 245,017 |
| Fund Balances at Beginning of Year | 1,574,896 | 1,574,896 | 1,574,896 | - | 1,329,879 |
| Fund Balances at End of Year | \$ 576,556 | \$ 562,396 | \$ 1,585,889 | \$ 1,023,493 | \$ 1,574,896 |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| ASSETS: | | |
| Cash and Investments | \$ 119,814 | \$ 361,400 |
| Receivables: | | |
| Interest | 449 | 743 |
| <i>Total Assets</i> | <u>\$ 120,263</u> | <u>\$ 362,143</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 13,968 | \$ 34,606 |
| Contracts and Retainage Payable | 13,422 | - |
| Total Liabilities | <u>27,390</u> | <u>34,606</u> |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | 92,873 | 327,537 |
| Total Fund Balance | <u>92,873</u> | <u>327,537</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 120,263</u> | <u>\$ 362,143</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

Parks Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--------------------------------------|------------------|------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 3,070 | \$ 3,070 | \$ 1,013 | \$ (2,057) | \$ 2,695 |
| Other | - | - | 25,300 | 25,300 | 27,235 |
| <i>Total Revenues</i> | <u>3,070</u> | <u>3,070</u> | <u>26,313</u> | <u>23,243</u> | <u>29,930</u> |
| EXPENDITURES: | | | | | |
| Maintenance and Materials | - | - | - | - | 27,275 |
| Engineering and Contractual Services | 9,700 | 9,700 | 49,779 | (40,079) | 72,218 |
| Construction and Equipment | 260,510 | 260,510 | 211,198 | 49,312 | - |
| <i>Total Expenditures</i> | <u>270,210</u> | <u>270,210</u> | <u>260,977</u> | <u>9,233</u> | <u>99,493</u> |
| Net Change in Fund Balance | (267,140) | (267,140) | (234,664) | 32,476 | (69,563) |
| Fund Balances at Beginning of Year | <u>327,537</u> | <u>327,537</u> | <u>327,537</u> | - | <u>397,100</u> |
| Fund Balances at End of Year | <u>\$ 60,397</u> | <u>\$ 60,397</u> | <u>\$ 92,873</u> | <u>\$ 32,476</u> | <u>\$ 327,537</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| ASSETS: | | |
| Cash and Investments | \$ 1,114,419 | \$ 1,530,638 |
| Receivables: | | |
| Interest | 2,835 | 3,144 |
| <i>Total Assets</i> | <u>\$ 1,117,254</u> | <u>\$ 1,533,782</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 246,481 | \$ - |
| Contracts and Retainage Payable | 21,935 | - |
| Total Liabilities | <u>268,416</u> | <u>-</u> |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | 848,838 | 1,533,782 |
| Total Fund Balance | <u>848,838</u> | <u>1,533,782</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 1,117,254</u> | <u>\$ 1,533,782</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2002 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--------------------------------------|---------------------|------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 14,390 | \$ 14,390 | \$ 6,544 | \$ (7,846) | \$ 12,010 |
| <i>Total Revenues</i> | <u>14,390</u> | <u>14,390</u> | <u>6,544</u> | <u>(7,846)</u> | <u>12,010</u> |
| EXPENDITURES: | | | | | |
| Maintenance and Materials | - | - | 6,320 | (6,320) | - |
| Engineering and Contractual Services | 100,000 | 369,000 | 246,439 | 122,561 | 181,579 |
| Construction and Equipment | 400,000 | 1,175,000 | 438,729 | 736,271 | 29,906 |
| <i>Total Expenditures</i> | <u>500,000</u> | <u>1,544,000</u> | <u>691,488</u> | <u>852,512</u> | <u>211,485</u> |
| Net Change in Fund Balance | (485,610) | (1,529,610) | (684,944) | 844,666 | (199,475) |
| Fund Balances at Beginning of Year | <u>1,533,782</u> | <u>1,533,782</u> | <u>1,533,782</u> | - | <u>1,733,257</u> |
| Fund Balances at End of Year | <u>\$ 1,048,172</u> | <u>\$ 4,172</u> | <u>\$ 848,838</u> | <u>\$ 844,666</u> | <u>\$ 1,533,782</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| ASSETS: | | |
| Cash and Investments | \$ 438,467 | \$ 436,625 |
| Receivables: | | |
| Interest | 1,115 | 897 |
| <i>Total Assets</i> | <u>\$ 439,582</u> | <u>\$ 437,522</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | 439,582 | 437,522 |
| Total Fund Balance | <u>439,582</u> | <u>437,522</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 439,582</u> | <u>\$ 437,522</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2004 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|-------------------|-------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 5,050 | \$ 5,050 | \$ 2,060 | \$ (2,990) | \$ 3,161 |
| <i>Total Revenues</i> | <u>5,050</u> | <u>5,050</u> | <u>2,060</u> | <u>(2,990)</u> | <u>3,161</u> |
| EXPENDITURES: | | | | | |
| Construction and Equipment | - | 187,000 | - | 187,000 | - |
| <i>Total Expenditures</i> | <u>-</u> | <u>187,000</u> | <u>-</u> | <u>187,000</u> | <u>-</u> |
| Net Change in Fund Balance | 5,050 | (181,950) | 2,060 | 184,010 | 3,161 |
| Fund Balances at Beginning of Year | <u>437,522</u> | <u>437,522</u> | <u>437,522</u> | <u>-</u> | <u>434,361</u> |
| Fund Balances at End of Year | <u>\$ 442,572</u> | <u>\$ 255,572</u> | <u>\$ 439,582</u> | <u>\$ 184,010</u> | <u>\$ 437,522</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-------------------|
| ASSETS: | | |
| Cash and Investments | \$ 156,728 | \$ 351,067 |
| Receivables: | | |
| Interest | 897 | 721 |
| <i>Total Assets</i> | <u>\$ 157,625</u> | <u>\$ 351,788</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Contracts and Retainage Payable | \$ 8,531 | \$ - |
| Total Liabilities | <u>8,531</u> | <u>-</u> |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | 149,094 | 351,788 |
| Total Fund Balance | <u>149,094</u> | <u>351,788</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 157,625</u> | <u>\$ 351,788</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2006 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|-------------------|-------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 4,060 | \$ 4,060 | \$ 1,657 | \$ (2,403) | \$ 2,541 |
| <i>Total Revenues</i> | <u>4,060</u> | <u>4,060</u> | <u>1,657</u> | <u>(2,403)</u> | <u>2,541</u> |
| EXPENDITURES: | | | | | |
| Construction and Equipment | 180,000 | 180,000 | 204,351 | (24,351) | - |
| <i>Total Expenditures</i> | <u>180,000</u> | <u>180,000</u> | <u>204,351</u> | <u>(24,351)</u> | <u>-</u> |
| Net Change in Fund Balance | (175,940) | (175,940) | (202,694) | (26,754) | 2,541 |
| Fund Balances at Beginning of Year | <u>351,788</u> | <u>351,788</u> | <u>351,788</u> | - | <u>349,247</u> |
| Fund Balances at End of Year | <u>\$ 175,848</u> | <u>\$ 175,848</u> | <u>\$ 149,094</u> | <u>\$ (26,754)</u> | <u>\$ 351,788</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Capital Projects
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|----------------------|
| ASSETS: | | |
| Cash and Investments | \$ 7,473,764 | \$ 17,476,208 |
| Receivables: | | |
| Interest | 8,995 | 35,912 |
| Other | 56,394 | - |
| <i>Total Assets</i> | <u>\$ 7,539,153</u> | <u>\$ 17,512,120</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 304,665 | \$ 1,168,292 |
| Contracts and Retainage Payable | 499,002 | 235,014 |
| Total Liabilities | <u>803,667</u> | <u>1,403,306</u> |
| Fund Balances: | | |
| Restricted: | | |
| Capital Projects | <u>6,735,486</u> | <u>16,108,814</u> |
| Total Fund Balance | <u>6,735,486</u> | <u>16,108,814</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 7,539,153</u> | <u>\$ 17,512,120</u> |

Town of Addison, Texas
Major Governmental Funds - Capital Projects

2008 Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--------------------------------------|---------------------|---------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments | \$ 210,420 | \$ 210,420 | \$ 47,443 | \$ (162,977) | \$ 162,794 |
| Other | - | 267,000 | 376,932 | 109,932 | 2,115,271 |
| <i>Total Revenues</i> | <u>210,420</u> | <u>477,420</u> | <u>424,375</u> | <u>(53,045)</u> | <u>2,278,065</u> |
| EXPENDITURES: | | | | | |
| Supplies | - | - | - | - | 937 |
| Materials and Maintenance | - | - | 3,550 | (3,550) | - |
| Engineering and Contractual Services | - | 1,628,000 | 1,387,708 | 240,292 | 2,292,226 |
| Construction and Equipment | 12,100,000 | 10,950,000 | 8,406,445 | 2,543,555 | 8,825,296 |
| <i>Total Expenditures</i> | <u>12,100,000</u> | <u>12,578,000</u> | <u>9,797,703</u> | <u>2,780,297</u> | <u>11,118,459</u> |
| Net Change in Fund Balance | (11,889,580) | (12,100,580) | (9,373,328) | 2,727,252 | (8,840,394) |
| Fund Balances at Beginning of Year | <u>16,108,814</u> | <u>16,108,814</u> | <u>16,108,814</u> | - | <u>24,949,208</u> |
| Fund Balances at End of Year | <u>\$ 4,219,234</u> | <u>\$ 4,008,234</u> | <u>\$ 6,735,486</u> | <u>\$ 2,727,252</u> | <u>\$ 16,108,814</u> |

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.

Addison!®

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

Reimbursement Grant Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|-------------------|
| ASSETS: | | |
| Receivables: | | |
| Interest | \$ - | \$ 820 |
| Intergovernmental | 3,086,241 | 647,779 |
| <i>Total Assets</i> | <u>\$ 3,086,241</u> | <u>\$ 648,599</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 366,695 | \$ 20,430 |
| Deferred Revenue | 1,945,467 | - |
| Interfund Payable | 2,719,440 | 627,874 |
| Total Liabilities | <u>5,031,602</u> | <u>648,304</u> |
| Fund Balances: | | |
| Unassigned | (1,945,361) | 295 |
| Total Fund Balance | <u>(1,945,361)</u> | <u>295</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 3,086,241</u> | <u>\$ 648,599</u> |

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

Reimbursement Grant Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|---------------|--------------------|-----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental | \$ 70,000 | \$ 1,900,000 | \$ 1,711,914 | \$ (188,086) | \$ 1,094,969 |
| Earnings on Investments and Other | - | - | (189) | (189) | 195 |
| <i>Total Revenues</i> | <u>70,000</u> | <u>1,900,000</u> | <u>1,711,725</u> | <u>(188,275)</u> | <u>1,095,164</u> |
| EXPENDITURES: | | | | | |
| Salaries and Fringe Benefits | 19,200 | 10,200 | 8,866 | 1,334 | 31,148 |
| Supplies | 800 | 2,000 | 5,596 | (3,596) | 14,309 |
| Contractual Services | 50,000 | - | - | - | 9,573 |
| Capital Outlay | - | 2,000,000 | 3,657,075 | (1,657,075) | 576,012 |
| <i>Total Expenditures</i> | <u>70,000</u> | <u>2,012,200</u> | <u>3,671,537</u> | <u>(1,659,337)</u> | <u>631,042</u> |
| Excess/(Deficiency) of Revenues over Expenditures | - | (112,200) | (1,959,812) | (1,847,612) | 464,122 |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfer from Street Capital Projects Fund | - | 14,160 | 14,156 | (4) | - |
| Transfer to General Fund | - | - | - | - | (1,263) |
| Transfer to Street Capital Projects Fund | - | - | - | - | (462,564) |
| Net Change in Fund Balance | - | (98,040) | (1,945,656) | (1,847,616) | 295 |
| Fund Balances at Beginning of Year | <u>295</u> | <u>295</u> | <u>295</u> | <u>-</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ 295</u> | <u>\$ (97,745)</u> | <u>\$ (1,945,361)</u> | <u>\$ (1,847,616)</u> | <u>\$ 295</u> |

NON-MAJOR GOVERNMENTAL FUNDS

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

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

The **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.

Addison!®

Town of Addison, Texas
Non-Major Governmental Funds

Non-Major Governmental Funds
Combining Balance Sheet
September 30, 2011

| | Municipal Court Fund | Public Safety Fund | Advanced Funding Grant Fund | ARRA Grant Fund | Economic Development Fund | Total Non-Major Governmental Funds |
|----------------------|-------------------------|-----------------------|-----------------------------------|--------------------|---------------------------------|---|
| ASSETS: | | | | | | |
| Cash and Investments | \$ 452,510 | \$ 18,622 | \$ 62,552 | \$ - | \$ 388,354 | \$ 922,038 |
| Receivables: | | | | | | |
| Interest | 1,151 | 47 | 3,075 | - | 923 | 5,196 |
| Intergovernmental | - | - | 1,200 | 52,258 | - | 53,458 |
| Total Assets | \$ 453,661 | \$ 18,669 | \$ 66,827 | \$ 52,258 | \$ 389,277 | \$ 980,692 |

LIABILITIES AND FUND BALANCE:

| | | | | | | |
|---|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| Liabilities: | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 297,372 | \$ - | \$ - | \$ - | \$ 30,601 | \$ 327,973 |
| Contracts and Retainage Payable | - | - | 40,723 | - | - | 40,723 |
| Deferred Revenue | - | 859 | - | - | - | 859 |
| Interfund Payable | - | - | - | 50,672 | - | 50,672 |
| Total Liabilities | 297,372 | 859 | 40,723 | 50,672 | 30,601 | 420,227 |
| Fund Balances: | | | | | | |
| Restricted: | | | | | | |
| Court Technology | 83,827 | - | - | - | - | 83,827 |
| Building Security | 72,462 | - | - | - | - | 72,462 |
| Other Purposes | - | 17,810 | 26,104 | 1,586 | - | 45,500 |
| Committed: | | | | | | |
| Economic Development | - | - | - | - | 358,676 | 358,676 |
| Total Fund Balance | 156,289 | 17,810 | 26,104 | 1,586 | 358,676 | 560,465 |
| Total Liabilities and Fund Balance | \$ 453,661 | \$ 18,669 | \$ 66,827 | \$ 52,258 | \$ 389,277 | \$ 980,692 |

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, 2011

| | Municipal Court Fund | Public Safety Fund | Advanced Funding Grant Fund | ARRA Grant Fund | Economic Development Fund | Total Non-Major Governmental Funds |
|---|----------------------|--------------------|-----------------------------|-----------------|---------------------------|------------------------------------|
| REVENUES: | | | | | | |
| Court Awards | \$ - | \$ 2,011 | \$ - | \$ - | \$ - | \$ 2,011 |
| Building Security Fees | 16,915 | - | - | - | - | 16,915 |
| Court Technology Fees | 22,565 | - | - | - | - | 22,565 |
| Intergovernmental | - | - | 1,566,252 | 265,191 | - | 1,831,443 |
| Earnings on Investments and Other | 13,494 | 91 | 4,165 | 26 | 876 | 18,652 |
| Total Revenues | 52,974 | 2,102 | 1,570,417 | 265,217 | 876 | 1,891,586 |
| EXPENDITURES: | | | | | | |
| Salaries and Fringe Benefits | 14,446 | - | - | 191,200 | 63,280 | 268,926 |
| Supplies | 13,531 | 20,179 | 1,466 | 6,281 | 12,418 | 53,875 |
| Maintenance and Materials | 37,658 | - | - | - | 1,449 | 39,107 |
| Contractual Services | - | - | 100,746 | 66,126 | 265,053 | 431,925 |
| Capital Outlay | - | - | 1,457,412 | - | - | 1,457,412 |
| Total Expenditures | 65,635 | 20,179 | 1,559,624 | 263,607 | 342,200 | 2,251,245 |
| Excess/(Deficiency) of Revenues over Expenditures | (12,661) | (18,077) | 10,793 | 1,610 | (341,324) | (359,659) |
| OTHER FINANCING SOURCES/(USES): | | | | | | |
| Transfers In | - | - | - | - | 700,000 | 700,000 |
| Net Change in Fund Balance | (12,661) | (18,077) | 10,793 | 1,610 | 358,676 | 340,341 |
| Fund Balances at Beginning of Year | 168,950 | 35,887 | 15,311 | (24) | - | 220,124 |
| Fund Balances at End of Year | \$ 156,289 | \$ 17,810 | \$ 26,104 | \$ 1,586 | \$ 358,676 | \$ 560,465 |

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

Municipal Court Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | 2011 | 2010 |
|---|------------|------------|
| ASSETS: | | |
| Cash and Investments | \$ 452,510 | \$ 476,716 |
| Receivables: | | |
| Interest | 1,151 | 1,002 |
| <i>Total Assets</i> | \$ 453,661 | \$ 477,718 |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 297,372 | \$ 308,768 |
| Total Liabilities | 297,372 | 308,768 |
| Fund Balances: | | |
| Restricted: | | |
| Court Technology | 83,827 | 90,617 |
| Building Security | 72,462 | 78,333 |
| Total Fund Balance | 156,289 | 168,950 |
| <i>Total Liabilities and Fund Balance</i> | \$ 453,661 | \$ 477,718 |

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, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|-------------------|-------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Building Security Fees | \$ 22,000 | \$ 22,000 | \$ 16,915 | \$ (5,085) | \$ 13,842 |
| Court Technology Fees | 30,000 | 30,000 | 22,565 | (7,435) | 23,819 |
| Earnings on Investments and Other | 4,000 | 4,000 | 13,494 | 9,494 | 3,460 |
| <i>Total Revenues</i> | <u>56,000</u> | <u>56,000</u> | <u>52,974</u> | <u>(3,026)</u> | <u>41,121</u> |
| EXPENDITURES: | | | | | |
| Salaries and Fringe Benefits | 21,000 | 21,000 | 14,446 | 6,554 | 4,144 |
| Supplies | - | - | 13,531 | (13,531) | 5,052 |
| Maintenance and Materials | 60,900 | 60,900 | 37,658 | 23,242 | 80,259 |
| Contractual Services | 3,000 | 3,000 | - | 3,000 | - |
| <i>Total Expenditures</i> | <u>84,900</u> | <u>84,900</u> | <u>65,635</u> | <u>19,265</u> | <u>89,455</u> |
| Net Change in Fund Balance | (28,900) | (28,900) | (12,661) | 16,239 | (48,334) |
| Fund Balances at Beginning of Year | <u>168,950</u> | <u>168,950</u> | <u>168,950</u> | <u>-</u> | <u>217,284</u> |
| Fund Balances at End of Year | <u>\$ 140,050</u> | <u>\$ 140,050</u> | <u>\$ 156,289</u> | <u>\$ 16,239</u> | <u>\$ 168,950</u> |

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

Public Safety Fund
Comparative Balance Sheet
September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| ASSETS: | | |
| Cash and Investments | \$ 18,622 | \$ 36,677 |
| Receivables: | | |
| Interest | 47 | 69 |
| <i>Total Assets</i> | <u>\$ 18,669</u> | <u>\$ 36,746</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Deferred Revenue | \$ 859 | \$ 859 |
| Total Liabilities | <u>859</u> | <u>859</u> |
| Fund Balances: | | |
| Restricted: | | |
| Other Purposes | 17,810 | 35,887 |
| Total Fund Balance | <u>17,810</u> | <u>35,887</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 18,669</u> | <u>\$ 36,746</u> |

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

Public Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|------------------|------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Court Awards | \$ 10,000 | \$ 10,000 | \$ 2,011 | \$ (7,989) | \$ 19,172 |
| Earnings on Investments and Other | 200 | 200 | 91 | (109) | 142 |
| <i>Total Revenues</i> | <u>10,200</u> | <u>10,200</u> | <u>2,102</u> | <u>(8,098)</u> | <u>19,314</u> |
| EXPENDITURES: | | | | | |
| Supplies | 21,970 | 21,970 | 20,179 | 1,791 | - |
| <i>Total Expenditures</i> | <u>21,970</u> | <u>21,970</u> | <u>20,179</u> | <u>1,791</u> | <u>-</u> |
| Net Change in Fund Balance | (11,770) | (11,770) | (18,077) | (6,307) | 19,314 |
| Fund Balances at Beginning of Year | <u>35,887</u> | <u>35,887</u> | <u>35,887</u> | <u>-</u> | <u>16,573</u> |
| Fund Balances at End of Year | <u>\$ 24,117</u> | <u>\$ 24,117</u> | <u>\$ 17,810</u> | <u>\$ (6,307)</u> | <u>\$ 35,887</u> |

Town of Addison, Texas

Non-Major Governmental Funds - Advanced Funding Grant Fund

**Advanced Funding Grant Fund
Comparative Balance Sheet
September 30, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|---|------------------|------------------|
| ASSETS: | | |
| Cash and Investments | \$ 62,552 | \$ 15,280 |
| Receivables: | | |
| Interest | 3,075 | 31 |
| Intergovernmental | 1,200 | - |
| <i>Total Assets</i> | <u>\$ 66,827</u> | <u>\$ 15,311</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Contracts and Retainage Payable | \$ 40,723 | \$ - |
| Total Liabilities | <u>40,723</u> | <u>-</u> |
| Fund Balances: | | |
| Restricted: | | |
| Other Purposes | 26,104 | 15,311 |
| Total Fund Balance | <u>26,104</u> | <u>15,311</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 66,827</u> | <u>\$ 15,311</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, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|------------------|--------------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental | \$ 2,500,000 | \$ 1,500,000 | \$ 1,566,252 | \$ 66,252 | \$ 15,284 |
| Earnings on Investments and Other | 70 | 70 | 4,165 | 4,095 | 27 |
| <i>Total Revenues</i> | <u>2,500,070</u> | <u>1,500,070</u> | <u>1,570,417</u> | <u>70,347</u> | <u>15,311</u> |
| EXPENDITURES: | | | | | |
| Supplies | - | 6,200 | 1,466 | 4,734 | - |
| Contractual Services | 160,000 | - | 100,746 | (100,746) | - |
| Capital Outlay | 2,340,000 | 1,590,000 | 1,457,412 | 132,588 | - |
| <i>Total Expenditures</i> | <u>2,500,000</u> | <u>1,596,200</u> | <u>1,559,624</u> | <u>36,576</u> | <u>-</u> |
| Net Change in Fund Balance | 70 | (96,130) | 10,793 | 106,923 | 15,311 |
| Fund Balances at Beginning of Year | <u>15,311</u> | <u>15,311</u> | <u>15,311</u> | <u>-</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ 15,381</u> | <u>\$ (80,819)</u> | <u>\$ 26,104</u> | <u>\$ 106,923</u> | <u>\$ 15,311</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, 2011 and 2010

| | 2011 | 2010 |
|---|-----------|-----------|
| ASSETS: | | |
| Receivables: | | |
| Intergovernmental | \$ 52,258 | \$ 49,957 |
| <i>Total Assets</i> | \$ 52,258 | \$ 49,957 |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Interfund Payable | \$ 50,672 | \$ 49,981 |
| Total Liabilities | 50,672 | 49,981 |
| Fund Balances: | | |
| Restricted: | | |
| Other Purposes | 1,586 | (24) |
| Total Fund Balance | 1,586 | (24) |
| <i>Total Liabilities and Fund Balance</i> | \$ 52,258 | \$ 49,957 |

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, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|------------------------------------|----------------|----------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental | \$ 140,000 | \$ 255,000 | \$ 265,191 | \$ 10,191 | \$ 213,578 |
| Earnings on Investments and Other | - | - | 26 | 26 | (24) |
| <i>Total Revenues</i> | <u>140,000</u> | <u>255,000</u> | <u>265,217</u> | <u>10,217</u> | <u>213,554</u> |
| EXPENDITURES: | | | | | |
| Salaries and Fringe Benefits | 140,000 | 188,000 | 191,200 | (3,200) | 139,757 |
| Supplies | - | - | 6,281 | (6,281) | 22,633 |
| Contractual Services | - | 67,000 | 66,126 | 874 | 16,100 |
| Capital Outlay | - | - | - | - | 35,088 |
| <i>Total Expenditures</i> | <u>140,000</u> | <u>255,000</u> | <u>263,607</u> | <u>(8,607)</u> | <u>213,578</u> |
| Net Change in Fund Balance | - | - | 1,610 | 1,610 | (24) |
| Fund Balances at Beginning of Year | <u>(24)</u> | <u>(24)</u> | <u>(24)</u> | - | - |
| Fund Balances at End of Year | <u>\$ (24)</u> | <u>\$ (24)</u> | <u>\$ 1,586</u> | <u>\$ 1,610</u> | <u>\$ (24)</u> |

Town of Addison, Texas

Non-Major Governmental Funds - Economic Development Fund

**Economic Development Fund
Comparative Balance Sheet
September 30, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|---|-----------------------|-----------------|
| ASSETS: | | |
| Cash and Investments | \$ 388,354 | \$ - |
| Receivables: | | |
| Interest | 923 | - |
| <i>Total Assets</i> | <u>\$ 389,277</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCE: | | |
| Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 30,601 | \$ - |
| Total Liabilities | <u>30,601</u> | <u>-</u> |
| Fund Balances: | | |
| Committed: | | |
| Economic Development | 358,676 | - |
| Total Fund Balance | <u>358,676</u> | <u>-</u> |
| <i>Total Liabilities and Fund Balance</i> | <u>\$ 389,277</u> | <u>\$ -</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, 2011
With Comparative Actual Totals for 2010

| | 2011 | | | Variance with Final Budget Positive (Negative) | 2010 |
|--|----------------|----------------|----------------------|---|----------------------|
| | Budget | | Actual GAAP Basis | | Actual GAAP Basis |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Earnings on Investments and Other | \$ - | \$ - | \$ 876 | \$ 876 | \$ - |
| <i>Total Revenues</i> | <u>-</u> | <u>-</u> | <u>876</u> | <u>876</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Salaries and Fringe Benefits | - | 66,400 | 63,280 | 3,120 | - |
| Supplies | - | 11,060 | 12,418 | (1,358) | - |
| Maintenance and Materials | - | - | 1,449 | (1,449) | - |
| Contractual Services | 700,000 | 622,540 | 265,053 | 357,487 | - |
| <i>Total Expenditures</i> | <u>700,000</u> | <u>700,000</u> | <u>342,200</u> | <u>357,800</u> | <u>-</u> |
| Excess/(Deficiency) of Revenues over Expenditures | (700,000) | (700,000) | (341,324) | 358,676 | - |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfers In | 700,000 | 700,000 | 700,000 | - | - |
| Net Change in Fund Balance | - | - | 358,676 | 358,676 | - |
| 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>\$ 358,676</u> | <u>\$ 358,676</u> | <u>\$ -</u> |

PROPRIETARY FUNDS

Enterprise Funds:

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

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

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

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.

Addison!®

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Net Assets
September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---------------|---------------|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 2,133,522 | \$ 2,455,976 |
| Interest Receivable | 5,519 | 5,041 |
| Accounts Receivable | 388,217 | 522,504 |
| Inventory | 16 | - |
| Prepaid Items | 166,277 | - |
| Total Current Assets | 2,693,551 | 2,983,521 |
| Non-Current Assets: | | |
| Deferred Charges | 23,246 | 25,571 |
| Capital Assets: | | |
| Land | 8,911,357 | 8,911,357 |
| Buildings | 1,386,047 | 1,386,047 |
| Improvements other than Buildings | 23,248,622 | 22,437,018 |
| Machinery and Equipment | 1,263,834 | 1,233,964 |
| Accumulated Depreciation | (16,231,434) | (15,180,580) |
| Total Capital Assets, Net of Accumulated Depreciation | 18,578,426 | 18,787,806 |
| Construction in Progress | 10,601,347 | 752,301 |
| Net Property, Plant, and Equipment | 29,179,773 | 19,540,107 |
| <i>Total Assets</i> | \$ 31,896,570 | \$ 22,549,199 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 231,505 | \$ 416,787 |
| Current Maturities of Certificates of Obligation | 275,000 | 265,000 |
| Accrued Interest Payable | 15,036 | 16,195 |
| Customer Deposits | 159,016 | 161,136 |
| Total Current Liabilities | 680,557 | 859,118 |
| Long-Term Debt, Net of Current Portion: | | |
| Certificates of Obligation Payable | 2,685,000 | 2,960,000 |
| <i>Total Liabilities</i> | 3,365,557 | 3,819,118 |
| NET ASSETS: | | |
| Invested in Capital Assets, Net of Related Debt | 26,219,773 | 16,315,107 |
| Unrestricted | 2,311,240 | 2,414,974 |
| <i>Total Net Assets</i> | \$ 28,531,013 | \$ 18,730,081 |

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, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| OPERATING REVENUES: | | |
| Fuel Flowage Fees | \$ 657,159 | \$ 720,825 |
| Customs Agent Fees | 50,842 | 46,303 |
| Rental Charges | 3,481,639 | 3,430,003 |
| Other Income | 336,953 | 92,094 |
| <i>Total Operating Revenues</i> | 4,526,593 | 4,289,225 |
| OPERATING EXPENSES: | | |
| Salaries and Fringe Benefits | 264,010 | 231,795 |
| Supplies | 19,695 | 41,234 |
| Maintenance and Materials | 2,061,944 | 1,184,683 |
| Contractual Services | 864,493 | 1,546,481 |
| <i>Total Operating Expenses (Excluding Depreciation)</i> | 3,210,142 | 3,004,193 |
| Depreciation | 1,050,854 | 1,041,531 |
| <i>Total Operating Expenses</i> | 4,260,996 | 4,045,724 |
| OPERATING INCOME/(LOSS) | 265,597 | 243,501 |
| NON-OPERATING REVENUES/(EXPENSES): | | |
| Investment Income | 7,558 | 14,861 |
| Interest Expense | (124,063) | (133,207) |
| Amortization Expense | (2,325) | (2,325) |
| <i>Total Non-Operating Revenues/(Expenses)</i> | (118,830) | (120,671) |
| NET INCOME/(LOSS) | 146,767 | 122,830 |
| Capital Contributions and Grants | 9,654,165 | 93,465 |
| CHANGE IN NET ASSETS | 9,800,932 | 216,295 |
| Net Assets at Beginning of Year | 18,730,081 | 18,513,786 |
| Net Assets at End of Year | \$ 28,531,013 | \$ 18,730,081 |

Town of Addison, Texas
Proprietary Funds - Airport Fund

Airport Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Customers | \$ 4,492,483 | \$ 4,366,826 |
| Payments to Suppliers | (3,131,430) | (3,188,498) |
| Payments to Employees for Services | (264,010) | (231,795) |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | 1,097,043 | 946,533 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and Construction of Capital Assets | (10,690,520) | (49,752) |
| Principal Paid on Certificates of Obligation | (265,000) | (255,000) |
| Interest Paid on Certificates of Obligation | (125,222) | (134,323) |
| Intergovernmental - Aviation Capital Grants | 9,654,165 | 93,465 |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | (1,426,577) | (345,610) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on Cash and Investments | 7,080 | 17,565 |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | (322,454) | 618,488 |
| Cash and Cash Investments, October 1 | 2,455,976 | 1,837,488 |
| Cash and Cash Investments, September 30 | \$ 2,133,522 | \$ 2,455,976 |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Operating Income/(Loss) | \$ 265,597 | \$ 243,501 |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Depreciation | 1,050,854 | 1,041,531 |
| Change in Assets and Liabilities: | | |
| (Increase)/Decrease in Accounts Receivables | 134,287 | 80,284 |
| (Increase)/Decrease in Inventories | (16) | - |
| (Increase)/Decrease in Prepaids | (166,277) | - |
| Increase/(Decrease) in Accounts Payable | (185,282) | (416,100) |
| Increase/(Decrease) in Customer Deposits | (2,120) | (2,683) |
| Net Cash Provided/(Used) by Operating Activities | \$ 1,097,043 | \$ 946,533 |
| NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital Contributions | \$ 59,303 | \$ - |
| <i>Net Non-Cash Items from Capital and Related Financing Activities</i> | \$ 59,303 | \$ - |

Addison!®

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Net Assets
September 30, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 4,963,543 | \$ 7,786,842 |
| Interest Receivable | 12,793 | 15,996 |
| Accounts Receivable | 2,224,410 | 1,684,718 |
| Prepaid Items | 63,998 | - |
| Total Current Assets | 7,264,744 | 9,487,556 |
| Non-Current Assets: | | |
| Deferred Charges | 125,958 | 156,921 |
| Capital Assets: | | |
| Land | 1,312,064 | 1,312,064 |
| Buildings | 1,728,905 | 1,728,905 |
| Improvements other than Buildings | 42,105,840 | 42,105,840 |
| Machinery and Equipment | 2,085,558 | 1,977,833 |
| Accumulated Depreciation | (21,575,387) | (20,494,648) |
| Total Capital Assets, Net of Accumulated Depreciation | 25,656,980 | 26,629,994 |
| Construction in Progress | 5,362,653 | 1,779,043 |
| Net Property, Plant, and Equipment | 31,019,633 | 28,409,037 |
| Investment in Joint Venture | 7,238,882 | 7,293,066 |
| <i>Total Assets</i> | \$ 45,649,217 | \$ 45,346,580 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 1,030,898 | \$ 367,482 |
| Current Maturities of General Obligation Bonds and Certificates of Obligation | 2,710,038 | 2,478,842 |
| Accrued Interest Payable | 58,005 | 73,302 |
| Customer Deposits | 742,308 | 716,708 |
| Total Current Liabilities | 4,541,249 | 3,636,334 |
| Long-Term Debt, Net of Current Portion: | | |
| General Obligation Bonds and Certificates of Obligation Payable | 8,690,476 | 11,400,514 |
| <i>Total Liabilities</i> | 13,231,725 | 15,036,848 |
| NET ASSETS: | | |
| Invested in Capital Assets, Net of Related Debt | 24,894,119 | 19,984,681 |
| Unrestricted | 7,523,373 | 10,325,051 |
| <i>Total Net Assets</i> | \$ 32,417,492 | \$ 30,309,732 |

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, 2011 and 2010

| | 2011 | 2010 |
|--|---------------|---------------|
| OPERATING REVENUES: | | |
| Water | \$ 6,140,865 | \$ 4,758,886 |
| Sewer | 4,496,894 | 3,933,498 |
| Penalties | 71,834 | 73,251 |
| Water and Sewer Taps and Other Fees | 17,845 | 21,490 |
| Other Income | 13,130 | 18,944 |
| <i>Total Operating Revenues</i> | 10,740,568 | 8,806,069 |
| OPERATING EXPENSES: | | |
| Salaries and Fringe Benefits | 1,371,308 | 1,285,237 |
| Supplies | 115,407 | 105,177 |
| Maintenance and Materials | 415,161 | 354,034 |
| Contractual Services | 569,029 | 599,717 |
| Water Purchases | 2,520,302 | 2,603,155 |
| Wastewater Purchases | 1,889,041 | 1,736,262 |
| Bad Debts Expense | - | 10,374 |
| <i>Total Operating Expenses (Excluding Depreciation)</i> | 6,880,248 | 6,693,956 |
| Depreciation | 1,098,741 | 1,081,166 |
| <i>Total Operating Expenses</i> | 7,978,989 | 7,775,122 |
| OPERATING INCOME/(LOSS) | 2,761,579 | 1,030,947 |
| NON-OPERATING REVENUES/(EXPENSES): | | |
| Investment Income | (23,736) | (3,796) |
| Sale of Assets | 10,145 | 1,531 |
| Gain/(Loss) of the Joint Venture | (54,184) | (54,195) |
| Interest Expense | (509,932) | (619,652) |
| Amortization Expense | (80,713) | (80,712) |
| Fiscal Fees | (9,399) | 17,201 |
| <i>Total Non-Operating Revenues/(Expenses)</i> | (667,819) | (739,623) |
| NET INCOME/(LOSS) | 2,093,760 | 291,324 |
| Capital Contributions and Grants | 14,000 | 1,009,385 |
| CHANGE IN NET ASSETS | 2,107,760 | 1,300,709 |
| Net Assets at Beginning of Year | 30,309,732 | 29,009,023 |
| Net Assets at End of Year | \$ 32,417,492 | \$ 30,309,732 |

Town of Addison, Texas
Proprietary Funds - Utility Fund

Utility Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Customers | \$ 10,226,476 | \$ 8,589,285 |
| Payments to Suppliers | (4,909,521) | (5,613,610) |
| Payments to Employees for Services | (1,371,308) | (1,285,237) |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | 3,945,647 | 1,690,438 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and Construction of Capital Assets | (3,695,338) | (598,152) |
| Principal Paid on Certificates of Obligation and General Obligation Bonds | (2,478,842) | (2,182,932) |
| Interest Paid on Certificates of Obligation and General Obligation Bonds | (574,979) | (680,478) |
| Fiscal Fees Related to Outstanding Debt | (9,399) | 17,201 |
| Proceeds from Sale of Capital Assets | 10,145 | 1,531 |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | (6,748,413) | (3,442,830) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on Cash and Investments | (20,533) | 20,493 |
| <i>Net Cash Provided/(Used) by Investing Activities</i> | (20,533) | 20,493 |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | (2,823,299) | (1,731,899) |
| Cash and Cash Investments, October 1 | 7,786,842 | 9,518,741 |
| Cash and Cash Investments, September 30 | \$ 4,963,543 | \$ 7,786,842 |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Operating Income/(Loss) | \$ 2,761,579 | \$ 1,030,947 |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Depreciation | 1,098,741 | 1,081,166 |
| Change in Assets and Liabilities: | | |
| (Increase)/Decrease in Accounts Receivables | (539,692) | (259,864) |
| (Increase)/Decrease in Prepaid Items | (63,998) | 8,054 |
| Increase/(Decrease) in Accounts Payable | 663,417 | (212,945) |
| Increase/(Decrease) in Customer Deposits | 25,600 | 43,080 |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | \$ 3,945,647 | \$ 1,690,438 |
| NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Capital Contributions | \$ - | \$ 1,009,385 |
| Gain/(Loss) of Joint Venture | (54,184) | (54,195) |
| <i>Net Non-Cash Items from Capital and Related Financing Activities</i> | \$ (54,184) | \$ 955,190 |

Addison!®

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Net Assets
September 30, 2011

| | Capital Replacement | Information Technology Replacement | Total Internal Service Funds |
|---|------------------------|--|---------------------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 3,467,662 | \$ 2,454,333 | \$ 5,921,995 |
| Interest Receivable | 8,818 | 6,241 | 15,059 |
| Other Receivable | 82,809 | - | 82,809 |
| Total Current Assets | 3,559,289 | 2,460,574 | 6,019,863 |
| Non-Current Assets: | | | |
| Capital Assets: | | | |
| Machinery and Equipment | 6,538,892 | 5,056,588 | 11,595,480 |
| Accumulated Depreciation | (4,434,308) | (4,110,005) | (8,544,313) |
| Total Capital Assets, Net of Accumulated Depreciation | 2,104,584 | 946,583 | 3,051,167 |
| <i>Total Assets</i> | \$ 5,663,873 | \$ 3,407,157 | \$ 9,071,030 |
| NET ASSETS: | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 2,104,584 | \$ 946,583 | \$ 3,051,167 |
| Unrestricted | 3,559,289 | 2,460,574 | 6,019,863 |
| <i>Total Net Assets</i> | \$ 5,663,873 | \$ 3,407,157 | \$ 9,071,030 |

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, 2011

| | Capital Replacement | Information Technology Replacement | Total Internal Service Funds |
|--|------------------------|--|---------------------------------|
| OPERATING REVENUES: | | | |
| Department Contributions | \$ 509,000 | \$ 651,000 | \$ 1,160,000 |
| <i>Total Operating Revenues</i> | 509,000 | 651,000 | 1,160,000 |
| OPERATING EXPENSES: | | | |
| Contractual Services | 5,873 | 24,083 | 29,956 |
| Depreciation | 722,352 | 260,570 | 982,922 |
| <i>Total Operating Expenses</i> | 728,225 | 284,653 | 1,012,878 |
| OPERATING INCOME/(LOSS) | (219,225) | 366,347 | 147,122 |
| NON-OPERATING REVENUES/(EXPENSES): | | | |
| Investment Income | 15,745 | 11,092 | 26,837 |
| Sale of Assets | 87,804 | 990 | 88,794 |
| <i>Total Non-Operating Revenues/(Expenses)</i> | 103,549 | 12,082 | 115,631 |
| CHANGE IN NET ASSETS | (115,676) | 378,429 | 262,753 |
| Net Assets at Beginning of Year | 5,779,549 | 3,028,728 | 8,808,277 |
| Net Assets at End of Year | \$ 5,663,873 | \$ 3,407,157 | \$ 9,071,030 |

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2011

| | Capital Replacement | Information Technology Replacement | Total Internal Service Funds |
|---|------------------------|--|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Department Contributions | \$ 509,000 | \$ 651,000 | \$ 1,160,000 |
| Payments to Suppliers | (5,873) | (24,083) | (29,956) |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | <u>503,127</u> | <u>626,917</u> | <u>1,130,044</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and Construction of Capital Assets | (254,948) | (258,405) | (513,353) |
| Proceeds from Sale of Capital Assets | 4,995 | 990 | 5,985 |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | <u>(249,953)</u> | <u>(257,415)</u> | <u>(507,368)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on Cash and Investments | 13,480 | 9,103 | 22,583 |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | 266,654 | 378,605 | 645,259 |
| Cash and Cash Investments, October 1 | 3,201,008 | 2,075,728 | 5,276,736 |
| Cash and Cash Investments, September 30 | <u>\$ 3,467,662</u> | <u>\$ 2,454,333</u> | <u>\$ 5,921,995</u> |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | | |
| Operating Income/(Loss) | \$ (219,225) | \$ 366,347 | \$ 147,122 |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | | |
| Depreciation | 722,352 | 260,570 | 982,922 |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ 503,127</u> | <u>\$ 626,917</u> | <u>\$ 1,130,044</u> |

Addison!®

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Net Assets
September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---------------------|---------------------|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 3,467,662 | \$ 3,201,008 |
| Interest Receivable | 8,818 | 6,553 |
| Other Receivable | 82,809 | - |
| Total Current Assets | 3,559,289 | 3,207,561 |
| Non-Current Assets: | | |
| Capital Assets: | | |
| Machinery and Equipment | 6,538,892 | 6,745,440 |
| Accumulated Depreciation | (4,434,308) | (4,173,452) |
| Total Capital Assets, Net of Accumulated Depreciation | 2,104,584 | 2,571,988 |
| <i>Total Assets</i> | \$ 5,663,873 | \$ 5,779,549 |
| NET ASSETS: | | |
| Invested in Capital Assets, Net of Related Debt | \$ 2,104,584 | \$ 2,571,988 |
| Unrestricted | 3,559,289 | 3,207,561 |
| <i>Total Net Assets</i> | \$ 5,663,873 | \$ 5,779,549 |

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, 2011 and 2010

| | 2011 | 2010 |
|--|--------------|--------------|
| OPERATING REVENUES: | | |
| Department Contributions | \$ 509,000 | \$ - |
| <i>Total Operating Revenues</i> | 509,000 | - |
| OPERATING EXPENSES: | | |
| Contractual Services | 5,873 | 2,571 |
| Depreciation | 722,352 | 641,142 |
| <i>Total Operating Expenses</i> | 728,225 | 643,713 |
| OPERATING INCOME/(LOSS) | (219,225) | (643,713) |
| NON-OPERATING REVENUES/(EXPENSES): | | |
| Investment Income | 15,745 | 26,050 |
| Sale of Assets | 87,804 | 55,864 |
| <i>Total Non-Operating Revenues/(Expenses)</i> | 103,549 | 81,914 |
| CHANGE IN NET ASSETS | (115,676) | (561,799) |
| Net Assets at Beginning of Year | 5,779,549 | 6,341,348 |
| Net Assets at End of Year | \$ 5,663,873 | \$ 5,779,549 |

Town of Addison, Texas
Proprietary Funds - Capital Replacement Fund

Capital Replacement Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Department Contributions | \$ 509,000 | \$ - |
| Payments to Suppliers | (5,873) | (2,571) |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | 503,127 | (2,571) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and Construction of Capital Assets | (254,948) | (702,353) |
| Proceeds from Sale of Capital Assets | 4,995 | 55,864 |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | (249,953) | (646,489) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on Cash and Investments | 13,480 | 35,632 |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | 266,654 | (613,428) |
| Cash and Cash Investments, October 1 | 3,201,008 | 3,814,436 |
| Cash and Cash Investments, September 30 | \$ 3,467,662 | \$ 3,201,008 |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Operating Income/(Loss) | \$ (219,225) | \$ (643,713) |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Depreciation | 722,352 | 641,142 |
| Net Cash Provided/(Used) by Operating Activities | \$ 503,127 | \$ (2,571) |

Addison!®

Town of Addison, Texas

Proprietary Funds - Information Technology Replacement Fund

**Information Technology Replacement Fund
Comparative Statement of Net Assets
September 30, 2011 and 2010**

| | <u>2011</u> | <u>2010</u> |
|---|---------------------|---------------------|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Investments | \$ 2,454,333 | \$ 2,075,728 |
| Interest Receivable | 6,241 | 4,252 |
| Total Current Assets | <u>2,460,574</u> | <u>2,079,980</u> |
| Non-Current Assets: | | |
| Capital Assets: | | |
| Machinery and Equipment | 5,056,588 | 4,834,674 |
| Accumulated Depreciation | <u>(4,110,005)</u> | <u>(3,885,926)</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>946,583</u> | <u>948,748</u> |
| <i>Total Assets</i> | <u>\$ 3,407,157</u> | <u>\$ 3,028,728</u> |
| NET ASSETS: | | |
| Invested in Capital Assets, Net of Related Debt | \$ 946,583 | \$ 948,748 |
| Unrestricted | <u>2,460,574</u> | <u>2,079,980</u> |
| <i>Total Net Assets</i> | <u>\$ 3,407,157</u> | <u>\$ 3,028,728</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, 2011 and 2010

| | 2011 | 2010 |
|--|--------------|--------------|
| OPERATING REVENUES: | | |
| Department Contributions | \$ 651,000 | \$ - |
| Other Income/(Expense) | - | 1,165 |
| <i>Total Operating Revenues</i> | 651,000 | 1,165 |
| OPERATING EXPENSES: | | |
| Contractual Services | 24,083 | 2,571 |
| Depreciation | 260,570 | 216,974 |
| <i>Total Operating Expenses</i> | 284,653 | 219,545 |
| OPERATING INCOME/(LOSS) | 366,347 | (218,380) |
| NON-OPERATING REVENUES/(EXPENSES): | | |
| Investment Income | 11,092 | 15,302 |
| Sale of Assets | 990 | (6,707) |
| <i>Total Non-Operating Revenues/(Expenses)</i> | 12,082 | 8,595 |
| CHANGE IN NET ASSETS | 378,429 | (209,785) |
| Net Assets at Beginning of Year | 3,028,728 | 3,238,513 |
| Net Assets at End of Year | \$ 3,407,157 | \$ 3,028,728 |

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

Information Technology Replacement Fund
Comparative Statement of Cash Flows
Year Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Department Contributions | \$ 651,000 | \$ - |
| Payments to Suppliers | (24,083) | (7,656) |
| | 626,917 | (7,656) |
| <i>Net Cash Provided/(Used) by Operating Activities</i> | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and Construction of Capital Assets | (258,405) | (82,487) |
| Proceeds from Sale of Capital Assets | 990 | - |
| | (257,415) | (82,487) |
| <i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i> | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on Cash and Investments | 9,103 | 20,131 |
| | 378,605 | (70,012) |
| <i>Net Increase/(Decrease) in Cash and Cash Investments</i> | | |
| Cash and Cash Investments, October 1 | 2,075,728 | 2,145,740 |
| Cash and Cash Investments, September 30 | \$ 2,454,333 | \$ 2,075,728 |
| Reconciliation of Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Operating Income/(Loss) | \$ 366,347 | \$ (218,380) |
| Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities: | | |
| Depreciation | 260,570 | 216,974 |
| Change in Assets and Liabilities: | | |
| Increase/(Decrease) in Accounts Payable | - | (6,250) |
| Net Cash Provided/(Used) by Operating Activities | \$ 626,917 | \$ (7,656) |

Addison!®

Capital Assets Used in Operations of Governmental Funds

Addison!®

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

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
BY SOURCE**

September 30, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|----------------------------------|----------------------------------|
| GENERAL CAPITAL ASSETS: | | |
| Property and Equipment in Service: | | |
| Land | \$ 66,233,099 | \$ 65,784,123 |
| Buildings | 21,409,464 | 21,409,464 |
| Improvements Other Than Buildings | 128,253,389 | 126,487,627 |
| Equipment | <u>2,488,279</u> | <u>2,339,660</u> |
| <i>Total Property and Equipment in Service</i> | 218,384,231 | 216,020,874 |
| Construction in Progress | <u>33,748,347</u> | <u>17,937,565</u> |
| <i>Total Capital Assets</i> | <u><u>\$ 252,132,578</u></u> | <u><u>\$ 233,958,439</u></u> |
| INVESTMENT IN GENERAL CAPITAL ASSETS BY SOURCE: | | |
| Capital Projects Funds: | | |
| General Obligation Bonds | \$ 89,692,338 | \$ 88,550,617 |
| Certificates of Obligation Bonds | 36,638,647 | 26,842,203 |
| 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 | 60,883,190 |
| Property Owners' Participation | 1,026,857 | 1,026,857 |
| Other Governments | 7,391,728 | 2,180,374 |
| General Fund: | | |
| Revenues | 20,453,788 | 20,355,432 |
| Special Revenue Funds | 13,711,386 | 12,127,357 |
| Debt Service Fund | 30,893 | 30,893 |
| Donations | <u>1,465,708</u> | <u>1,233,713</u> |
| <i>Total Investment in General Capital Assets</i> | <u><u>\$ 252,132,578</u></u> | <u><u>\$ 233,958,439</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, 2011

| 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 | 662,127 | 2,978,330 |
| 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>951,939</u> | <u>5,684,353</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>102,836,763</u> | <u>95,899</u> | <u>157,390,690</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 | 722,594 | 17,622,668 |
| 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>814,038</u> | <u>23,468,187</u> |
| <i>Balance at End of Year</i> | <u>\$ 66,233,099</u> | <u>\$ 21,409,464</u> | <u>\$ 128,253,389</u> | <u>\$ 2,488,279</u> | <u>\$ 218,384,231</u> |
| Construction in Progress | | | | | <u>33,748,347</u> |
| <i>Total General Capital Assets</i> | | | | | <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 CHANGES IN CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the fiscal year ended September 30, 2011

| Function and Activity | Balance 9/30/2010 | Additions | Deletions | Transfers | Balance 9/30/2011 |
|---|-----------------------|----------------------|-------------|-------------|-----------------------|
| GENERAL GOVERNMENT: | | | | | |
| City Manager | \$ 1,379,611 | \$ - | \$ - | \$ - | \$ 1,379,611 |
| Financial & Strategic Services | 1,375,864 | - | - | - | 1,375,864 |
| General Services | 986,699 | 16,950 | - | - | 1,003,649 |
| Municipal Court | 81,694 | 8,790 | - | - | 90,484 |
| Human Resources | 217,819 | - | - | - | 217,819 |
| City Council Special Projects | 1,623 | - | - | - | 1,623 |
| <i>Total General Government</i> | <u>4,043,310</u> | <u>25,740</u> | <u>-</u> | <u>-</u> | <u>4,069,050</u> |
| PUBLIC SAFETY: | | | | | |
| Police | 2,962,875 | 15,455 | - | - | 2,978,330 |
| Fire | 2,695,345 | 10,678 | - | - | 2,706,023 |
| <i>Total Public Safety</i> | <u>5,658,220</u> | <u>26,133</u> | <u>-</u> | <u>-</u> | <u>5,684,353</u> |
| URBAN DEVELOPMENT | | | | | |
| | <u>183,156</u> | <u>8,436</u> | <u>-</u> | <u>-</u> | <u>191,592</u> |
| STREETS | | | | | |
| | <u>156,941,714</u> | <u>448,976</u> | <u>-</u> | <u>-</u> | <u>157,390,690</u> |
| PARKS AND RECREATION: | | | | | |
| Parks | 18,347,752 | - | - | - | 18,347,752 |
| Recreation | 9,202,929 | 29,678 | - | - | 9,232,607 |
| <i>Total Parks and Recreation</i> | <u>27,550,681</u> | <u>29,678</u> | <u>-</u> | <u>-</u> | <u>27,580,359</u> |
| VISITOR SERVICES: | | | | | |
| Visitor Services | 46,965 | 159,990 | - | - | 206,955 |
| Visit Addison | - | 1,656,035 | - | - | 1,656,035 |
| Conference Centre/Theatre | 17,614,299 | 8,369 | - | - | 17,622,668 |
| Special Events | 3,982,529 | - | - | - | 3,982,529 |
| <i>Total Visitor Services</i> | <u>21,643,793</u> | <u>1,824,394</u> | <u>-</u> | <u>-</u> | <u>23,468,187</u> |
| <i>Total General Capital Assets</i> <i>Allocated by Function</i> | <u>216,020,874</u> | <u>2,363,357</u> | <u>-</u> | <u>-</u> | <u>218,384,231</u> |
| Construction in Progress | <u>17,937,565</u> | <u>15,810,782</u> | <u>-</u> | <u>-</u> | <u>33,748,347</u> |
| <i>Total General Capital Assets</i> | <u>\$ 233,958,439</u> | <u>\$ 18,174,139</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 252,132,578</u> |

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

Addison!®

Long-Term Debt Schedules

Addison!®

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2001
BONDS OUTSTANDING: \$1,300,000.00

| <u>Payment</u> | | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal Year Total</u> |
|----------------|-------------|------------------------|---------------------|------------------------|------------------------------|
| <u>Month</u> | <u>Year</u> | | | | |
| February | 2012 | \$ 640,000.00 | \$ 27,955.00 | \$ 667,955.00 | |
| August | 2012 | - | 14,355.00 | 14,355.00 | \$ 682,310.00 |
| February | 2013 | 660,000.00 | 14,355.00 | 674,355.00 | |
| August | 2013 | - | - | - | 674,355.00 |
| <i>Total</i> | | <u>\$ 1,300,000.00</u> | <u>\$ 56,665.00</u> | <u>\$ 1,356,665.00</u> | <u>\$ 1,356,665.00</u> |

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
BONDS OUTSTANDING: \$12,235,000.00

| <u>Payment</u> | | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal Year Total</u> |
|----------------|-------------|-------------------------|------------------------|-------------------------|------------------------------|
| <u>Month</u> | <u>Year</u> | | | | |
| February | 2012 | \$ 3,635,000.00 | \$ 245,662.51 | \$ 3,880,662.51 | |
| August | 2012 * | - | 182,050.01 | 182,050.01 | \$ 4,062,712.52 |
| February | 2013 | 3,770,000.00 | 182,050.01 | 3,952,050.01 | |
| August | 2013 | - | 113,718.75 | 113,718.75 | 4,065,768.76 |
| February | 2014 | 1,125,000.00 | 113,718.75 | 1,238,718.75 | |
| August | 2014 | - | 92,625.00 | 92,625.00 | 1,331,343.75 |
| February | 2015 | 1,175,000.00 | 92,625.00 | 1,267,625.00 | |
| August | 2015 | - | 63,250.00 | 63,250.00 | 1,330,875.00 |
| February | 2016 | 1,235,000.00 | 63,250.00 | 1,298,250.00 | |
| August | 2016 | - | 32,375.00 | 32,375.00 | 1,330,625.00 |
| February | 2017 | 1,295,000.00 | 32,375.00 | 1,327,375.00 | |
| August | 2017 | - | - | - | 1,327,375.00 |
| <i>Total</i> | | <u>\$ 12,235,000.00</u> | <u>\$ 1,213,700.03</u> | <u>\$ 13,448,700.03</u> | <u>\$ 13,448,700.03</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$6,960,000.00

| Payment | | Principal | Interest | Payment Total | Fiscal Year Total |
|--------------|--------|------------------------|------------------------|------------------------|------------------------|
| Month | Year | | | | |
| February | 2012 | \$ 1,045,000.00 | \$ 151,671.88 | \$ 1,196,671.88 | |
| August | 2012 * | - | 133,384.38 | 133,384.38 | \$ 1,330,056.26 |
| February | 2013 | 1,085,000.00 | 133,384.38 | 1,218,384.38 | |
| August | 2013 | - | 113,718.75 | 113,718.75 | 1,332,103.13 |
| February | 2014 | 1,125,000.00 | 113,718.75 | 1,238,718.75 | |
| August | 2014 | - | 92,625.00 | 92,625.00 | 1,331,343.75 |
| February | 2015 | 1,175,000.00 | 92,625.00 | 1,267,625.00 | |
| August | 2015 | - | 63,250.00 | 63,250.00 | 1,330,875.00 |
| February | 2016 | 1,235,000.00 | 63,250.00 | 1,298,250.00 | |
| August | 2016 | - | 32,375.00 | 32,375.00 | 1,330,625.00 |
| February | 2017 | 1,295,000.00 | 32,375.00 | 1,327,375.00 | |
| August | 2017 | - | - | - | 1,327,375.00 |
| <i>Total</i> | | <u>\$ 6,960,000.00</u> | <u>\$ 1,022,378.14</u> | <u>\$ 7,982,378.14</u> | <u>\$ 7,982,378.14</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SUPPORTED BY HOTEL FUND
SERIES 2003
BONDS OUTSTANDING: \$4,500,000.00

| <u>Payment</u> | | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal Year Total</u> |
|----------------|-------------|------------------------|----------------------|------------------------|------------------------------|
| <u>Month</u> | <u>Year</u> | | | | |
| February | 2012 | \$ 575,000.00 | \$ 78,181.25 | \$ 653,181.25 | |
| August | 2012 | - | 68,837.50 | 68,837.50 | \$ 722,018.75 |
| February | 2013 | 595,000.00 | 68,837.50 | 663,837.50 | |
| August | 2013 | - | 58,425.00 | 58,425.00 | 722,262.50 |
| February | 2014 * | 620,000.00 | 58,425.00 | 678,425.00 | |
| August | 2014 | - | 48,350.00 | 48,350.00 | 726,775.00 |
| February | 2015 | 640,000.00 | 48,350.00 | 688,350.00 | |
| August | 2015 | - | 37,550.00 | 37,550.00 | 725,900.00 |
| February | 2016 | 665,000.00 | 37,550.00 | 702,550.00 | |
| August | 2016 | - | 25,912.50 | 25,912.50 | 728,462.50 |
| February | 2017 | 690,000.00 | 25,912.50 | 715,912.50 | |
| August | 2017 | - | 13,406.25 | 13,406.25 | 729,318.75 |
| February | 2018 | 715,000.00 | 13,406.25 | 728,406.25 | |
| August | 2018 | - | - | - | 728,406.25 |
| <i>Total</i> | | <u>\$ 4,500,000.00</u> | <u>\$ 583,143.75</u> | <u>\$ 5,083,143.75</u> | <u>\$ 5,083,143.75</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION BONDS
SERIES 2004
BONDS OUTSTANDING: \$6,605,000.00

| <u>Payment</u> | | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal Year Total</u> |
|----------------|-------------|------------------------|------------------------|------------------------|------------------------------|
| <u>Month</u> | <u>Year</u> | | | | |
| February | 2012 | \$ 700,000.00 | \$ 135,393.75 | \$ 835,393.75 | |
| August | 2012 | - | 123,143.75 | 123,143.75 | \$ 958,537.50 |
| February | 2013 | 730,000.00 | 123,143.75 | 853,143.75 | |
| August | 2013 | - | 109,456.25 | 109,456.25 | 962,600.00 |
| February | 2014 | 765,000.00 | 109,456.25 | 874,456.25 | |
| August | 2014 | - | 95,112.50 | 95,112.50 | 969,568.75 |
| February | 2015 * | 805,000.00 | 95,112.50 | 900,112.50 | |
| August | 2015 | - | 79,012.50 | 79,012.50 | 979,125.00 |
| February | 2016 | 840,000.00 | 79,012.50 | 919,012.50 | |
| August | 2016 | - | 62,212.50 | 62,212.50 | 981,225.00 |
| February | 2017 | 880,000.00 | 62,212.50 | 942,212.50 | |
| August | 2017 | - | 42,412.50 | 42,412.50 | 984,625.00 |
| February | 2018 | 920,000.00 | 42,412.50 | 962,412.50 | |
| August | 2018 | - | 21,712.50 | 21,712.50 | 984,125.00 |
| February | 2019 | 965,000.00 | 21,712.50 | 986,712.50 | |
| August | 2019 | - | - | - | 986,712.50 |
| <i>Total</i> | | <u>\$ 6,605,000.00</u> | <u>\$ 1,201,518.75</u> | <u>\$ 7,806,518.75</u> | <u>\$ 7,806,518.75</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2005
BONDS OUTSTANDING: \$4,710,000.00

| Payment | | Principal | Interest | Payment Total | Fiscal Year Total |
|--------------|--------|------------------------|----------------------|------------------------|------------------------|
| Month | Year | | | | |
| February | 2012 | \$ 945,000.00 | \$ 89,387.50 | \$ 1,034,387.50 | |
| August | 2012 | - | 72,850.00 | 72,850.00 | \$ 1,107,237.50 |
| February | 2013 * | 980,000.00 | 72,850.00 | 1,052,850.00 | |
| August | 2013 | - | 55,700.00 | 55,700.00 | 1,108,550.00 |
| February | 2014 | 1,020,000.00 | 55,700.00 | 1,075,700.00 | |
| August | 2014 | - | 35,300.00 | 35,300.00 | 1,111,000.00 |
| February | 2015 | 1,060,000.00 | 35,300.00 | 1,095,300.00 | |
| August | 2015 | - | 14,100.00 | 14,100.00 | 1,109,400.00 |
| February | 2016 | 105,000.00 | 14,100.00 | 119,100.00 | |
| August | 2016 | - | 12,000.00 | 12,000.00 | 131,100.00 |
| February | 2017 | 110,000.00 | 12,000.00 | 122,000.00 | |
| August | 2017 | - | 9,800.00 | 9,800.00 | 131,800.00 |
| February | 2018 | 115,000.00 | 9,800.00 | 124,800.00 | |
| August | 2018 | - | 7,500.00 | 7,500.00 | 132,300.00 |
| February | 2019 | 120,000.00 | 7,500.00 | 127,500.00 | |
| August | 2019 | - | 5,100.00 | 5,100.00 | 132,600.00 |
| February | 2020 | 125,000.00 | 5,100.00 | 130,100.00 | |
| August | 2020 | - | 2,600.00 | 2,600.00 | 132,700.00 |
| February | 2021 | 130,000.00 | 2,600.00 | 132,600.00 | |
| August | 2021 | - | - | - | 132,600.00 |
| <i>Total</i> | | <u>\$ 4,710,000.00</u> | <u>\$ 519,287.50</u> | <u>\$ 5,229,287.50</u> | <u>\$ 5,229,287.50</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
BONDS OUTSTANDING: \$34,160,000.00

| Payment | | Principal | Interest | Payment Total | Fiscal Year Total |
|--------------|--------|-------------------------|-------------------------|-------------------------|-------------------------|
| Month | Year | | | | |
| February | 2012 | \$ 780,000.00 | \$ 758,400.00 | \$ 1,538,400.00 | |
| August | 2012 | - | 742,800.00 | 742,800.00 | \$ 2,281,200.00 |
| February | 2013 | 820,000.00 | 742,800.00 | 1,562,800.00 | |
| August | 2013 | - | 726,400.00 | 726,400.00 | 2,289,200.00 |
| February | 2014 | 1,095,000.00 | 726,400.00 | 1,821,400.00 | |
| August | 2014 | - | 704,500.00 | 704,500.00 | 2,525,900.00 |
| February | 2015 | 1,150,000.00 | 704,500.00 | 1,854,500.00 | |
| August | 2015 | - | 681,500.00 | 681,500.00 | 2,536,000.00 |
| February | 2016 | 1,205,000.00 | 681,500.00 | 1,886,500.00 | |
| August | 2016 | - | 657,400.00 | 657,400.00 | 2,543,900.00 |
| February | 2017 | 1,255,000.00 | 657,400.00 | 1,912,400.00 | |
| August | 2017 | - | 626,025.00 | 626,025.00 | 2,538,425.00 |
| February | 2018 * | 1,315,000.00 | 626,025.00 | 1,941,025.00 | |
| August | 2018 | - | 599,725.00 | 599,725.00 | 2,540,750.00 |
| February | 2019 | 1,380,000.00 | 599,725.00 | 1,979,725.00 | |
| August | 2019 | - | 572,125.00 | 572,125.00 | 2,551,850.00 |
| February | 2020 | 1,445,000.00 | 572,125.00 | 2,017,125.00 | |
| August | 2020 | - | 543,225.00 | 543,225.00 | 2,560,350.00 |
| February | 2021 | 1,510,000.00 | 543,225.00 | 2,053,225.00 | |
| August | 2021 | - | 512,081.25 | 512,081.25 | 2,565,306.25 |
| February | 2022 | 1,585,000.00 | 512,081.25 | 2,097,081.25 | |
| August | 2022 | - | 478,400.00 | 478,400.00 | 2,575,481.25 |
| February | 2023 | 1,660,000.00 | 478,400.00 | 2,138,400.00 | |
| August | 2023 | - | 443,125.00 | 443,125.00 | 2,581,525.00 |
| February | 2024 | 1,735,000.00 | 443,125.00 | 2,178,125.00 | |
| August | 2024 | - | 399,750.00 | 399,750.00 | 2,577,875.00 |
| February | 2025 | 1,820,000.00 | 399,750.00 | 2,219,750.00 | |
| August | 2025 | - | 359,937.50 | 359,937.50 | 2,579,687.50 |
| February | 2026 | 1,905,000.00 | 359,937.50 | 2,264,937.50 | |
| August | 2026 | - | 317,075.00 | 317,075.00 | 2,582,012.50 |
| February | 2027 | 1,995,000.00 | 317,075.00 | 2,312,075.00 | |
| August | 2027 | - | 267,200.00 | 267,200.00 | 2,579,275.00 |
| February | 2028 | 2,090,000.00 | 267,200.00 | 2,357,200.00 | |
| August | 2028 | - | 220,175.00 | 220,175.00 | 2,577,375.00 |
| February | 2029 | 1,715,000.00 | 220,175.00 | 1,935,175.00 | |
| August | 2029 | - | 181,587.50 | 181,587.50 | 2,116,762.50 |
| February | 2030 | 1,795,000.00 | 181,587.50 | 1,976,587.50 | |
| August | 2030 | - | 140,078.13 | 140,078.13 | 2,116,665.63 |
| February | 2031 | 1,880,000.00 | 140,078.13 | 2,020,078.13 | |
| August | 2031 | - | 93,078.13 | 93,078.13 | 2,113,156.26 |
| February | 2032 | 1,965,000.00 | 93,078.13 | 2,058,078.13 | |
| August | 2032 | - | 47,637.50 | 47,637.50 | 2,105,715.63 |
| February | 2033 | 2,060,000.00 | 47,637.50 | 2,107,637.50 | |
| August | 2033 | - | - | - | 2,107,637.50 |
| Total | | \$ 34,160,000.00 | \$ 19,386,050.02 | \$ 53,546,050.02 | \$ 53,546,050.02 |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
EXCLUDING WATER AND SEWER PORTION
BONDS OUTSTANDING: \$27,943,770.00

| <u>Payment</u> | | | | | | |
|----------------|-------------|-------------------------|-------------------------|-------------------------|---------------|----------------------|
| <u>Month</u> | <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal</u> | <u>Year Total</u> |
| February | 2012 | \$ 638,040.00 | \$ 620,371.20 | \$ 1,258,411.20 | | |
| August | 2012 | - | 607,610.40 | 607,610.40 | \$ | 1,866,021.60 |
| February | 2013 | 670,760.00 | 607,610.40 | 1,278,370.40 | | |
| August | 2013 | - | 594,195.20 | 594,195.20 | | 1,872,565.60 |
| February | 2014 | 895,710.00 | 594,195.20 | 1,489,905.20 | | |
| August | 2014 | - | 576,281.00 | 576,281.00 | | 2,066,186.20 |
| February | 2015 | 940,700.00 | 576,281.00 | 1,516,981.00 | | |
| August | 2015 | - | 557,467.00 | 557,467.00 | | 2,074,448.00 |
| February | 2016 | 985,690.00 | 557,467.00 | 1,543,157.00 | | |
| August | 2016 | - | 537,753.20 | 537,753.20 | | 2,080,910.20 |
| February | 2017 | 1,026,590.00 | 537,753.20 | 1,564,343.20 | | |
| August | 2017 | - | 512,088.45 | 512,088.45 | | 2,076,431.65 |
| February | 2018 * | 1,075,670.00 | 512,088.45 | 1,587,758.45 | | |
| August | 2018 | - | 490,575.05 | 490,575.05 | | 2,078,333.50 |
| February | 2019 | 1,128,840.00 | 490,575.05 | 1,619,415.05 | | |
| August | 2019 | - | 467,998.25 | 467,998.25 | | 2,087,413.30 |
| February | 2020 | 1,182,010.00 | 467,998.25 | 1,650,008.25 | | |
| August | 2020 | - | 444,358.05 | 444,358.05 | | 2,094,366.30 |
| February | 2021 | 1,235,180.00 | 444,358.05 | 1,679,538.05 | | |
| August | 2021 | - | 418,882.46 | 418,882.46 | | 2,098,420.51 |
| February | 2022 | 1,296,530.00 | 418,882.46 | 1,715,412.46 | | |
| August | 2022 | - | 391,331.20 | 391,331.20 | | 2,106,743.66 |
| February | 2023 | 1,357,880.00 | 391,331.20 | 1,749,211.20 | | |
| August | 2023 | - | 362,476.25 | 362,476.25 | | 2,111,687.45 |
| February | 2024 | 1,419,230.00 | 362,476.25 | 1,781,706.25 | | |
| August | 2024 | - | 326,995.50 | 326,995.50 | | 2,108,701.75 |
| February | 2025 | 1,488,760.00 | 326,995.50 | 1,815,755.50 | | |
| August | 2025 | - | 294,428.88 | 294,428.88 | | 2,110,184.38 |
| February | 2026 | 1,558,290.00 | 294,428.88 | 1,852,718.88 | | |
| August | 2026 | - | 259,367.35 | 259,367.35 | | 2,112,086.23 |
| February | 2027 | 1,631,910.00 | 259,367.35 | 1,891,277.35 | | |
| August | 2027 | - | 218,569.60 | 218,569.60 | | 2,109,846.95 |
| February | 2028 | 1,709,620.00 | 218,569.60 | 1,928,189.60 | | |
| August | 2028 | - | 180,103.15 | 180,103.15 | | 2,108,292.75 |
| February | 2029 | 1,402,870.00 | 180,103.15 | 1,582,973.15 | | |
| August | 2029 | - | 148,538.58 | 148,538.58 | | 1,731,511.73 |
| February | 2030 | 1,468,310.00 | 148,538.58 | 1,616,848.58 | | |
| August | 2030 | - | 114,583.91 | 114,583.91 | | 1,731,432.49 |
| February | 2031 | 1,537,840.00 | 114,583.91 | 1,652,423.91 | | |
| August | 2031 | - | 76,137.91 | 76,137.91 | | 1,728,561.82 |
| February | 2032 | 1,607,370.00 | 76,137.91 | 1,683,507.91 | | |
| August | 2032 | - | 38,967.48 | 38,967.48 | | 1,722,475.39 |
| February | 2033 | 1,685,970.00 | 38,967.48 | 1,724,937.48 | | |
| August | 2033 | - | - | - | | 1,724,937.48 |
| Total | | \$ 27,943,770.00 | \$ 15,857,788.94 | \$ 43,801,558.94 | \$ | 43,801,558.94 |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2011 to Maturity

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

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------------|-------------------------|-------------------------|
| 2012 | \$ 4,543,040.00 | \$ 2,123,141.61 | \$ 6,666,181.61 |
| 2013 | 4,720,760.00 | 1,951,676.23 | 6,672,436.23 |
| 2014 | 4,425,710.00 | 1,779,163.70 | 6,204,873.70 |
| 2015 | 4,620,700.00 | 1,599,048.00 | 6,219,748.00 |
| 2016 | 3,830,690.00 | 1,421,632.70 | 5,252,322.70 |
| 2017 | 4,001,590.00 | 1,247,960.40 | 5,249,550.40 |
| 2018 | 2,825,670.00 | 1,097,494.75 | 3,923,164.75 |
| 2019 | 2,213,840.00 | 992,885.80 | 3,206,725.80 |
| 2020 | 1,307,010.00 | 920,056.30 | 2,227,066.30 |
| 2021 | 1,365,180.00 | 865,840.51 | 2,231,020.51 |
| 2022 | 1,296,530.00 | 810,213.66 | 2,106,743.66 |
| 2023 | 1,357,880.00 | 753,807.45 | 2,111,687.45 |
| 2024 | 1,419,230.00 | 689,471.75 | 2,108,701.75 |
| 2025 | 1,488,760.00 | 621,424.38 | 2,110,184.38 |
| 2026 | 1,558,290.00 | 553,796.23 | 2,112,086.23 |
| 2027 | 1,631,910.00 | 477,936.95 | 2,109,846.95 |
| 2028 | 1,709,620.00 | 398,672.75 | 2,108,292.75 |
| 2029 | 1,402,870.00 | 328,641.73 | 1,731,511.73 |
| 2030 | 1,468,310.00 | 263,122.49 | 1,731,432.49 |
| 2031 | 1,537,840.00 | 190,721.82 | 1,728,561.82 |
| 2032 | 1,607,370.00 | 115,105.39 | 1,722,475.39 |
| 2033 | 1,685,970.00 | 38,967.48 | 1,724,937.48 |
| <i>Total</i> | <u>\$ 52,018,770.00</u> | <u>\$ 19,240,782.08</u> | <u>\$ 71,259,552.08</u> |

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

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS
SERIES 2002
WATER AND SEWER FUND PORTION
BONDS OUTSTANDING: \$5,275,000.00

| <u>Payment</u> | | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | <u>Fiscal Year Total</u> |
|----------------|-------------|------------------------|----------------------|------------------------|------------------------------|
| <u>Month</u> | <u>Year</u> | | | | |
| February | 2012 | \$ 2,590,000.00 | \$ 93,990.63 | \$ 2,683,990.63 | |
| August | 2012 * | - | 48,665.63 | 48,665.63 | \$ 2,732,656.26 |
| February | 2013 | 2,685,000.00 | 48,665.63 | 2,733,665.63 | |
| August | 2013 | - | - | - | 2,733,665.63 |
| <i>Total</i> | | <u>\$ 5,275,000.00</u> | <u>\$ 191,321.89</u> | <u>\$ 5,466,321.89</u> | <u>\$ 5,466,321.89</u> |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2008
WATER AND SEWER PORTION
BONDS OUTSTANDING: \$6,216,230.00

| <u>Payment</u> | | | | | | |
|----------------|-------------|------------------------|------------------------|------------------------|----|------------------------|
| <u>Month</u> | <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Payment Total</u> | | <u>Fiscal</u> |
| | | | | | | <u>Year Total</u> |
| February | 2012 | \$ 141,960.00 | \$ 138,028.80 | \$ 279,988.80 | | |
| August | 2012 | - | 135,189.60 | 135,189.60 | \$ | 415,178.40 |
| February | 2013 | 149,240.00 | 135,189.60 | 284,429.60 | | |
| August | 2013 | - | 132,204.80 | 132,204.80 | | 416,634.40 |
| February | 2014 | 199,290.00 | 132,204.80 | 331,494.80 | | |
| August | 2014 | - | 128,219.00 | 128,219.00 | | 459,713.80 |
| February | 2015 | 209,300.00 | 128,219.00 | 337,519.00 | | |
| August | 2015 | - | 124,033.00 | 124,033.00 | | 461,552.00 |
| February | 2016 | 219,310.00 | 124,033.00 | 343,343.00 | | |
| August | 2016 | - | 119,646.80 | 119,646.80 | | 462,989.80 |
| February | 2017 | 228,410.00 | 119,646.80 | 348,056.80 | | |
| August | 2017 | - | 113,936.55 | 113,936.55 | | 461,993.35 |
| February | 2018 * | 239,330.00 | 113,936.55 | 353,266.55 | | |
| August | 2018 | - | 109,149.95 | 109,149.95 | | 462,416.50 |
| February | 2019 | 251,160.00 | 109,149.95 | 360,309.95 | | |
| August | 2019 | - | 104,126.75 | 104,126.75 | | 464,436.70 |
| February | 2020 | 262,990.00 | 104,126.75 | 367,116.75 | | |
| August | 2020 | - | 98,866.95 | 98,866.95 | | 465,983.70 |
| February | 2021 | 274,820.00 | 98,866.95 | 373,686.95 | | |
| August | 2021 | - | 93,198.79 | 93,198.79 | | 466,885.74 |
| February | 2022 | 288,470.00 | 93,198.79 | 381,668.79 | | |
| August | 2022 | - | 87,068.80 | 87,068.80 | | 468,737.59 |
| February | 2023 | 302,120.00 | 87,068.80 | 389,188.80 | | |
| August | 2023 | - | 80,648.75 | 80,648.75 | | 469,837.55 |
| February | 2024 | 315,770.00 | 80,648.75 | 396,418.75 | | |
| August | 2024 | - | 72,754.50 | 72,754.50 | | 469,173.25 |
| February | 2025 | 331,240.00 | 72,754.50 | 403,994.50 | | |
| August | 2025 | - | 65,508.63 | 65,508.63 | | 469,503.13 |
| February | 2026 | 346,710.00 | 65,508.63 | 412,218.63 | | |
| August | 2026 | - | 57,707.65 | 57,707.65 | | 469,926.28 |
| February | 2027 | 363,090.00 | 57,707.65 | 420,797.65 | | |
| August | 2027 | - | 48,630.40 | 48,630.40 | | 469,428.05 |
| February | 2028 | 380,380.00 | 48,630.40 | 429,010.40 | | |
| August | 2028 | - | 40,071.85 | 40,071.85 | | 469,082.25 |
| February | 2029 | 312,130.00 | 40,071.85 | 352,201.85 | | |
| August | 2029 | - | 33,048.93 | 33,048.93 | | 385,250.78 |
| February | 2030 | 326,690.00 | 33,048.93 | 359,738.93 | | |
| August | 2030 | - | 25,494.22 | 25,494.22 | | 385,233.15 |
| February | 2031 | 342,160.00 | 25,494.22 | 367,654.22 | | |
| August | 2031 | - | 16,940.22 | 16,940.22 | | 384,594.44 |
| February | 2032 | 357,630.00 | 16,940.22 | 374,570.22 | | |
| August | 2032 | - | 8,670.03 | 8,670.03 | | 383,240.25 |
| February | 2033 | 374,030.00 | 8,670.03 | 382,700.03 | | |
| August | 2033 | - | - | - | | 382,700.03 |
| Total | | \$ 6,216,230.00 | \$ 3,528,261.14 | \$ 9,744,491.14 | | \$ 9,744,491.14 |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2011 to Maturity

WATER AND SEWER FUND*

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|-------------------------|------------------------|-------------------------|
| 2012 | \$ 2,731,960.00 | \$ 415,874.66 | \$ 3,147,834.66 |
| 2013 | 2,834,240.00 | 316,060.03 | 3,150,300.03 |
| 2014 | 199,290.00 | 260,423.80 | 459,713.80 |
| 2015 | 209,300.00 | 252,252.00 | 461,552.00 |
| 2016 | 219,310.00 | 243,679.80 | 462,989.80 |
| 2017 | 228,410.00 | 233,583.35 | 461,993.35 |
| 2018 | 239,330.00 | 223,086.50 | 462,416.50 |
| 2019 | 251,160.00 | 213,276.70 | 464,436.70 |
| 2020 | 262,990.00 | 202,993.70 | 465,983.70 |
| 2021 | 274,820.00 | 192,065.74 | 466,885.74 |
| 2022 | 288,470.00 | 180,267.59 | 468,737.59 |
| 2023 | 302,120.00 | 167,717.55 | 469,837.55 |
| 2024 | 315,770.00 | 153,403.25 | 469,173.25 |
| 2025 | 331,240.00 | 138,263.13 | 469,503.13 |
| 2026 | 346,710.00 | 123,216.28 | 469,926.28 |
| 2027 | 363,090.00 | 106,338.05 | 469,428.05 |
| 2028 | 380,380.00 | 88,702.25 | 469,082.25 |
| 2029 | 312,130.00 | 73,120.78 | 385,250.78 |
| 2030 | 326,690.00 | 58,543.14 | 385,233.14 |
| 2031 | 342,160.00 | 42,434.44 | 384,594.44 |
| 2032 | 357,630.00 | 25,610.24 | 383,240.24 |
| 2033 | <u>374,030.00</u> | <u>8,670.03</u> | <u>382,700.03</u> |
| <i>Total</i> | <u>\$ 11,491,230.00</u> | <u>\$ 3,719,583.01</u> | <u>\$ 15,210,813.01</u> |

* Includes general obligation and certificates of obligation bonds.

Town of Addison, Texas
Long-Term Debt Schedules

**DETAILED SCHEDULE OF
DEBT SERVICE REQUIREMENTS**
From September 30, 2011 to Maturity

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2004
SUPPORTED BY AIRPORT FUND
BONDS OUTSTANDING: \$2,960,000.00

| Payment | | Principal | Interest | Payment Total | Fiscal Year Total |
|--------------|--------|------------------------|----------------------|------------------------|------------------------|
| Month | Year | | | | |
| February | 2012 | \$ 275,000.00 | \$ 60,142.50 | \$ 335,142.50 | |
| August | 2012 | - | 54,642.50 | 54,642.50 | \$ 389,785.00 |
| February | 2013 | 290,000.00 | 54,642.50 | 344,642.50 | |
| August | 2013 | - | 48,842.50 | 48,842.50 | 393,485.00 |
| February | 2014 | 300,000.00 | 48,842.50 | 348,842.50 | |
| August | 2014 | - | 42,842.50 | 42,842.50 | 391,685.00 |
| February | 2015 * | 315,000.00 | 42,842.50 | 357,842.50 | |
| August | 2015 | - | 36,542.50 | 36,542.50 | 394,385.00 |
| February | 2016 | 325,000.00 | 36,542.50 | 361,542.50 | |
| August | 2016 | - | 30,042.50 | 30,042.50 | 391,585.00 |
| February | 2017 | 340,000.00 | 30,042.50 | 370,042.50 | |
| August | 2017 | - | 23,242.50 | 23,242.50 | 393,285.00 |
| February | 2018 | 355,000.00 | 23,242.50 | 378,242.50 | |
| August | 2018 | - | 15,965.00 | 15,965.00 | 394,207.50 |
| February | 2019 | 370,000.00 | 15,965.00 | 385,965.00 | |
| August | 2019 | - | 8,287.50 | 8,287.50 | 394,252.50 |
| February | 2020 | 390,000.00 | 8,287.50 | 398,287.50 | |
| August | 2020 | - | - | - | 398,287.50 |
| Total | | \$ 2,960,000.00 | \$ 580,957.50 | \$ 3,540,957.50 | \$ 3,540,957.50 |

* First call date.

Town of Addison, Texas
Long-Term Debt Schedules

**COMBINING SCHEDULE OF
DETAILED DEBT SERVICE REQUIREMENTS**

From September 30, 2011 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> |
|--------------|-------------------------|------------------------|-------------------------|
| 2012 | \$ 3,006,960.00 | \$ 530,659.66 | \$ 3,537,619.66 |
| 2013 | 3,124,240.00 | 419,545.03 | 3,543,785.03 |
| 2014 | 499,290.00 | 352,108.80 | 851,398.80 |
| 2015 | 524,300.00 | 331,637.00 | 855,937.00 |
| 2016 | 544,310.00 | 310,264.80 | 854,574.80 |
| 2017 | 568,410.00 | 286,868.35 | 855,278.35 |
| 2018 | 594,330.00 | 262,294.00 | 856,624.00 |
| 2019 | 621,160.00 | 237,529.20 | 858,689.20 |
| 2020 | 652,990.00 | 211,281.20 | 864,271.20 |
| 2021 | 274,820.00 | 192,065.74 | 466,885.74 |
| 2022 | 288,470.00 | 180,267.59 | 468,737.59 |
| 2023 | 302,120.00 | 167,717.55 | 469,837.55 |
| 2024 | 315,770.00 | 153,403.25 | 469,173.25 |
| 2025 | 331,240.00 | 138,263.13 | 469,503.13 |
| 2026 | 346,710.00 | 123,216.28 | 469,926.28 |
| 2027 | 363,090.00 | 106,338.05 | 469,428.05 |
| 2028 | 380,380.00 | 88,702.25 | 469,082.25 |
| 2029 | 312,130.00 | 73,120.78 | 385,250.78 |
| 2030 | 326,690.00 | 58,543.14 | 385,233.14 |
| 2031 | 342,160.00 | 42,434.44 | 384,594.44 |
| 2032 | 357,630.00 | 25,610.24 | 383,240.24 |
| 2033 | <u>374,030.00</u> | <u>8,670.03</u> | <u>382,700.03</u> |
| <i>Total</i> | <u>\$ 14,451,230.00</u> | <u>\$ 4,300,540.51</u> | <u>\$ 18,751,770.51</u> |

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

Town of Addison, Texas
Long-Term Debt Schedules

SUMMARY OF DEBT SERVICE
From September 30, 2011 to Maturity

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Tax and Revenue Certificates of Obligation</u> | <u>Total Requirements</u> |
|--|---|---|--------------------------------|
| 2012 | \$ 6,810,797.52 | \$ 3,393,003.75 | \$ 10,203,801.27 |
| 2013 | 6,811,273.76 | 3,404,947.50 | 10,216,221.26 |
| 2014 | 3,411,912.50 | 3,644,360.00 | 7,056,272.50 |
| 2015 | 3,419,400.00 | 3,656,285.00 | 7,075,685.00 |
| 2016 | 2,442,950.00 | 3,663,947.50 | 6,106,897.50 |
| 2017 | 2,443,800.00 | 3,661,028.75 | 6,104,828.75 |
| 2018 | 1,116,425.00 | 3,663,363.75 | 4,779,788.75 |
| 2019 | 1,119,312.50 | 2,946,102.50 | 4,065,415.00 |
| 2020 | 132,700.00 | 2,958,637.50 | 3,091,337.50 |
| 2021 | 132,600.00 | 2,565,306.25 | 2,697,906.25 |
| 2022 | - | 2,575,481.25 | 2,575,481.25 |
| 2023 | - | 2,581,525.00 | 2,581,525.00 |
| 2024 | - | 2,577,875.00 | 2,577,875.00 |
| 2025 | - | 2,579,687.50 | 2,579,687.50 |
| 2026 | - | 2,582,012.50 | 2,582,012.50 |
| 2027 | - | 2,579,275.00 | 2,579,275.00 |
| 2028 | - | 2,577,375.00 | 2,577,375.00 |
| 2029 | - | 2,116,762.50 | 2,116,762.50 |
| 2030 | - | 2,116,665.63 | 2,116,665.63 |
| 2031 | - | 2,113,156.26 | 2,113,156.26 |
| 2032 | - | 2,105,715.63 | 2,105,715.63 |
| 2033 | - | 2,107,637.50 | 2,107,637.50 |
| | <u>27,841,171.28</u> | <u>62,170,151.27</u> | <u>90,011,322.55</u> |
| Less amounts representing interest | <u>2,991,171.28</u> | <u>20,550,151.27</u> | <u>23,541,322.55</u> |
| <i>Total Principal</i> | <u><u>\$ 24,850,000.00</u></u> | <u><u>\$ 41,620,000.00</u></u> | <u><u>\$ 66,470,000.00</u></u> |

Town of Addison, Texas
Long-Term Debt Schedules

**SUMMARY OF TAX SUPPORTED
DEBT REQUIREMENTS**
From September 30, 2011 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⁾ |
|--------------|--|--|--|--|--|--|
| 2012 | \$ 6,810,797.52 | \$ 3,393,003.75 | \$ 722,018.75 | \$ 389,785.00 | \$ 3,147,834.66 | \$ 5,944,162.86 |
| 2013 | 6,811,273.76 | 3,404,947.50 | 722,262.50 | 393,485.00 | 3,150,300.03 | 5,950,173.73 |
| 2014 | 3,411,912.50 | 3,644,360.00 | 726,775.00 | 391,685.00 | 459,713.80 | 5,478,098.70 |
| 2015 | 3,419,400.00 | 3,656,285.00 | 725,900.00 | 394,385.00 | 461,552.00 | 5,493,848.00 |
| 2016 | 2,442,950.00 | 3,663,947.50 | 728,462.50 | 391,585.00 | 462,989.80 | 4,523,860.20 |
| 2017 | 2,443,800.00 | 3,661,028.75 | 729,318.75 | 393,285.00 | 461,993.35 | 4,520,231.65 |
| 2018 | 1,116,425.00 | 3,663,363.75 | 728,406.25 | 394,207.50 | 462,416.50 | 3,194,758.50 |
| 2019 | 1,119,312.50 | 2,946,102.50 | - | 394,252.50 | 464,436.70 | 3,206,725.80 |
| 2020 | 132,700.00 | 2,958,637.50 | - | 398,287.50 | 465,983.70 | 2,227,066.30 |
| 2021 | 132,600.00 | 2,565,306.25 | - | - | 466,885.74 | 2,231,020.51 |
| 2022 | - | 2,575,481.25 | - | - | 468,737.59 | 2,106,743.66 |
| 2023 | - | 2,581,525.00 | - | - | 469,837.55 | 2,111,687.45 |
| 2024 | - | 2,577,875.00 | - | - | 469,173.25 | 2,108,701.75 |
| 2025 | - | 2,579,687.50 | - | - | 469,503.13 | 2,110,184.38 |
| 2026 | - | 2,582,012.50 | - | - | 469,926.28 | 2,112,086.22 |
| 2027 | - | 2,579,275.00 | - | - | 469,428.05 | 2,109,846.95 |
| 2028 | - | 2,577,375.00 | - | - | 469,082.25 | 2,108,292.75 |
| 2029 | - | 2,116,762.50 | - | - | 385,250.78 | 1,731,511.72 |
| 2030 | - | 2,116,665.63 | - | - | 385,233.14 | 1,731,432.49 |
| 2031 | - | 2,113,156.26 | - | - | 384,594.44 | 1,728,561.82 |
| 2032 | - | 2,105,715.63 | - | - | 383,240.24 | 1,722,475.39 |
| 2033 | - | 2,107,637.50 | - | - | 382,700.03 | 1,724,937.48 |
| Total | \$ 27,841,171.28 | \$ 62,170,151.27 | \$ 5,083,143.75 | \$ 3,540,957.50 | \$ 15,210,813.01 | \$ 66,176,408.29 |

⁽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.

**STATISTICAL
SECTION
(Unaudited)**

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Addison!®

STATISTICAL SECTION

(Unaudited)

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

| | | Tables |
|--|--|---------------|
| Financial Trends | These schedules contain trend information to help the reader understand how the Town's financial performance and well-being 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

| Net Assets by Component Last Ten Fiscal Years (Accrual Basis of Accounting) (Unaudited) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt Restricted for Debt Service Unrestricted | \$ 109,193,571 - | \$ 108,172,454 2,113,424 | \$ 114,752,714 1,574,618 | \$ 117,007,853 1,408,795 | \$ 117,537,709 1,578,392 | \$ 117,446,984 1,569,846 | \$ 117,389,355 781,304 | \$ 120,308,696 918,483 | \$ 123,041,354 996,614 | \$ 129,261,976 1,007,330 |
| Total Net Assets - Governmental Activities | \$ 127,294,832 | \$ 127,241,229 | \$ 131,878,866 | \$ 136,174,857 | \$ 139,264,987 | \$ 143,117,728 | \$ 144,762,047 | \$ 145,669,267 | \$ 147,419,722 | \$ 151,998,474 |
| Business-type Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt Unrestricted | \$ 24,866,068 15,626,970 | \$ 35,905,882 5,034,702 | \$ 36,193,196 4,665,572 | \$ 34,950,063 5,783,509 | \$ 36,416,684 7,105,849 | \$ 36,925,876 7,676,017 | \$ 31,595,371 13,568,364 | \$ 34,327,264 13,195,545 | \$ 36,299,788 12,740,025 | \$ 51,113,892 9,834,613 |
| Total Net Assets - Business-type Activities | \$ 40,493,038 | \$ 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 |
| Primary Government | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt Restricted for Debt Service Unrestricted | \$ 134,059,639 - | \$ 144,078,336 2,113,424 | \$ 150,945,910 1,574,618 | \$ 151,957,916 1,408,795 | \$ 153,954,393 1,578,392 | \$ 154,372,860 1,569,846 | \$ 148,984,726 781,304 | \$ 154,635,960 918,483 | \$ 159,341,142 996,614 | \$ 180,375,868 1,007,330 |
| Total Net Assets - Primary Government | \$ 167,787,870 | \$ 168,181,813 | \$ 172,737,634 | \$ 176,908,429 | \$ 182,787,520 | \$ 187,719,621 | \$ 189,925,782 | \$ 193,192,076 | \$ 196,459,535 | \$ 212,946,979 |

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

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 5,729,867 | \$ 5,177,758 | \$ 5,771,545 | \$ 5,929,812 | \$ 6,251,658 | \$ 5,769,960 | \$ 6,405,494 | \$ 6,527,735 | \$ 6,876,385 | \$ 6,709,095 |
| Public Safety | 11,895,570 | 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 |
| Development Services | 524,227 | 489,613 | 502,033 | 553,651 | 549,107 | 833,330 | 940,555 | 856,793 | 938,059 | 866,023 |
| Streets | 4,879,415 | 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 |
| Parks and Recreation | 3,852,873 | 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 |
| Visitor Services | 5,639,658 | 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 |
| Interest on Long-Term Debt | 1,835,831 | 1,998,762 | 2,211,265 | 1,960,226 | 1,755,697 | 1,598,951 | 2,127,985 | 2,420,908 | 2,423,732 | 2,261,571 |
| Total Governmental Activities | 34,357,441 | 32,296,936 | 32,909,384 | 34,062,838 | 36,217,985 | 37,151,468 | 40,425,647 | 41,354,130 | 40,596,184 | 40,839,054 |
| Business-type Activities: | | | | | | | | | | |
| Airport | 3,573,316 | 3,492,184 | 4,125,194 | 4,292,548 | 4,426,545 | 4,473,096 | 4,198,855 | 4,289,852 | 4,181,256 | 4,387,384 |
| Utilities | 7,543,644 | 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 |
| Total Business-type Activities | 11,116,960 | 10,816,942 | 11,620,245 | 11,917,121 | 12,609,021 | 12,985,404 | 12,981,557 | 12,828,958 | 12,710,937 | 13,020,601 |
| Total Expenses - Primary Government | \$ 45,474,401 | \$ 43,113,878 | \$ 44,529,629 | \$ 45,979,959 | \$ 48,827,006 | \$ 50,136,872 | \$ 53,407,204 | \$ 54,183,088 | \$ 53,307,121 | \$ 53,859,655 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 1,591,654 | \$ 1,742,925 | \$ 1,844,636 | \$ 652,602 | \$ 100,957 | \$ 285,301 | \$ 186,920 | \$ 203,258 | \$ 266,954 | \$ 143,529 |
| Public Safety | 833,977 | 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 |
| Development Services | - | - | - | 4,325 | 651,408 | 743,201 | 798,006 | 429,681 | 835,808 | 1,213,741 |
| Streets | - | - | - | 193,071 | 206,134 | 318,731 | 333,645 | 350,587 | 332,330 | 2,299,731 |
| Parks and Recreation | 17,531 | 12,864 | 20,046 | 91,047 | 100,564 | 106,882 | 133,022 | 105,705 | 108,113 | 107,387 |
| Visitor Services | 1,110,588 | 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 |
| Operating Grants and Contributions | 159,270 | 520,882 | 4,185,029 | 3,218,659 | 1,440,734 | 369,544 | 561,992 | 2,044,979 | 230,290 | 223,792 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | 1,348,141 | 3,429,804 |
| Total Governmental Activities | 3,713,020 | 4,360,336 | 8,207,895 | 7,320,113 | 6,582,033 | 5,831,714 | 6,366,230 | 7,282,273 | 7,399,163 | 11,325,516 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Airport | 4,068,911 | 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 |
| Utilities | 6,871,539 | 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 |
| 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 |
| Total Business-type Activities | 10,940,450 | 11,165,440 | 11,662,390 | 11,603,243 | 14,985,601 | 13,715,070 | 13,266,529 | 14,964,392 | 14,198,144 | 24,935,326 |
| Total Program Revenues - Primary Government | \$ 14,653,470 | \$ 15,525,776 | \$ 19,870,285 | \$ 18,923,356 | \$ 21,567,634 | \$ 19,546,784 | \$ 19,632,759 | \$ 22,246,665 | \$ 21,597,307 | \$ 36,260,842 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (30,644,421) | \$ (27,936,600) | \$ (24,701,489) | \$ (26,742,725) | \$ (29,635,952) | \$ (31,319,754) | \$ (34,059,417) | \$ (34,071,857) | \$ (33,197,021) | \$ (29,513,538) |
| Business-Type Activities | (176,510) | 348,498 | 42,145 | (313,878) | 2,376,580 | 729,666 | 284,972 | 2,135,434 | 1,487,207 | 11,914,725 |
| Total Net Expense - Primary Government | \$ (30,820,931) | \$ (27,588,102) | \$ (24,659,344) | \$ (27,056,603) | \$ (27,259,372) | \$ (30,590,088) | \$ (33,774,445) | \$ (31,936,423) | \$ (31,709,814) | \$ (17,598,813) |
| General Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes, Levied for General Purposes | \$ 12,064,301 | \$ 11,594,844 | \$ 12,018,231 | \$ 12,830,522 | \$ 13,297,948 | \$ 13,587,051 | \$ 14,310,671 | \$ 15,711,056 | \$ 15,900,631 | \$ 15,772,858 |
| Sales Taxes | 9,897,640 | 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 |
| Franchise Taxes | 3,169,378 | 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 |
| Hotel/Motel Taxes | 3,563,372 | 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 |
| Interest on Investments | 980,882 | 677,618 | 595,916 | 765,850 | 1,354,575 | 1,700,412 | 1,504,162 | 1,383,743 | 339,986 | 148,966 |
| Miscellaneous | 356,572 | 289,158 | 124,557 | 242,203 | 311,705 | 374,662 | 509,092 | 325,634 | 2,474,485 | 772,276 |
| Transfer | - | - | 221,610 | - | - | - | - | - | - | - |
| Total General Revenues | 30,032,145 | 27,882,997 | 29,339,126 | 31,038,716 | 32,726,082 | 35,172,495 | 35,703,736 | 34,979,077 | 34,947,476 | 34,092,290 |
| Business-type Activities | | | | | | | | | | |
| Interest on Investments | 216,715 | 99,048 | 80,758 | 171,791 | 335,828 | 388,070 | 260,533 | 214,492 | 11,065 | (16,178) |
| Miscellaneous | - | - | 16,891 | 16,891 | 76,553 | (38,376) | 16,337 | 9,148 | 18,732 | 10,145 |
| Transfer | - | - | (221,610) | - | - | - | - | - | - | - |
| Total Business-type Activities | 216,715 | 99,048 | (123,961) | 188,682 | 412,381 | 349,694 | 276,870 | 223,640 | 29,797 | (6,033) |
| Change in Net Assets | | | | | | | | | | |
| Governmental Activities | (612,276) | (53,603) | 4,637,637 | 4,295,991 | 3,090,130 | 3,852,741 | 1,644,319 | 907,220 | 1,750,455 | 4,578,752 |
| Business-type Activities | 40,205 | 447,546 | (81,816) | (125,196) | 2,788,961 | 1,079,360 | 561,842 | 2,359,074 | 1,517,004 | 11,908,692 |
| Total Change in Net Assets - Primary Government | \$ (572,071) | \$ 393,943 | \$ 4,555,821 | \$ 4,170,795 | \$ 5,879,091 | \$ 4,932,101 | \$ 2,206,161 | \$ 3,266,294 | \$ 3,267,459 | \$ 16,487,444 |

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

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

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | \$ 86,168 | \$ 168,743 | \$ 89,973 | \$ 127,088 | \$ 101,836 | \$ 305,918 | \$ 358,337 | \$ 420,883 | \$ 188,035 | \$ - |
| Reserved | - | - | - | - | - | - | - | - | - | - |
| Nonspendable: | | | | | | | | | | |
| Inventories | - | - | - | - | - | - | - | - | - | 87,835 |
| Prepaid Items | - | - | - | - | - | - | - | - | - | 67,135 |
| Assigned for Other Purposes | - | - | - | - | - | - | - | - | - | 61,193 |
| Unreserved | 8,489,491 | 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 | 8,575,659 | 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 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 126,201 | 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 | 80,867 | 95,828 | 106,272 | 125,491 | 186,758 | 205,790 | 229,327 | 16,573 | 51,469 | - |
| Capital Project Funds | 7,757,645 | 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 | 2,126,937 | 2,731,398 | 765,623 | 778,627 | 810,936 | 864,331 | 890,310 | 902,577 | 863,925 | - |
| Hotel Fund | 6,232,181 | 5,248,751 | 4,699,920 | 4,617,539 | 4,639,050 | 5,382,310 | 5,715,693 | 4,635,799 | 4,423,339 | - |
| Nonspendable: | | | | | | | | | | |
| Prepaid Items | - | - | - | - | - | - | - | - | - | 43,194 |
| Restricted for: | | | | | | | | | | |
| Debt Service | - | - | - | - | - | - | - | - | - | 1,945,104 |
| Capital Projects | - | - | - | - | - | - | - | - | - | 9,851,762 |
| Court Technology | - | - | - | - | - | - | - | - | - | 83,827 |
| Building Security | - | - | - | - | - | - | - | - | - | 72,462 |
| Other Purposes | - | - | - | - | - | - | - | - | - | 45,500 |
| Committed for: | | | | | | | | | | |
| Economic Development | - | - | - | - | - | - | - | - | - | 358,676 |
| Assigned for: | | | | | | | | | | |
| Other Purposes | - | - | - | - | - | - | - | - | - | 27,603 |
| Unassigned | - | - | - | - | - | - | - | - | - | 115,223 |
| Total All Other Governmental Funds | 16,323,831 | 23,824,764 | 29,646,431 | 16,234,481 | 14,946,151 | 15,336,357 | 41,874,691 | 36,054,647 | 26,975,695 | 12,543,351 |
| Total Governmental Funds | \$ 24,899,490 | \$ 31,839,406 | \$ 36,946,216 | \$ 23,284,986 | \$ 23,121,331 | \$ 26,020,522 | \$ 53,570,621 | \$ 46,707,389 | \$ 37,832,446 | \$ 22,910,045 |

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

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)**

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| REVENUES: | | | | | | | | | | |
| Ad Valorem Taxes | \$ 12,155,577 | \$ 12,176,518 | \$ 11,883,632 | \$ 12,765,636 | \$ 13,293,707 | \$ 13,629,796 | \$ 14,367,964 | \$ 15,636,534 | \$ 15,900,747 | \$ 15,803,400 |
| Non-Property Taxes | 13,285,717 | 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 |
| Franchise Fees | 3,169,378 | 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 |
| Licenses and Permits | 340,388 | 386,824 | 455,089 | 479,239 | 651,408 | 743,201 | 798,006 | 429,681 | 833,178 | 1,210,058 |
| Intergovernmental | 159,270 | 520,882 | 4,063,307 | 2,223,779 | 1,440,734 | 185,297 | 561,992 | 257,429 | 1,323,831 | 3,543,357 |
| Service Fees | 1,935,092 | 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 |
| Fines and Forfeitures | 833,977 | 828,794 | 782,561 | 862,839 | 1,185,093 | 1,239,873 | 1,297,064 | 1,322,196 | 1,215,414 | 1,104,477 |
| Earnings on Investments | 900,250 | 598,025 | 536,699 | 707,240 | 1,148,087 | 1,416,049 | 1,291,081 | 1,234,816 | 298,634 | 122,128 |
| Contributions | - | - | - | - | - | 184,247 | - | - | - | - |
| Rental Charges | 483,114 | 544,601 | 532,636 | 667,577 | 656,988 | 676,563 | 744,496 | 670,546 | 700,207 | 733,957 |
| Recycling Proceeds | 11,769 | 12,864 | 20,046 | 26,768 | 29,311 | 32,703 | 41,567 | 18,570 | 21,126 | 22,608 |
| Other | 17,950 | 129,244 | 45,240 | 120,964 | 194,943 | 333,005 | 333,101 | 90,574 | 2,277,342 | 531,149 |
| Total Revenues | \$ 33,292,482 | \$ 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 |
| EXPENDITURES: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | \$ 5,400,331 | \$ 4,916,867 | \$ 5,406,092 | \$ 5,799,332 | \$ 6,138,990 | \$ 6,699,206 | \$ 6,412,823 | \$ 6,357,501 | \$ 6,323,891 | \$ 6,353,784 |
| Public Safety | 11,528,376 | 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 |
| Development Services | 503,924 | 485,810 | 520,215 | 553,651 | 563,271 | 770,557 | 884,770 | 864,234 | 887,132 | 885,218 |
| Streets | 1,659,910 | 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 |
| Parks and Recreation | 3,106,036 | 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 |
| Visitor Services | 6,274,822 | 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 |
| Economic Development | - | - | - | - | - | - | - | - | - | 342,200 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 3,008,551 | 2,510,522 | 3,645,076 | 3,178,542 | 3,570,000 | 3,735,000 | 3,919,769 | 4,115,100 | 4,369,520 | 3,873,610 |
| Interest and Fiscal Charges | 3,805,446 | 4,204,999 | 3,322,316 | 3,605,378 | 1,747,186 | 1,628,447 | 1,624,105 | 2,808,332 | 2,444,875 | 2,284,774 |
| Debt Issuance Costs | - | - | 85,000 | - | - | - | - | - | - | - |
| 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 | - |
| Maintenance and Materials | - | - | - | - | - | - | - | 41,480 | 231,367 | 9,870 |
| Engineering and Contractual Services | 1,007,800 | 2,253,876 | 1,265,921 | 1,135,319 | 449,930 | 123,695 | 745,837 | 1,591,103 | 2,585,480 | 1,846,919 |
| Construction and Equipment | 6,176,176 | 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 |
| Total Expenditures | \$ 42,471,372 | \$ 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 |
| Excess/(Deficiency) of Revenues over Expenditures | (9,178,890) | (16,155,084) | (5,641,665) | (13,661,230) | (1,675,401) | 2,899,191 | (699,734) | (6,780,193) | (8,874,943) | (14,922,400) |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | | | |
| Proceeds from Refunding Bonds Issued | 5,602,016 | - | - | - | 6,355,000 | - | - | - | - | - |
| Payment to Refunded Bond Escrow Agent | (5,553,675) | - | - | - | (6,228,588) | - | - | - | - | - |
| Issuance of Debt | - | 23,095,000 | 10,695,000 | - | 1,500,000 | - | 28,222,000 | - | - | - |
| Bond Issuance Costs | - | - | - | - | (114,666) | - | - | - | - | - |
| Premium on Issuance of Bonds | - | - | 53,475 | - | - | - | 27,833 | - | - | - |
| Transfers In | 469,537 | 2,413,496 | 1,456,770 | 704,610 | 968,890 | 706,710 | 700,000 | 896,489 | 2,133,827 | 1,384,156 |
| Transfers Out | (969,537) | (2,413,496) | (1,456,770) | (704,610) | (968,890) | (706,710) | (700,000) | (979,528) | (2,133,827) | (1,384,156) |
| Total Other Financing Sources/(Uses) | (451,659) | 23,095,000 | 10,748,475 | - | 1,511,746 | - | 28,249,833 | (83,039) | - | - |
| Net Change in Fund Balance | \$ (9,630,549) | \$ 6,939,916 | \$ 5,106,810 | \$(13,661,230) | \$ (163,655) | \$ 2,899,191 | \$ 27,550,099 | \$ (6,863,232) | \$ (8,874,943) | \$(14,922,400) |
| Debt Service as a Percentage of Non-Capital Expenditures | 19.18% | 19.99% | 20.36% | 19.31% | 15.00% | 14.97% | 14.14% | 17.51% | 17.63% | 15.40% |

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

**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 |
|-------------|---------------|----------------|----------------------|--------------------|--------------|-----------------------|------------|----------------|----------------------|---------------|
| 2002 | \$ 25,441,294 | \$ 3,169,378 | \$ 340,388 | \$ 140,822 | \$ 1,935,092 | \$ 833,977 | \$ 469,379 | \$ 483,114 | \$ 28,855 | \$ 32,842,299 |
| 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 |

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 |
|-------------|--------------------|------------------------------|----------------------|--------------|-------------------------------------|---------------------------------|----------------------|--------------|---------------|
| 2002 | \$ 5,400,331 | \$ 11,528,376 | \$ 503,924 | \$ 1,461,875 | \$ 3,106,036 | \$ 6,274,822 | \$ - | \$ 6,813,997 | \$ 35,089,361 |
| 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 |

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 |
|-------------|-------------------------------|-------------------|----------------------|----------------|---------------------|---------------|
| 2002 | \$ 12,155,577 | \$ 9,020,793 | \$ 701,552 | \$ 3,169,378 | \$ 3,563,372 | \$ 28,610,672 |
| 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 |

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⁾ |
|----------------|------------------------|---|---|---|------------------------|---|
| 2002 | 2001 | \$ 2,730,337,944 | \$ 706,267,000 | \$ (241,909,314) | \$ 3,194,695,630 | \$ 0.3848 |
| 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 |

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 |
| 2002 | \$ 0.1804 | \$ 0.2044 | \$ 0.3848 | \$ 0.2015 | \$ 0.0600 | \$ 1.5475 | \$ 1.7242 | \$ 0.2540 | \$ 2.4479 |
| 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 |

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 |
| 2002 | 2001 | \$ 12,293,190 | \$ 12,085,620 | 98.3% | \$ 15,934 | \$ 12,101,554 | 98.4% |
| 2003 | 2002 | 12,344,525 | 12,083,669 | 97.9% | 37,901 | 12,121,570 | 98.2% |
| 2004 | 2003 | 12,203,031 | 11,880,084 | 97.4% | (54,256) | 11,825,828 | 96.9% |
| 2005 | 2004 | 12,835,294 | 12,587,375 | 98.1% | 84,329 | 12,671,704 | 98.7% |
| 2006 | 2005 | 13,296,460 | 13,197,440 | 99.3% | 23,531 | 13,220,971 | 99.4% |
| 2007 | 2006 | 14,057,369 | 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% |

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 | | | | | | Total Primary Government | 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 | | | | | |
| 2002 | \$ 11,540,000 | \$ 6,664,139 | \$ 690,000 | \$ 2,305,000 | \$ 10,505,168 | \$ - | \$ 5,290,000 | \$ 5,510,000 | \$ 42,504,307 | 7.82 % | \$ 2,931.33 | | |
| 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 | | |

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 166.

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 | | |
| 2002 | \$ 11,540,000 | \$ 6,664,139 | \$ 2,305,000 | \$ 20,509,139 | 0.64 % | \$ 1,414.42 |
| 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 |

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, 2011

| Taxing Jurisdiction | G.O. Bonded Debt | Percent Applicable ⁽¹⁾ | Estimated Share of Overlapping Debt |
|---|------------------------------|--------------------------------------|---|
| Carrollton-Farmers Branch ISD | \$ 323,160,000 | 4.34% | \$ 14,025,144 |
| Dallas County | 129,817,389 | 1.93% | 2,505,476 |
| Dallas County Community College District | 396,140,000 | 1.93% | 7,645,502 |
| Dallas County Hospital District | 690,717,053 | 1.93% | 13,330,839 |
| Dallas ISD | 2,628,105,000 | 3.44% | 90,406,812 |
| Total Overlapping Debt | | | 127,913,773 |
| Town of Addison (Direct Debt) | \$ 47,518,770 ⁽²⁾ | 100% | 47,518,770 |
| Total Direct and Overlapping Debt | | | \$ 175,432,543 |
| Ratio of Overlapping G.O. Debt to 2010 Taxable Assessed Valuation | | | 4.18% |
| Per Capita Overlapping G.O. Debt | | | \$ 9,794 |

SOURCE: Municipal Advisory Council of Texas report dated 9/14/11
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 | |
| 2002 | \$ 6,937,714 | \$ 5,565,524 | \$ 1,372,190 | \$ 510,000 | \$ 302,955 | \$ 812,955 | 1.7 |
| 2003 | 6,862,799 | 5,685,179 | 1,177,620 | - | - | - | N/A |
| 2004 | 7,501,174 | 5,738,577 | 1,762,597 | - | - | - | N/A |
| 2005 | 7,408,715 | 5,926,601 | 1,482,114 | - | - | - | N/A |
| 2006 | 10,448,742 | 6,594,211 | 3,854,531 | - | - | - | N/A |
| 2007 | 9,378,480 | 6,837,579 | 2,540,901 | - | - | - | N/A |
| 2008 | 9,086,984 | 6,970,850 | 2,116,134 | - | - | - | N/A |
| 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 |

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 | |
| 2002 | \$ 4,875,734 | \$ 806,536 | \$ 4,069,198 | \$ 360,000 | \$ 34,770 | \$ 394,770 | 10.3 |
| 2003 | 4,681,695 | 721,460 | 3,960,235 | 350,000 | 21,105 | 371,105 | 10.6 |
| 2004 | 4,895,842 | 839,410 | 4,056,432 | 340,000 | 274,883 | 614,883 | 6.6 |
| 2005 | 5,676,622 | 850,326 | 4,826,296 | 450,000 | 254,613 | 704,613 | 6.8 |
| 2006 | 6,539,634 | 1,118,079 | 5,421,555 | 465,000 | 240,887 | 705,887 | 7.7 |
| 2007 | 7,490,887 | 942,884 | 6,548,003 | 480,000 | 226,710 | 706,710 | 9.3 |
| 2008 | 7,546,348 | 1,077,436 | 6,468,912 | 500,000 | 212,012 | 712,012 | 9.1 |
| 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 |

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⁾ |
|-------------|-------------------------------------|------------------------------------|-----------------------------|---|----------------------------|----------------------------------|
| 2002 | 14,500 | \$ 3,194,695,630 | \$ 543,230 | \$ 37,464 | 8,252 | 6.2% |
| 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% |

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 | 2011 | | | 2002 | | |
|----------------------------------|------------------------|----------------------------|------|---|----------------------------|------|---|
| | | 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 | \$ 111,250,000 | 1 | 3.64% | \$ 98,000,000 | 3 | 3.12% |
| SP Millenium Center, LP | Land, Office Buildings | 105,185,040 | 2 | 3.44% | | | |
| Richmont Properties Ltd | Land, Office Buildings | 61,454,040 | 3 | 2.01% | 72,284,600 | 4 | 2.30% |
| DCO Savoye LLC | Apartments | 46,500,000 | 4 | 1.52% | | | |
| MHSS-Addison LP | Land, Office Buildings | 45,867,160 | 5 | 1.50% | | | |
| MBNA Texas Properties | Land, Office Buildings | 44,742,720 | 6 | 1.46% | 56,200,390 | 6 | 1.79% |
| Behringer Harvard Addison Circle | Land, Office Buildings | 43,119,330 | 7 | 1.41% | | | |
| Spectrum Center Partners | Office Buildings | 42,098,250 | 8 | 1.38% | 61,258,950 | 5 | 1.95% |
| G&I V VOP LP | Land, Office Buildings | 41,550,000 | 9 | 1.36% | | | |
| Fairfield Addison Circle | Apartments | 37,300,000 | 10 | 1.22% | | | |
| EOP Colonnade of Dallas | Land, Office Buildings | | | | 136,105,660 | 1 | 4.34% |
| Crescent Real Estate | Land, Office Buildings | | | | 100,732,260 | 2 | 3.21% |
| Millennium Park Ph1 LP | Land, Office Buildings | | | | 49,600,000 | 7 | 1.60% |
| Champion Addison One | Office Buildings | | | | 47,000,000 | 8 | 1.50% |
| Carramerica Realty LP | Land, Hotel | | | | 40,818,750 | 9 | 1.30% |
| Registry Hotel Corp | Land, Hotel | | | | 35,352,500 | 10 | 1.13% |
| | | <u>\$ 579,066,540</u> | | <u>18.93%</u> | <u>\$ 697,353,110</u> | | <u>22.24%</u> |

SOURCE: Dallas Central Appraisal District

MAJOR EMPLOYERS
Current Year and Nine Years Ago

| Company | Type of Business | 2011 | | 2002 | |
|---|--------------------------------|-------------------------------|---|-------------------------------|---|
| | | Estimated Number of Employees | Percent of Total Employees ⁽¹⁾ | Estimated Number of Employees | Percent of Total Employees ⁽¹⁾ |
| Bank of America MBNA | Credit Clearinghouse | 3,400 | 7.45% | 2,000 | 4.38% |
| Mary Kay Cosmetics Inc. | Cosmetics | 1,070 | 2.34% | 1,000 | 2.19% |
| Barrett Daffin Frapier Turner and Engle | Real Estate/Litigation | 566 | 1.24% | N/A* | N/A* |
| Rexel | Industrial Electrical Supplies | 500 | 1.10% | N/A* | N/A* |
| United Surgical Partners | Health Services | 360 | 0.79% | N/A* | N/A* |
| Hilton International | Hotel | 319 | 0.70% | N/A* | N/A* |
| Glazer's Family of Companies | Beverage/Spirits Distributor | 280 | 0.61% | N/A* | N/A* |
| Greenhill School | Education | 256 | 0.56% | N/A* | N/A* |
| Hotel Intercontinental | Hotel | 250 | 0.55% | 483 | 1.06% |
| Behringer Harvard | Real Estate/Finance | 230 | 0.50% | N/A* | N/A* |

SOURCE: Human Resource Department of respective company

Notes:

* Not available.

(1) Total employment is based on 2000 Census.

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

| <u>Function/Program</u> | <u>2002</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> |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | | | |
| City Manager's Office | 9.5 | 9.5 | 10.0 | 10.0 | 10.0 | 8.5 | 8.5 | 8.5 | 8.5 | 8.0 |
| Financial and Strategic Services | 11.0 | 11.5 | 12.0 | 12.0 | 11.0 | 10.0 | 10.0 | 10.0 | 9.0 | 8.0 |
| Municipal Court | 4.1 | 4.5 | 4.7 | 4.7 | 4.7 | 4.7 | 4.7 | 5.7 | 5.7 | 5.4 |
| General Services | 8.4 | 8.4 | 9.0 | 9.0 | 9.0 | 9.0 | 10.0 | 10.0 | 10.0 | 9.0 |
| Human Resources | 4.3 | 4.3 | 4.3 | 4.7 | 4.7 | 4.7 | 4.7 | 5.2 | 5.2 | 4.2 |
| 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 | 43.3 | 44.2 | 46.0 | 46.4 | 45.4 | 42.9 | 43.9 | 45.4 | 44.4 | 40.6 |
| Public Safety | | | | | | | | | | |
| Police | 85.1 | 84.8 | 84.8 | 83.8 | 81.8 | 68.3 | 69.3 | 70.3 | 73.3 | 72.3 |
| Emergency Communications | - | - | - | - | - | 12.5 | 12.5 | 13.5 | 13.5 | 13.5 |
| Fire | 55.0 | 55.0 | 55.0 | 55.0 | 55.0 | 55.0 | 55.0 | 55.0 | 54.0 | 53.0 |
| Total Public Safety | 140.1 | 139.8 | 139.8 | 138.8 | 136.8 | 135.8 | 136.8 | 138.8 | 140.8 | 138.8 |
| Development Services | | | | | | | | | | |
| Development Services | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Public Works | | | | | | | | | | |
| Streets | 6.4 | 6.4 | 6.0 | 6.0 | 6.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Utilities | 13.4 | 15.4 | 18.0 | 18.0 | 18.0 | 17.0 | 17.0 | 18.0 | 17.0 | 17.0 |
| Total Public Works | 19.8 | 21.8 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 25.0 | 24.0 | 24.0 |
| Parks and Recreation | | | | | | | | | | |
| Parks | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 21.0 | 20.0 | 20.0 |
| Recreation | 12.4 | 15.4 | 17.9 | 17.9 | 17.2 | 15.2 | 15.6 | 15.6 | 15.6 | 15.6 |
| Total Parks and Recreation | 32.4 | 35.4 | 37.9 | 37.9 | 37.2 | 35.2 | 35.6 | 36.6 | 35.6 | 35.6 |
| Visitor Services | | | | | | | | | | |
| Visitor Services | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 | 2.5 | 3.0 |
| Conference Centre | 7.5 | 7.0 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Special Events | 3.0 | 2.0 | 3.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 |
| Marketing | - | 1.0 | 1.0 | - | - | - | - | - | - | - |
| Performing Arts | 0.5 | - | - | - | - | - | - | - | - | - |
| Total Visitor Services | 15.0 | 13.0 | 14.5 | 13.5 | 14.5 | 14.0 | 14.0 | 14.0 | 14.0 | 13.5 |
| Airport Fund | | | | | | | | | | |
| Airport Fund | 3.2 | 3.2 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Other | | | | | | | | | | |
| Public Safety Fund | - | 0.2 | - | - | - | - | - | - | - | - |
| Street Capital Project Fund | 2.1 | 2.1 | - | - | - | - | - | - | - | - |
| 2002 Capital Project Fund | - | 0.5 | - | - | - | - | - | - | - | - |
| Total Other | 2.1 | 2.8 | - | - | - | - | - | - | - | - |
| TOTAL | 261.9 | 266.2 | 270.2 | 268.6 | 265.9 | 260.9 | 263.3 | 268.8 | 267.8 | 261.5 |

SOURCE: Town of Addison Human Resources Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

| Function/Program | 2002 ⁽¹⁾ | 2003 ⁽¹⁾ | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|---------------------|---------------------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| Police | | | | | | | | | | |
| Crimes Against Property | n/a | n/a | 1,169 | 984 | 1,217 | 1,094 | 954 | 1,100 | 968 | 1,056 |
| Crimes Against Persons | n/a | n/a | 379 | 340 | 387 | 397 | 390 | 452 | 381 | 388 |
| Arrests | n/a | n/a | 2,270 | 2,289 | 2,071 | 2,227 | 2,844 | 3,220 | 2,775 | 2,876 |
| Calls for Service | 18,060 | 17,636 | 18,288 | 17,504 | 19,414 | 19,320 | 17,365 | 16,109 | 15,453 | 17,989 |
| Fire | | | | | | | | | | |
| Number of Fires | n/a | n/a | 50 | 55 | 74 | 39 | 38 | 50 | 44 | 51 |
| Dollar Loss | n/a | n/a | 584,000 | 623,175 | 379,541 | 283,000 | 234,375 | 396,100 | 2,212,000 | 3,027,173 |
| Calls for Service - Fire | 1,374 | 1,164 | 1,133 | 1,119 | 1,037 | 968 | 1,033 | 893 | 834 | 866 |
| Calls for Service - EMS | 1,446 | 1,534 | 1,493 | 1,561 | 1,477 | 1,588 | 1,507 | 1,422 | 1,518 | 1,463 |
| Streets | | | | | | | | | | |
| Tons of Recycling Collected | n/a | n/a | 328 | 360 | 365 | 357 | 354 | 343 | 328 | 330 |
| Parks | | | | | | | | | | |
| Acres Maintained | n/a | n/a | 142 | 151 | 150 | 138 | 137 | 138 | 139 | 163 |
| Recreation | | | | | | | | | | |
| Recreation Event Participants | n/a | n/a | 12,549 | 12,605 | 12,720 | 13,371 | 13,002 | 13,184 | 14,947 | 14,874 |
| Number of Users | 111,552 | 107,304 | 125,590 | 126,903 | 129,090 | 128,293 | 126,214 | 126,123 | 125,339 | 123,794 |
| Active Athletic Club Members | 3,500 | 3,515 | 3,426 | 3,506 | 3,757 | 3,595 | 3,395 | 3,222 | 3,300 | 3,428 |
| Utilities | | | | | | | | | | |
| Water Usage - Peak ⁽²⁾ | 8,880 | 9,682 | 8,845 | 9,652 | 9,900 | 8,000 | 8,421 | 8,748 | 8,895 | 9,402 |
| Water Usage - Average ⁽²⁾ | 7,626 | 5,496 | 5,246 | 5,091 | 6,023 | 5,150 | 4,847 | 4,627 | 4,334 | 5,014 |
| Service Line Breaks | n/a | n/a | 13 | 19 | 15 | 17 | 13 | 11 | 11 | 7 |
| Water Main Breaks | n/a | n/a | 4 | 6 | 3 | 7 | 7 | 1 | 1 | 1 |

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>2002</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>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 | 39 | 41 | 41 | 41 | 41 |
| Lane Miles | 119 | 119 | 119 | 119 | 119 | 119 | 126 | 126 | 164 | 164 |
| Traffic Signals | 31 | 33 | 33 | 33 | 34 | 34 | 34 | 34 | 36 | 36 |
| <u>Parks and Recreation</u> ⁽¹⁾ | | | | | | | | | | |
| Acres Maintained | 136 | 138 | 142 | 151 | 149 | 149 | 136 | 138 | 139 | 163 |
| Parks | 12 | 13 | 13 | 15 | 15 | 16 | 12 | 13 | 13 | 15 |
| Playgrounds | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 5 |
| Soccer/Football Fields | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| Community Centers | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| <u>Water</u> | | | | | | | | | | |
| Water Mains (Miles) | 93 | 93 | 96 | 96 | 98 | 98 | 99 | 101 | 96 | 80 |
| Fire Hydrants | 1,050 | 983 | 1,030 | 1,030 | 1,040 | 1,150 | 1,175 | 1,200 | 1,013 | 1,052 |
| <u>Wastewater</u> | | | | | | | | | | |
| Miles of Sanitary Sewers | 86 | 86 | 86 | 86 | 87 | 87 | 88 | 90 | 82 | 66 |
| Miles of Storm Sewers | 18.5 | 18.5 | 18.5 | 18.5 | 22 | 22 | 22 | 22 | 22 | 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.