

Annual Comprehensive *Financial Report*

For the Fiscal Year Ended
September 30, 2025

TOWN OF ADDISON, TEXAS

Town of Addison, Texas
Annual Comprehensive Financial Report

For the Year Ended September 30, 2025

City Council

	Expiration of Term
Bruce Arfsten, Mayor	May 2027
Marlin Willesen, Mayor Pro Tempore	May 2027
Chris DeFrancisco, Deputy Mayor Pro Tempore	May 2026
Howard Freed, Council Member	May 2026
Darren Gardener, Council Member	May 2026
Dan Liscio, Council Member	May 2027
Randy Smith, Council Member	May 2027

City Manager

David Gaines

**Prepared by the
Department of Finance**

Steven Glickman, CPA, CGFO, Chief Financial Officer
Amanda Turner, CPA, CGFO, Assistant Director of Finance
Casey Bennett, CGFO, Budget Manager
Tandi Dickey, CGFO, Controller
Ismael Villalta, CPA, CGFO, Accounting Manager
Ben Nguyen, CGFO, Treasury Supervisor
Sabr Nuru, Senior Accountant
Daniel Cardona, Accountant
Sangeeta Garg, Payroll Accountant



Town of Addison, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

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INTRODUCTORY
Section



February 3, 2026

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

I am pleased to submit the Annual Comprehensive Financial Report of the Town of Addison, Texas for the fiscal year ended September 30, 2025. 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 Annual Comprehensive Financial Report (ACFR) is organized into three major sections: *Introductory*, *Financial*, and *Statistical*. 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 Forvis Mazars, 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, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion (i.e., clean opinion) that the Town of Addison's financial statements for the fiscal year ended September 30, 2025 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) providing 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.

**CITY MANAGER'S
OFFICE**

5300 Belt Line Road
Dallas, TX 75254

P.O. Box 9010
Addison, TX 75001

phone: 972.450.7000
fax: 972.450.7043

ADDISONTEXAS.NET

IT ALL COMES
TOGETHER.

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 "platinum corridor," which is the area north of I-635 continuing up to Highway 121 in Frisco, 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. The malls, the Galleria and Stonebriar, both have over 200 stores. Additionally, the area holds the Willow Bend mall, which has over 125 stores. At 4.4 square miles, Addison is one of the smallest, yet most densely developed of the various suburbs located in the DFW Region. With just over 17,000 residents, the Town has developed into a cosmopolitan center which serves well over 125,000 business persons, shoppers, and visitors daily. Niche.com recognizes Addison as the top suburb in Texas for young professionals, and Nerdwallet.com recognizes Addison as the top community to start a business in Texas.



The Town was incorporated in 1953 and is operating under a Charter adopted in 1978 and last amended in January 2021. 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, stormwater, and water and sewer utilities. Sanitation collection services are provided through private contractors; non-residential customers contract with the collection firm of their choice while single-family residential customers contract through the Town with sanitation fees added to their municipal utility bills.

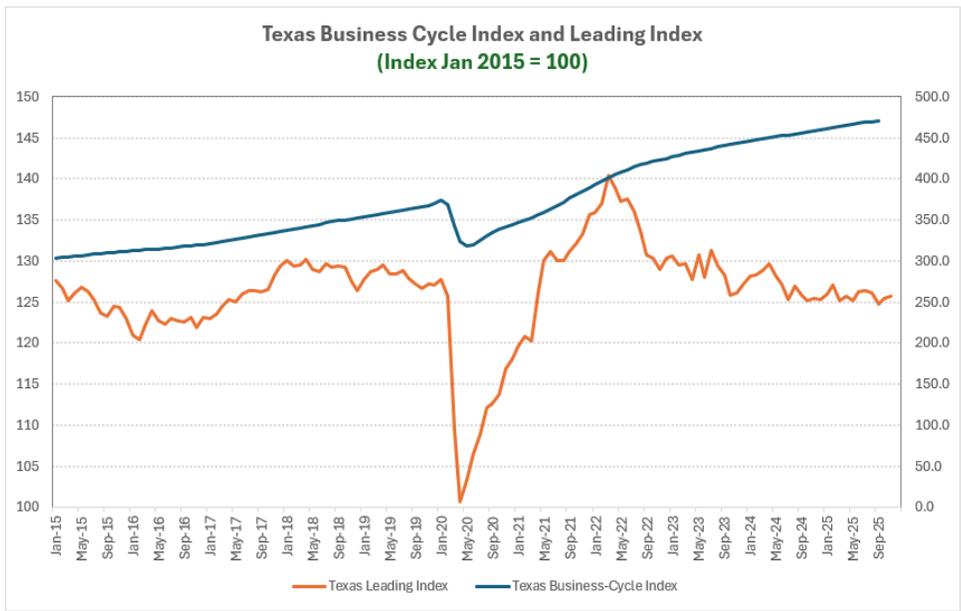
The annual budget of the Town of Addison serves as the foundation for the Town's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the Town Charter and Council ordinances. The appropriated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

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted. All major funds, other than the capital project fund that follows a five year plan, as well as all proprietary and special revenue funds adopt annual budgets. For the non-major governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund financial statements and schedules section of this report.

FACTORS AFFECTING FINANCIAL CONDITION

Status of Local Economy

With its concentration of commercial and retail development, the Town of Addison's economy is strongly influenced by the region's economic climate. According to reports issued by the Federal Reserve Bank of Dallas, the Leading Index indicators decreased slightly while the Business Cycle Index indicators increased slightly during FY2024, primarily due to continued economic expansion following the COVID-19 pandemic. Overall, the trend bodes well for the continued economic strength of the Town.



The United States unemployment rate remained fairly consistent throughout fiscal year 2025. Texas ended the year on track with the nation as a whole. Texas began fiscal year 2025 at 4.1% unemployment, and ended the year at 4.2%, slightly lower than the U.S. rate of 4.4%.

Addison is densely developed with 12.4 million square feet of office space distributed among approximately 117 office buildings. Much attention is given to the occupancy rates of buildings in Addison. At the end of September 2025, Addison's occupancy rate stood at 81.2 percent compared with the 79.4 percent recorded a year earlier. Addison's occupancy rate is 0.8 percentage points lower than the 82.0 percent average for all of the Dallas/Ft. Worth Area. (Source: CoStar Group)

The Town experienced a 5.5 percent increase in taxable property values for the fiscal year 2025 compared to a 9.4 percent increase for the fiscal year 2024.

For the 2025 fiscal year, General Fund revenues of \$52.8 million represented a 1.0% increase from \$52.3 million in fiscal year 2024, primarily due to increased property taxes and sales taxes. The property tax levy produced 48% of the total revenue available to the Town's General Fund for this year, while the sales tax revenue category produced 34%. The Town's sales tax receipts increased 1.9 percent from fiscal year 2024. General Fund expenditures and transfers for the 2025 fiscal year totaled \$49.8 million. The General Fund ending fund balance increased by \$128 thousand to \$21.0 million, with an ending fund balance of 42.2% of General Fund operating expenditures. .

Long-Term Financial Planning

The City Council has adopted various financial policies for operations, capital, and debt management. Fiscal year 2025 was most significantly impacted by the Town's debt management policies ensuring the Town can cover needed capital project costs increasing due to inflation while maintaining the overall property tax rate.

Because the Town's major source of revenue is taxes, the Town occasionally offers tax abatement incentive agreements to attract new businesses and development. The Town believes these agreements attract quality businesses to our community that provide long-term benefits such as creating more jobs and increasing the tax revenue to spend on additional or enhanced services to our residents.

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 2025-26 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 Finance Department by calling (972) 450-7051. The Annual Budget can also be accessed through the department's website at: <https://www.addisontx.gov/Government/Budget>

AWARDS AND ACKNOWLEDGMENTS

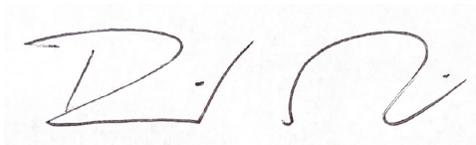
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Town of Addison, Texas for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. The *Certificate*, 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 ACFR 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 49 consecutive years. We believe our current report continues to conform to the *Certificate of Achievement* program requirements, and we are submitting it to GFOA for consideration.

In addition to the *Certificate*, the Town received GFOA's *Award for Distinguished Budget Presentation* for its fiscal year 2025 annual budget document. In order to qualify for the *Budget 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 38 consecutive years.

Also, the Town earned the *Award for Achievement in Popular Annual Financial Reporting for the Popular Annual Financial Report* (PAFR) from GFOA for the fifth consecutive time for the fiscal year ended September 30, 2024. The PAFR is compiled by both the marketing and finance departments. The PAFR takes information from the ACFR and adds other valuable information about the Town in a format designed to be easily understandable to readers who have no background in public finance. Together, the *Budget Award*, *PAFR Award*, and the *Certificate* are evidence of the Finance Department's dedication to producing documents that effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

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

Respectfully submitted,



David Gaines
City Manager



Steven Glickman, CPA, CGFO
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Addison
Texas**

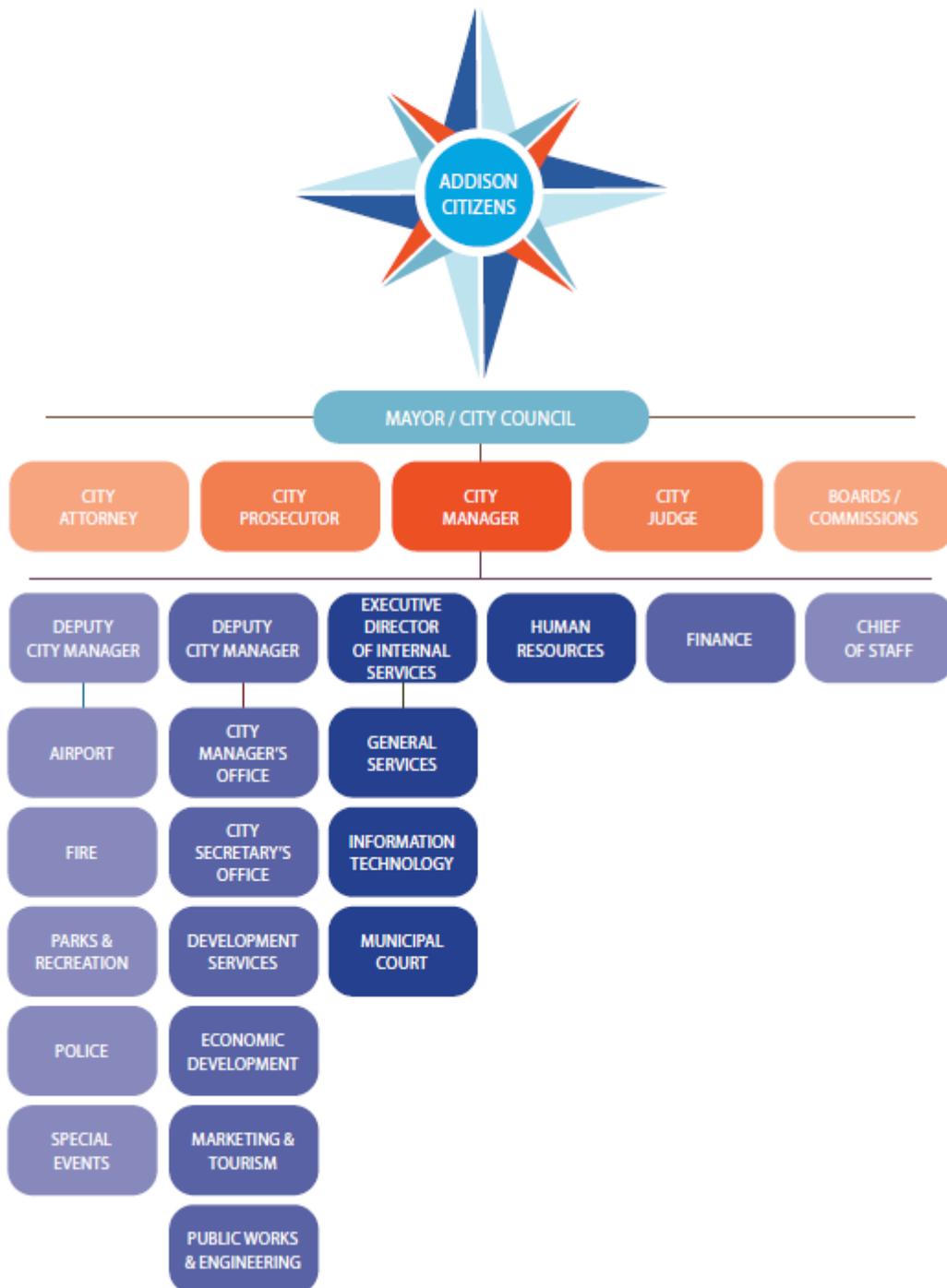
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

ADDISON STAFF Organization Chart



Town of Addison
LIST OF PRINCIPAL OFFICIALS
September 30, 2025

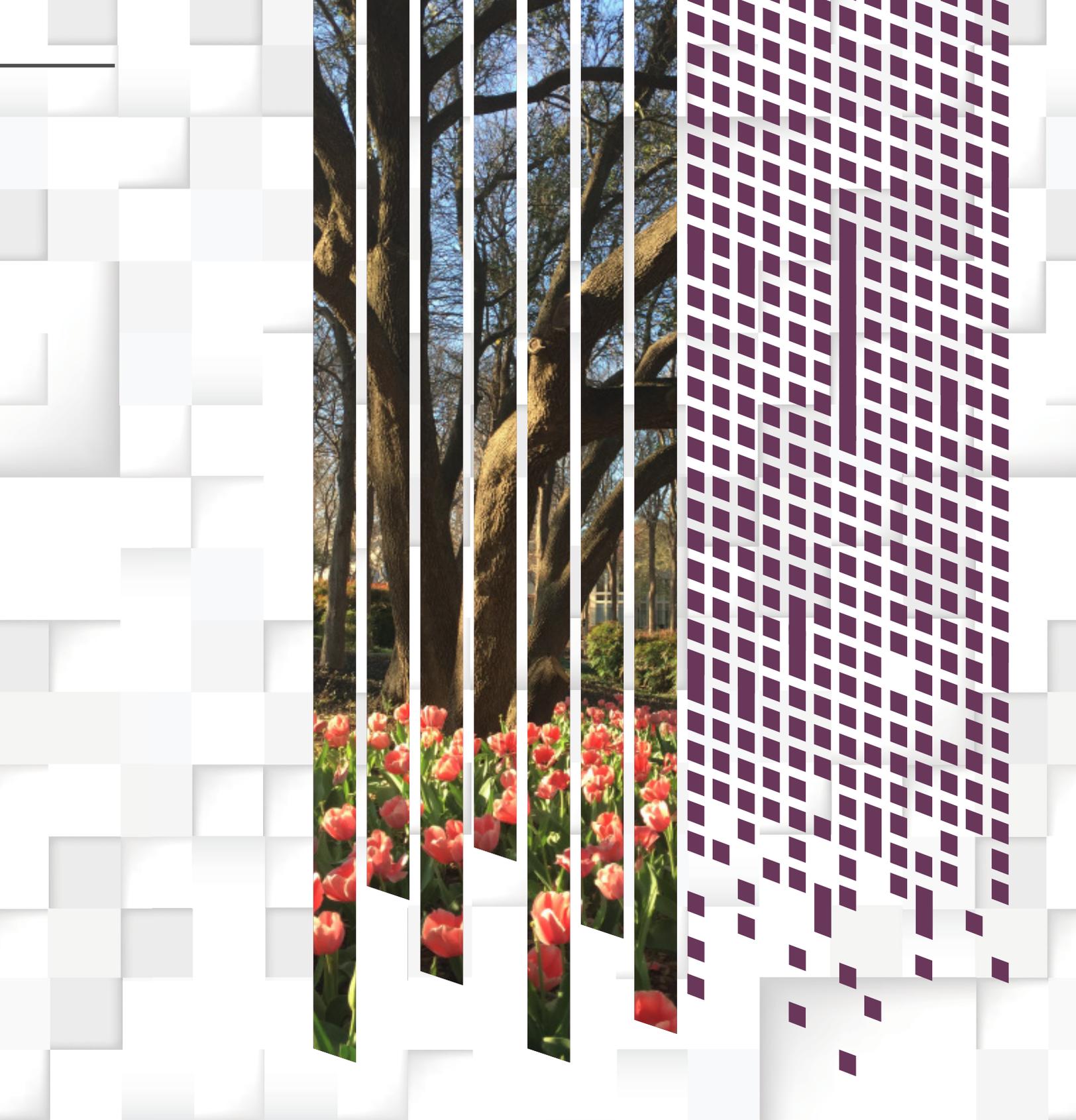
Town Hall
(972) 450-7000
Fax (972) 450-7043

Elected Officials

Mayor	Bruce Arfsten	(972) 450-7000
Mayor Pro Tempore	Marlin Willesen	(972) 450-7000
Deputy Mayor Pro Tempore	Chris DeFrancisco	(972) 450-7000
Council Member	Howard Freed	(972) 450-7000
Council Member	Darren Gardner	(972) 450-7000
Council Member	Dan Liscio	(972) 450-7000
Council Member	Randy Smith	(972) 450-7000

Town Management

City Manager	David Gaines	(972) 450-7037
Deputy City Manager	Ashley Shroyer	(972) 450-7010
Deputy City Manager	Passion Hayes	(972) 450-2819
Exec. Dir. of Internal Services	Hamid Khaleghipour	(972) 450-2868
City Secretary	Valancia Garcia	(972) 450-7017
Director of Airport Administration	Jaime Edrosa	(972) 392-4855
Director of Economic Development	Wayne Emerson	(972) 450-7034
Director of Development Services	Lesley Nyp	(972) 450-2823
Chief Financial Officer	Steven Glickman	(972) 450-7050
Fire Chief	David Jones	(972) 450-7206
Director of General Services	Bill Hawley	(972) 450-7016
Director of Human Resources	Ashley Wake	(972) 450-7085
Director of Parks and Recreation	Janna Tidwell	(972) 450-2869
Police Chief	Chris Freis	(972) 450-7168
Director of Marketing & Tourism	Mary Rosenbleeth	(972) 450-7032
Director of Public Works & Engineering	Becky Diviney	(972) 450-2849
Director of Special Events & Theatre	Abby Morales	(972) 450-6221



FINANCIAL

Section

Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas (Town), as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and hotel fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information, such as the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

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

America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
February 3, 2026**

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, 2025. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section. **All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars (000's).**

Financial Highlights

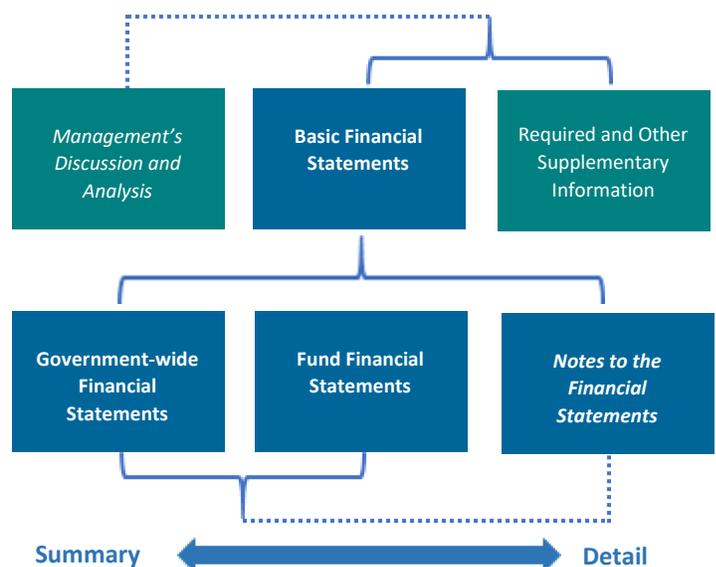
- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the 2025 fiscal year by \$304,805. This amount represents an increase over the previous year of \$7,602. The increase is due to an increase in the Town's investment in the joint venture North Texas Emergency Communications Center, capital contributions of assets reverting to the Town through developer donations, and increased spending on capital projects as part of construction in progress during the fiscal year.
- As of September 30, 2025, the Town's governmental funds reported combined ending fund balances of \$89,142, an increase of \$9,848. The majority of the increase was due to the receipt of bond proceeds and State Infrastructure Bank (SIB) Loan proceeds in the Capital Project Fund.
- At the end of the 2025 fiscal year, the fund balance for the General Fund was \$20,985, or 42 percent of total fund expenditures. Fund balance increased \$129 during the year. This slight increase was mainly due to adjusting the annual transfer to the Capital Project Fund and Economic Development Fund to utilize as much excess funds as possible while maintaining a stable fund balance in the General Fund.
- At year-end, the Town of Addison's outstanding long-term liabilities totaled \$174,769, an increase of \$8,461 from the previous year, which is attributed mainly to new bonded debt issued during the fiscal year, as well as receipt of the SIB Loan.

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 government services such as public safety were financed in the short-term, as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates as business-like, such as the airport.

**Illustration A-1 Required Components of
Town of Addison's Annual Financial Report**



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

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

Illustration A-2			
Major Features of Town of Addison's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government	Activities of the Town that are not proprietary, such as police, fire, and parks	Activities the Town operates similar to a private-sector business: airport, water/sewer utility, and storm water
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures, and changes in fund balances * Budget and actual	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflow, liability, and deferred inflow information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Only assets and deferred outflows expected to be used up and liabilities that come due or deferred inflows that are earned during the year or soon thereafter; no capital assets included	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term
Type of inflow and 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 21-22 of this document.

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

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

- *Governmental activities* – These are functions such as fire, police, and other 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, utility system and storm water system fall within this category.

Fund Financial Statements

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

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 9 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, Grant Fund and PEG Fees Fund, which are considered non-major funds and are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

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

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

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

The proprietary fund financial statements provide separate information for Addison's airport, utility system, and storm drainage system, all of which are considered to be major funds of the Town of Addison. Conversely, all 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.

Fiduciary Funds – Assets held in a trustee capacity by the Town, which cannot be used to support the Town's own operations, are reported in fiduciary funds. These funds are only reported in the fund financial statements but not the government-wide financial statements because the activity of the trust is not considered that of the Town. The Town has two fiduciary funds: one fund for its other postemployment benefit trust, and another fund for the Addison Tourism Public Improvement District.

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 38-84 in 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 (TMRS) and to provide other post-employment benefits to Town employees upon retirement.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented on pages 97-107.

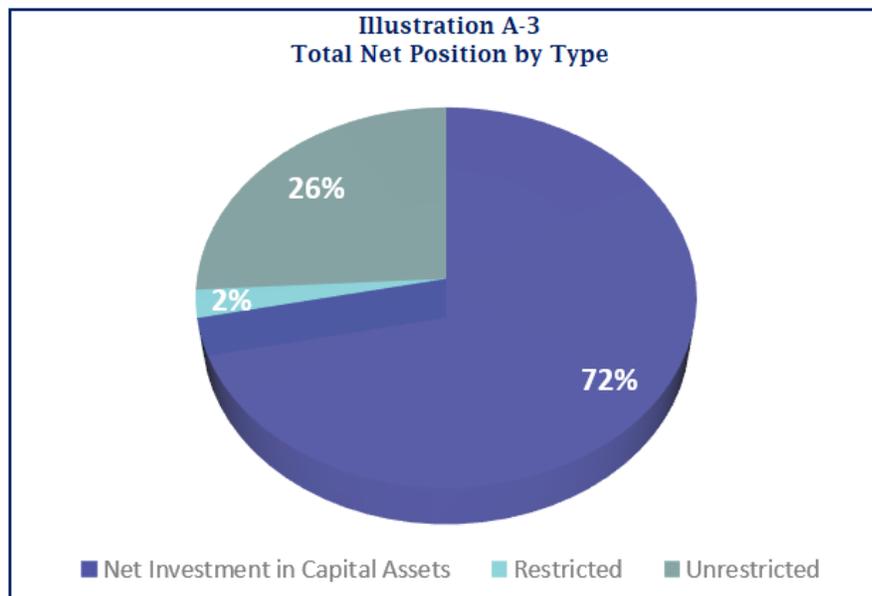
Government-wide Financial Analysis

As of the close of the 2025 fiscal year, the Town's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$304,805 (see Table A-1). Of this amount \$218,279, or 72 percent, represents the Town's investment in capital assets (e.g. land, buildings, machinery and equipment, leases, and subscriptions), less any related outstanding debt used to acquire those assets. The Town of Addison uses these capital assets to provide services to the community, these assets are not available for future spending. A portion of net position has been restricted for the Town's long-term general obligation debt (\$633), promotion of tourism and hotel industry (\$5,661), and other restrictions (\$624). The remaining amount of net position is labeled as unrestricted and totals \$79,607. This amount is available to meet the Town's ongoing obligations to citizens and creditors.

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

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

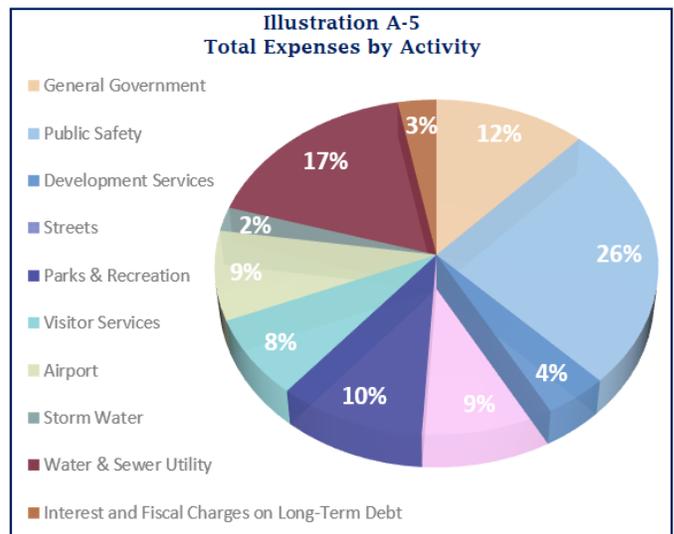
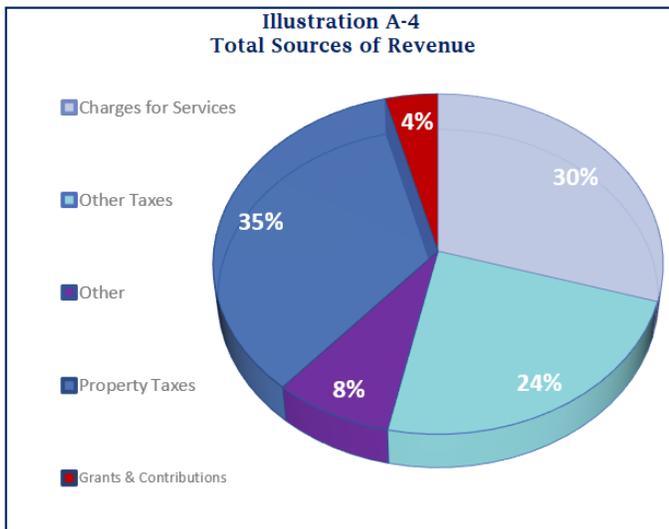
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	\$ 112,124	\$ 100,688	\$ 109,675	\$ 100,825	\$ 221,798	\$ 201,513
Capital, Lease, and Subscription Assets	211,240	202,954	118,373	116,003	329,612	318,957
Total Assets	323,364	303,642	228,048	216,828	551,410	520,470
Deferred Outflows of Resources:						
Deferred Charges on Refundings	806	913	329	373	1,134	1,286
Deferred Outflows on Pensions	3,913	7,560	727	1,405	4,639	8,965
Deferred Outflows on OPEB	414	486	91	107	506	593
Total Deferred Outflows of Resources	5,133	8,959	1,147	1,885	6,280	10,844
Liabilities:						
Long-Term Liabilities Outstanding	138,072	131,600	36,697	34,708	174,769	166,308
Other Liabilities	11,042	9,644	3,523	3,574	14,565	13,218
Total Liabilities	149,114	141,244	40,220	38,282	189,334	179,526
Deferred Inflows of Resources:						
Deferred Inflows on Pensions	1,581	437	293	81	1,874	518
Deferred Inflows on OPEB	1,526	1,641	337	362	1,864	2,003
Deferred Inflows on Public-Private Partnerships	-	-	59,816	52,064	59,816	52,064
Total Deferred Inflows of Resources	3,107	2,078	60,446	52,507	63,554	54,585
Net Position:						
Net Investment in Capital Assets	126,392	119,853	91,888	91,698	218,279	211,551
Restricted :						
Debt Service	633	823	-	-	633	822
Tourism/Hotel	5,661	6,242	-	-	5,661	6,242
Child Safety	221	202	-	-	221	202
Justice Administration	131	111	-	-	131	111
Court Technology	81	67	-	-	81	67
Public Safety	132	98	-	-	132	98
Court Security	31	41	-	-	31	51
Other Purposes	28	12	-	-	28	12
Unrestricted	42,965	41,830	36,641	36,226	79,607	78,056
Total Net Position	\$ 176,275	\$ 169,279	\$ 128,529	\$ 127,924	\$ 304,805	\$ 297,203



As reflected in Table A-2, the Town's net position increased \$7,602 during the 2025 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,810	\$ 7,228	\$ 25,594	\$ 25,204	\$ 32,404	\$ 32,432
Capital Grants & Contributions	3,385	100	952	9,072	4,337	9,172
Operating Grants & Contributions	122	113	100	100	222	213
General Revenues:						
Property Taxes	37,742	35,759	-	-	37,742	35,759
Other Taxes	25,777	25,989	-	-	25,777	25,989
Other	4,502	5,523	4,141	6,998	8,643	12,520
Total Revenues	78,337	74,713	30,787	41,373	109,124	116,086
Expenses:						
General Government	11,683	11,089	-	-	11,683	11,088
Public Safety	27,843	24,091	-	-	27,843	24,091
Development Services	4,773	4,029	-	-	4,773	4,029
Streets	8,038	8,366	-	-	8,038	8,366
Parks & Recreation	9,593	9,330	-	-	9,593	9,330
Visitor Services	7,978	7,174	-	-	7,978	7,174
Interest and Fiscal Charges on Long-Term Debt	3,188	2,819	-	-	3,188	2,819
Airport	-	-	9,329	8,051	9,329	8,051
Storm water	-	-	2,175	2,170	2,176	2,170
Water & Sewer Utility	-	-	16,923	16,112	16,923	16,112
Total Expenses	73,095	66,898	28,427	26,332	101,522	93,230
Increase (decrease) in net position	5,242	7,816	2,360	15,041	7,602	22,857
Transfers	1,755	737	(1,755)	(737)	-	-
Change in Net Position	6,997	8,553	605	14,304	7,602	22,857
Net Position - Beginning of year	169,279	160,726	127,924	113,620	297,203	274,346
Net Position - End of year	\$ 176,276	\$ 169,279	\$ 128,529	\$ 127,924	\$ 304,805	\$ 297,203



Governmental Activities

Governmental activities increased the Town of Addison's net position by \$6,997 in fiscal year 2025 as compared to a \$8,552 increase in fiscal year 2024. The major changes from 2024 to 2025 are as follows:

1. Property tax revenue increased by \$1,982 due to increasing market values of properties.
2. Net Investment Income/(Loss) decreased by (\$776) due to decreases in market value of the Town's investment portfolio, as the Town increases investments in longer-term investments that guarantee optimal actual investment earnings but fluctuate in value as the market interest rates change.
3. Streets charges for services increased by \$2,580 because in fiscal year 2025 there were some large streets projects the Town jointly participated in and received several large reimbursements of expenses.
4. Visitor Services expenses increased by \$804 due to increases in special event and performing arts staff personnel costs from the addition of 1.3 employees, increased landscaping costs at Addison Circle Park for Town special events, increased activities and associated costs at Town special events, and an increased contribution from general hotel operations to the Facility Maintenance Fund.
5. Public safety expenses increased \$3,752 primarily due to the Town's share of costs associated with the construction of a new facility that will be owned by the joint venture, North Texas Emergency Communications Center.

Business-Type Activities

The Town's business-type activities experienced a \$605 decrease in net position, with the Airport Fund recording a decrease of \$(195), due mainly to the cash transfer to the Debt Service Fund and the capital asset transfer to the Stormwater Fund during the fiscal year. The Utility Fund posted an increase in net position of \$874, due mainly to a transfer of capital assets from the Stormwater Fund and developer contributions in the current year. The Stormwater Fund posted a decrease in net position of \$(552), mainly due to the transfer of capital assets to the Utility Fund and the general government.

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, 2025, the Town's governmental funds reported combined ending fund balances of \$89,142, an increase of \$9,848 compared to balances a year earlier. Of the ending balance, \$20,821 or 23.4 percent is *unassigned* and is available to the Town for future spending. Most of the remaining fund balance is *restricted* for future capital projects (\$36,938), promotion of tourism and hotel industry (\$5,409), debt service (\$518) or *committed* for Economic Development (\$3,823) and Capital Projects (\$20,856). Components of the net decrease of total fund balance are:

- In the General Fund, expenditures and transfers out totaled \$52,763 compared to revenues of \$52,803. Expenditures increased \$1,716 from the 2024 fiscal year. This increase is primarily due to the increases in public safety (\$731), due to increased personnel costs related to market and merit salary increases, and development services (\$880), due to the transition of animal control services division and related costs from public safety to this department. Revenues increased \$465 from the previous year. The increase was mainly due to an increase in ad valorem taxes.
- In the Hotel Fund, expenditures totaled \$7,407 compared to revenues of \$6,888. Fund revenues decreased \$(506) from the previous year mainly from the decrease in investment income coupled with a slight decrease in hotel tax revenue from hotel occupancy and room rates decreasing slightly from the previous year. Expenditures increased \$638 from fiscal year 2025 mainly due to expansion of special event activities and costs and new personnel.
- The General Obligation Debt Service Fund recorded a net decrease in fund balance of \$(209), which is \$188 more than the net decrease for fiscal year 2024. The decrease is predominantly due to increases in debt service payments combined with the intent to limit the fund balance reserve to an amount slightly above future year debt service requirements.
-

- The Capital Project Fund recorded a net increase in fund balance of \$9,404, primarily due to the issuance of \$20,461 in debt during the fiscal year and \$3,275 in capital project reimbursements, offset by an overall increase in expenditures of \$3,265 related to the new debt issuances. The Town is steadily spending its bond proceeds in accordance with its five year capital improvement projects plan. Included in these funds is the Infrastructure Investment Fund with an ending fund balance of \$4,445 as of September 30, 2025. Other balances included are for capital projects funded with unspent bond proceeds as of the end of the fiscal year, as well as savings from general operations transferred to the Self-Funded Project fund and a small fund designated for street maintenance for future capital projects.

Proprietary funds - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Airport Fund at the end of the fiscal year amounted to \$10,196; the Utility Fund reported an unrestricted net position of \$15,004, while the Stormwater Fund reported an unrestricted net position of \$8,632.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget are described below, **not expressed in thousands of dollars (000's)**:

Sales tax revenue was amended to recognize an increase in sales tax collections by \$360,000. Additionally, the budget was amended to increase the appropriation for sales tax collection services, and to add a Development Relations Project Manager position. All budget amendments approved did not result in a net change to appropriations.

The adjustments resulted in increasing budgeted revenue 0.7 percent and increasing expenditures by 0.7 percent. \$2,250,000 was transferred to the Self-Funded Project Fund for future capital needs, and \$750,000 was transferred to the Economic Development Fund for future economic development planning and incentives. This was authorized by Section 3 of the September budget amendment ordinance that allowed the City Manager to transfer unexpended appropriations and excess revenue at the end of the fiscal year.

The final actuals resulted in revenues that were 4.5 percent higher than the revised budget, due primarily to sales tax and net investment income outperforming budget projections. Expenditures were 1.7 percent lower than the revised budget. The decrease in expenditures resulted from savings on maintenance and contractual services in various departments.

Capital, Subscription and Lease Asset and Debt Administration

Capital, subscription and lease assets – As detailed in Table A-3 below, the Town of Addison's investment in capital, subscription and lease assets for its governmental and business-type activities as of September 30, 2025, totals \$329,613 (net of accumulated depreciation/ amortization). This amount represents a \$10,655 increase from the previous year and is attributed to the increase in current construction of assets less depreciation of existing assets. Some of the projects in progress include Vitruvian Public Infrastructure, Midway Road Reconstruction, Airport Parkway Reconstruction, Keller Springs Road Reconstruction, Quorum Drive Reconstruction, and Airport Fuel Storage Expansion. 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, Subscription and Lease Assets
(Net of Depreciation/Amortization) (000's)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 73,538	\$ 72,976	\$ 17,259	\$ 17,259	\$ 90,797	\$ 90,235
Intangible Assets	862	862	-	-	862	862
Buildings	7,015	6,877	33,161	33,976	40,176	40,852
Lease Buildings	110	158	-	-	110	158
Improvements other than Buildings	52,521	58,186	57,107	54,463	109,628	112,649
Machinery and Equipment	15,461	14,716	3,598	3,953	19,059	18,669
Lease Equipment	86	107	-	-	86	107
Subscription Assets	783	788	-	-	783	788
Construction in Progress	60,864	48,285	7,248	6,352	68,112	54,636
Total Capital, Subscription, and Lease Assets	\$ 211,240	\$ 202,955	\$ 118,373	\$ 116,003	\$ 329,613	\$ 318,958

Long-term debt – At the end of the 2025 fiscal year, the Town of Addison had total bonded debt outstanding of \$134,025 as detailed in Table A-4. The Town of Addison maintains an underlying bond rating of “AAA” from Standard & Poor’s and “Aaa” from Moody’s. Several of the Town’s outstanding debt issuances are insured. 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 Bonded Debt (000's)**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 73,250	\$ 79,190	\$ 8,395	\$ 9,385	\$ 81,645	\$ 88,575
Certificates of Obligation	28,155	24,455	24,225	20,540	52,380	44,995
Total Debt Outstanding	\$ 101,405	\$ 103,645	\$ 32,620	\$ 29,925	\$ 134,025	\$ 133,570

Economic Factors and Next Year’s Budget and Rates

The development of the Town's budget is guided by several factors including the Town's strategic plan and prevailing economic conditions. The fiscal year 2026 budget plan adopted by the City Council adheres to the Town's financial policies and preserves the Town's strong financial position while providing excellent levels of service. The annual budget is adopted within context of five-year financial plans for the General, Hotel, Airport, and Utility funds. The long-term financial plans project major operating revenues and categories of expenses. Changes in fund balances are monitored to ensure that the Town is in compliance with adopted fund balance policy.

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

Revenue assumptions in the General Fund are expected to take into consideration current economic indicators. Revenues, such as property tax revenue and sales tax revenue, are forecasted using both historical results and current trends. Certified taxable property values in Addison totaled \$6,620,550,955 for fiscal year 2026, which represented a 2.5 percent increase from the previous year. The property tax rate declined by \$0.001722 to \$0.608100 per \$100 appraised value, as compared to the previous fiscal year. Of the 2026 budget tax rate, \$0.433100 was levied for operation/maintenance and \$0.175000 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2024. Sales tax collections were projected to increase slightly in fiscal year 2026 compared to the 2025 budget.

Hotel occupancy tax collections were budgeted to increase by approximately 2 percent between fiscal year 2025 and fiscal year 2026.

Requests for Information

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

Town of Addison
 Finance Department
 P.O. Box 9010
 Addison, TX 75001
 Telephone: (972) 450-7050
 Email: sglickman@addisontx.gov



BASIC FINANCIAL
Statements

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Pooled Cash and Investments	\$ 100,948,369	\$ 36,014,748	\$ 136,963,117
Receivables, Net of Allowances for Uncollectibles	8,214,209	4,531,810	12,746,019
Prepaid Items	158,175	64,333	222,508
Inventories, at Cost	33,326	-	33,326
Investment in Joint Venture	2,769,717	5,981,022	8,750,739
Public-Private Partnerships Receivable	-	63,082,895	63,082,895
Capital, Lease, and Subscription Assets, Net of Accumulated Depreciation/Amortization			
Land	73,538,451	17,258,730	90,797,181
Intangible Assets	862,221	-	862,221
Buildings	7,014,759	33,160,722	40,175,481
Lease Buildings	110,355	-	110,355
Improvements other than Buildings	52,520,744	57,106,925	109,627,669
Machinery and Equipment	15,460,710	3,597,946	19,058,656
Lease Equipment	85,677	-	85,677
Subscription Assets	782,774	-	782,774
Construction in Progress	60,864,145	7,248,445	68,112,590
Total Assets	323,363,632	228,047,576	551,411,208
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	806,482	328,840	1,135,322
Deferred Outflows on Pensions	3,912,754	727,232	4,639,986
Deferred Outflows on OPEB	413,498	91,320	504,818
Total Deferred Outflows of Resources	5,132,734	1,147,392	6,280,126
LIABILITIES			
Accounts Payable and Accrued Liabilities	11,030,703	1,616,009	12,646,712
Customer Deposits	10,953	1,906,889	1,917,842
Long-Term Liabilities			
Due within One Year	9,794,051	2,507,006	12,301,057
Due in More Than One Year	128,278,266	34,190,030	162,468,296
Total Liabilities	149,113,973	40,219,934	189,333,907
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows on Pensions	1,580,659	293,339	1,873,998
Deferred Inflows on OPEB	1,526,371	337,098	1,863,469
Deferred Inflows on Public-Private Partnerships	-	59,815,335	59,815,335
Total Deferred Inflows of Resources	3,107,030	60,445,772	63,552,802
NET POSITION			
Net Investment in Capital Assets	126,391,640	91,887,828	218,279,468
Restricted for:			
Debt Service	632,563	-	632,563
Promotion of Tourism and Hotel Industry	5,661,238	-	5,661,238
Child Safety	221,561	-	221,561
Justice Administration	130,763	-	130,763
Court Technology	80,773	-	80,773
Court Security	31,373	-	31,373
Public Safety	131,948	-	131,948
Other Purposes	28,273	-	28,273
Unrestricted	42,965,231	36,641,434	79,606,665
Total Net Position	\$ 176,275,363	\$ 128,529,262	\$ 304,804,625

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, 2025

Functions/Programs	Program Revenues				Net (Expense)/Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 11,682,517	\$ 1,357,812	\$ -	\$ -	\$ (10,324,705)	\$ -	\$ (10,324,705)
Public Safety	27,843,571	1,444,305	100,107	50,000	(26,249,159)	-	(26,249,159)
Development Services	4,773,236	1,725,350	11,684	-	(3,036,202)	-	(3,036,202)
Streets	8,038,430	567,426	-	20,000	(7,451,004)	-	(7,451,004)
Parks and Recreation	9,592,755	182,823	10,276	3,314,686	(6,084,970)	-	(6,084,970)
Visitor Services	7,977,705	1,532,199	-	-	(6,445,506)	-	(6,445,506)
Interest on Long-Term Debt	3,187,865	-	-	-	(3,187,865)	-	(3,187,865)
Total Governmental Activities	73,096,079	6,809,915	122,067	3,384,686	(62,779,411)	-	(62,779,411)
Business-Type Activities:							
Airport	9,328,810	6,268,636	100,000	763,000	-	(2,197,174)	(2,197,174)
Utilities	16,922,741	16,727,579	-	189,442	-	(5,720)	(5,720)
Stormwater	2,175,498	2,597,602	-	-	-	422,104	422,104
Total Business-Type Activities	28,427,049	25,593,817	100,000	952,442	-	(1,780,790)	(1,780,790)
Total Primary Government	\$ 101,523,128	\$ 32,403,732	\$ 222,067	\$ 4,337,128	(62,779,411)	(1,780,790)	(64,560,201)
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes					37,741,604	-	37,741,604
Sales Taxes					18,738,450	-	18,738,450
Franchise Taxes					2,036,189	-	2,036,189
Hotel/Motel Taxes					5,002,947	-	5,002,947
Net Investment Income/(Loss)					4,233,912	3,837,809	8,071,721
Gain on Sale of Capital Assets					-	18,750	18,750
Public-Private Partnership Revenues					-	270,893	270,893
Miscellaneous					268,190	13,383	281,573
Transfers					1,754,734	(1,754,734)	-
Total General Revenues and Transfers					69,776,026	2,386,101	72,162,127
Change in Net Position					6,996,615	605,311	7,601,926
NET POSITION, Beginning of Year					169,278,748	127,923,951	297,202,699
NET POSITION, End of Year					\$ 176,275,363	\$ 128,529,262	\$ 304,804,625

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2025

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:						
Pooled Cash and Investments	\$ 22,978,920	\$ 5,440,611	\$ 561,687	\$ 60,978,151	\$ 4,500,200	\$ 94,459,569
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	345,332	-	142,680	5,221	19,994	513,227
Non-Property Taxes	3,132,202	854,065	-	-	-	3,986,267
Franchise Fees	284,321	-	-	-	-	284,321
Service Fees, Net	268,724	-	-	-	-	268,724
Ambulance, Net	708,995	-	-	-	-	708,995
Interest	142,329	29,466	2,469	233,576	20,239	428,079
Intergovernmental	10,276	-	-	53,597	-	63,873
Other	9,190	515,759	-	1,388,338	-	1,913,287
Prepaid Items	131,186	26,989	-	-	-	158,175
Inventories, At Cost	33,326	-	-	-	-	33,326
Total Assets	<u>\$ 28,044,801</u>	<u>\$ 6,866,890</u>	<u>\$ 706,836</u>	<u>\$ 62,658,883</u>	<u>\$ 4,540,433</u>	<u>\$ 102,817,843</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 4,221,741	\$ 1,221,525	\$ 45,927	\$ 4,860,309	\$ 111,206	\$ 10,460,708
Intergovernmental Payable	2,285	957	-	-	-	3,242
Customer Deposits	1,853	9,100	-	-	-	10,953
Total Liabilities	<u>4,225,879</u>	<u>1,231,582</u>	<u>45,927</u>	<u>4,860,309</u>	<u>111,206</u>	<u>10,474,903</u>
Deferred Inflows of Resources:						
Unavailable Resources	<u>2,833,750</u>	<u>199,487</u>	<u>142,680</u>	<u>5,221</u>	<u>19,994</u>	<u>3,201,132</u>
Total Deferred Inflows of Resources	<u>2,833,750</u>	<u>199,487</u>	<u>142,680</u>	<u>5,221</u>	<u>19,994</u>	<u>3,201,132</u>
Fund Balances:						
Nonspendable						
Inventories	33,326	-	-	-	-	33,326
Prepaid Items	131,186	26,989	-	-	-	158,175
Restricted						
Debt Service	-	-	518,229	-	-	518,229
Promotion of Tourism and Hotel Industry	-	5,408,832	-	-	-	5,408,832
Capital Projects	-	-	-	36,937,783	-	36,937,783
Child Safety	-	-	-	-	221,561	221,561
Justice Administration	-	-	-	-	101,870	101,870
Court Technology	-	-	-	-	80,773	80,773
Court Security	-	-	-	-	31,373	31,373
Public Safety	-	-	-	-	122,806	122,806
Governmental Public Education	-	-	-	-	28,273	28,273
Committed						
Capital Projects	-	-	-	20,855,570	-	20,855,570
Economic Development	-	-	-	-	3,822,577	3,822,577
Unassigned	<u>20,820,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,820,660</u>
Total Fund Balance	<u>20,985,172</u>	<u>5,435,821</u>	<u>518,229</u>	<u>57,793,353</u>	<u>4,409,233</u>	<u>89,141,808</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 28,044,801</u>	<u>\$ 6,866,890</u>	<u>\$ 706,836</u>	<u>\$ 62,658,883</u>	<u>\$ 4,540,433</u>	<u>\$ 102,817,843</u>

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 POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 89,141,808
Amounts reported for governmental activities in the statement of net position are different because:	
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. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position. The effect of this consolidation is to increase net position.	15,057,644
Capital, lease, and subscription assets used in governmental activities, including infrastructure and developer contributions, are not financial resources and therefore are not reported in fund financial statements. Capital, lease, and subscription assets of \$202,213,688, net of accumulated depreciation/amortization of \$183,270,289, increased net position in the government-wide financial statements. This amount is exclusive of the capital and subscription assets of internal service funds with a net carrying value of \$9,307,021, of which \$280,873 was applied to business-type activities and \$9,026,148 was applied to governmental activities.	202,213,688
Investment in Joint Venture is not financial resources and is not reported in the fund financial statements. Investment in Joint Venture increased net position in the government-wide financial statements.	2,769,717
Deferred losses on refundings of debt have been reflected net of amortization in the government-wide financial statements.	806,482
Bonds payable, contractual obligations, loans, and related premium and discount amounts have not been included in the fund financial statements.	(120,749,499)
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(1,504,168)
Net and total OPEB liability is not reflected in the fund financial statements.	(1,974,239)
Deferred outflows on OPEB, net of amortization, are not reflected in fund financial statements.	413,498
Deferred inflows on OPEB, net of amortization, are not reflected in fund financial statements.	(1,526,371)
Deferred outflows on pension costs, net of amortization, are not reflected in fund financial statements.	3,912,754
Deferred inflows on pension costs, net of amortization, are not reflected in fund financial statements.	(1,580,659)
Net pension liability is not reflected in fund financial statements.	(12,944,904)
Leases payable are not reflected in fund financial statements.	(216,214)
Subscriptions payable are not reflected in fund financial statements. This amount is exclusive of subscriptions payable in the internal service funds of \$417,008.	(266,284)
Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net position.	(479,022)
Revenue from property taxes, sales taxes, hotel taxes, franchise fees, court bonds, ambulance billing, alarm billing, and intergovernmental grants is a deferred inflow in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide statements.	3,201,132
Net Position of Governmental Activities	\$ 176,275,363

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, 2025

	General Fund	Hotel	General Obligation Debt Service	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:						
Ad Valorem Taxes	\$ 25,298,852	\$ -	\$ 10,515,447	\$ 382,693	\$ 1,463,626	\$ 37,660,618
Non-Property Taxes	18,826,247	5,042,545	-	-	-	23,868,792
Franchise Fees	2,014,588	-	-	-	21,601	2,036,189
Licenses and Permits	1,339,280	-	-	-	-	1,339,280
Intergovernmental	-	-	-	54,097	56,666	110,763
Service Fees	3,323,388	1,392,468	-	29,184	350	4,745,390
Fines and Forfeitures	395,446	-	-	-	61,461	456,907
Net Investment Income/(Loss)	1,353,586	275,813	96,628	2,011,275	184,201	3,921,503
Rental Charges	7,600	177,216	-	-	-	184,816
Other	244,437	10	-	3,274,934	51,028	3,570,409
Total Revenues	52,803,424	6,888,052	10,612,075	5,752,183	1,838,933	77,894,667
EXPENDITURES:						
Current:						
General Government	10,696,339	-	-	-	6,118	10,702,457
Public Safety	26,092,675	-	-	-	65,533	26,158,208
Development Services	3,202,236	-	-	-	12,613	3,214,849
Streets	1,711,114	-	-	-	-	1,711,114
Parks and Recreation	7,826,579	-	-	-	-	7,826,579
Visitor Services	-	7,407,001	-	-	-	7,407,001
Municipal Court	-	-	-	-	38,983	38,983
Economic Development	-	-	-	-	1,422,817	1,422,817
Debt Service:						
Principal Retirement	180,078	-	7,985,000	24,223	-	8,189,301
Interest and Fiscal Charges	14,395	-	3,808,750	3,200	-	3,826,345
Capital Projects and Outlay:						
Engineering and Contractual Services	-	-	-	3,596,312	-	3,596,312
Construction and Equipment	39,570	-	-	15,434,978	-	15,474,548
Total Expenditures	49,762,986	7,407,001	11,793,750	19,058,713	1,546,064	89,568,514
Excess/(Deficiency) of Revenues over/(under) Expenditures	3,040,438	(518,949)	(1,181,675)	(13,306,530)	292,869	(11,673,847)
OTHER FINANCING SOURCES/(USES):						
Transfers In	-	-	972,958	2,250,000	750,000	3,972,958
Transfers Out	(3,000,000)	-	-	-	-	(3,000,000)
Sale of Governmental Assets	48,729	-	-	-	-	48,729
Subscriptions	39,570	-	-	-	-	39,570
Issuance or Refunding of Debt	-	-	-	20,045,000	-	20,045,000
Premium on Issuance or Refunding	-	-	-	415,780	-	415,780
Total Other Financing Sources/(Uses)	(2,911,701)	-	972,958	22,710,780	750,000	21,522,037
Net Change in Fund Balance	128,737	(518,949)	(208,717)	9,404,250	1,042,869	9,848,190
Fund Balances at Beginning of Year	20,856,435	5,954,770	726,946	48,389,103	3,366,364	79,293,618
Fund Balances at End of Year	\$ 20,985,172	\$ 5,435,821	\$ 518,229	\$ 57,793,353	\$ 4,409,233	\$ 89,141,808

See accompanying notes to 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, 2025

Total Net Change in Fund Balances - Total Governmental Funds			\$ 9,848,190
Amounts reported for governmental activities in the statement of activities are different because:			
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. A portion of 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 decrease net position.			
		(120,774)	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital, lease, and subscription assets in the government-wide financial statements. The effect of removing the capital outlays is to increase net position. This amount excludes \$2,951,589 of capital outlays from the internal service funds for governmental activities.			
		15,752,869	
Capital assets transferred from proprietary funds, \$781,776, as well as capital contributions, \$79,752, are not recognized in fund financial statements. The government-wide statement of activities will reflect an increase in net position.			
		861,528	
Losses on disposals of capital assets are not recognized in fund financial statements. The government-wide statement of activities will reflect a decrease in net position.			
		(146,792)	
Depreciation and amortization are not recognized as an expense in governmental funds since they do not require the use of current financial resources. The effect of recording the current year's depreciation and amortization is to decrease net position. This amount excludes \$2,123,121 depreciation and amortization in the internal service funds, of which \$2,090,711 was for governmental activities and \$32,410 was for business-type activities.			
		(8,952,078)	
The Town's share of net gain from Investment in Joint Venture is not reflected in fund financials.			
		967,669	
The issuance of long-term debt increases the current financial resources of governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but both have no effect on net position. The amortization of prepaid insurance associated with the issuance of long-term debt, bond premiums, bond discounts, and deferred gain/loss on refunding of long term debts is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenditures, and changes in fund balance. This amount represents the change in net position of the following:			
Arbitrage liability		312,409	
Subscriptions issued and transferred in from Internal Service Funds		(21,429)	
Bonds and loans issued, including discounts or premiums		(20,460,780)	
Bond repayments, including refunded amounts of principal and premiums		7,985,000	
Lease principal payments		69,770	
Subscription principal payments		134,531	
Amortization of bond premiums, discounts, and losses on refunding		679,849	
		(11,300,650)	
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 position.			
		(309,227)	
The current year decrease in the net and total OPEB liability of \$121,522, amortization of deferred inflows and outflows on OPEB of \$42,916 are not shown in the fund financial statements. The effect of recording these amounts is to increase net position.			
		164,438	
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 increase in accrued interest is to decrease net position.			
		(42,997)	
Decrease in net pension liability of \$5,014,538 and amortization of deferred inflows and outflows on pensions of (\$4,791,231), increases net position by decreasing the pension expense in each function.			
		223,307	
Revenue from property taxes, sales taxes, hotel taxes, franchise fees, court bonds, ambulance billing, alarm 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.			
		51,132	
Change in Net Position of Governmental Activities			\$ 6,996,615

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, 2025

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad Valorem Taxes:				
Current	\$ 25,615,206	\$ 25,615,206	\$ 25,800,819	\$ 185,613
Delinquent	(200,000)	(200,000)	(618,693)	(418,693)
Penalties and Interest	50,000	50,000	116,726	66,726
Total Ad Valorem	<u>25,465,206</u>	<u>25,465,206</u>	<u>25,298,852</u>	<u>(166,354)</u>
Non-Property Taxes:				
Sales Tax	16,165,000	16,525,000	17,634,389	1,109,389
Alcoholic Beverage Tax	1,300,000	1,300,000	1,191,858	(108,142)
Total Non-Property Taxes	<u>17,465,000</u>	<u>17,825,000</u>	<u>18,826,247</u>	<u>1,001,247</u>
Total Taxes	<u>42,930,206</u>	<u>43,290,206</u>	<u>44,125,099</u>	<u>834,893</u>
Franchise Fees:				
Electric Franchise	1,525,000	1,525,000	1,485,283	(39,717)
Gas Franchise	275,000	275,000	316,001	41,001
Telephone Franchise	160,000	160,000	133,684	(26,316)
Cable Franchise	95,000	95,000	79,620	(15,380)
Total Franchise Fees	<u>2,055,000</u>	<u>2,055,000</u>	<u>2,014,588</u>	<u>(40,412)</u>
Licenses and Permits:				
Business Licenses and Permits	225,700	225,700	203,810	(21,890)
Building and Construction Permits	985,000	985,000	1,135,470	150,470
Total Licenses and Permits	<u>1,210,700</u>	<u>1,210,700</u>	<u>1,339,280</u>	<u>128,580</u>
Service Fees:				
Public Safety	1,139,000	1,139,000	1,303,161	164,161
Urban Development	45,700	45,700	385,720	340,020
Streets and Sanitation	505,000	505,000	547,426	42,426
Recreation	96,000	96,000	146,462	50,462
Interfund	940,619	940,619	940,619	-
Total Service Fees	<u>2,726,319</u>	<u>2,726,319</u>	<u>3,323,388</u>	<u>597,069</u>
Fines and Forfeitures	335,000	335,000	395,446	60,446
Net Investment Income/(Loss)	650,000	650,000	1,353,586	703,586
Rental Charges	8,600	8,600	7,600	(1,000)
Other	<u>337,500</u>	<u>337,500</u>	<u>244,437</u>	<u>(93,063)</u>
Total Revenues	<u>\$ 50,253,325</u>	<u>\$ 50,613,325</u>	<u>\$ 52,803,424</u>	<u>\$ 2,190,099</u>

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, 2025

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
City Secretary:				
Salaries and Fringe Benefits	157,931	157,931	160,720	(2,789)
Supplies	10,950	10,950	8,812	2,138
Maintenance and Materials	12,000	12,000	8,191	3,809
Contractual Services	79,250	79,250	53,674	25,576
Total City Secretary	260,131	260,131	231,397	28,734
City Manager's Office:				
Salaries and Fringe Benefits	917,183	917,183	953,537	(36,354)
Supplies	27,129	27,129	29,353	(2,224)
Maintenance and Materials	87,506	137,506	82,323	55,183
Contractual Services	131,729	131,729	114,185	17,544
Capital Replacement	16,388	16,388	16,388	-
Total City Manager's Office	1,179,935	1,229,935	1,195,786	34,149
Financial and Strategic Services:				
Salaries and Fringe Benefits	1,354,203	1,314,203	1,305,557	8,646
Supplies	14,363	14,363	11,992	2,371
Maintenance and Materials	84,420	84,420	55,676	28,744
Contractual Services	531,893	871,893	875,349	(3,456)
Capital Replacement	28,309	28,309	28,309	-
Total Financial and Strategic Services	2,013,188	2,313,188	2,276,883	36,305
General Services:				
Salaries and Fringe Benefits	952,740	952,740	964,362	(11,622)
Supplies	32,514	32,514	34,005	(1,491)
Maintenance and Materials	157,801	107,801	86,138	21,663
Contractual Services	80,853	80,853	73,883	6,970
Capital Replacement	664,979	664,979	664,979	-
Total General Services	1,888,887	1,838,887	1,823,367	15,520
Municipal Court:				
Salaries and Fringe Benefits	500,014	510,014	517,452	(7,438)
Supplies	8,480	8,480	12,443	(3,963)
Maintenance and Materials	81,202	81,202	73,319	7,883
Contractual Services	87,763	87,763	81,295	6,468
Capital Replacement	27,173	27,173	27,173	-
Total Municipal Court	704,632	714,632	711,682	2,950
Human Resources:				
Salaries and Fringe Benefits	457,055	457,055	449,664	7,391
Supplies	88,503	98,503	140,995	(42,492)
Maintenance and Materials	12,380	12,380	2,172	10,208
Contractual Services	180,974	180,974	149,672	31,302
Capital Replacement	10,211	10,211	10,211	-
Total Human Resources	749,123	759,123	752,714	6,409

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, 2025

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Information Technology:				
Salaries and Fringe Benefits	1,379,418	1,379,418	1,392,583	(13,165)
Supplies	57,114	57,114	42,528	14,586
Maintenance and Materials	848,939	758,939	565,260	193,679
Contractual Services	95,346	95,346	99,808	(4,462)
Capital Replacement	17,892	17,892	17,892	-
Total Information Technology	<u>2,398,709</u>	<u>2,308,709</u>	<u>2,118,071</u>	<u>190,638</u>
Combined Services:				
Salaries and Fringe Benefits	107,500	107,500	93,439	14,061
Supplies	23,500	23,500	15,888	7,612
Contractual Services	1,049,585	1,099,585	1,102,200	(2,615)
Total Combined Services	<u>1,180,585</u>	<u>1,230,585</u>	<u>1,211,527</u>	<u>19,058</u>
City Council Special Projects:				
Salaries and Fringe Benefits	49,857	49,857	50,109	(252)
Supplies	20,000	20,000	21,401	(1,401)
Contractual Services	321,909	321,909	303,402	18,507
Total City Council Special Projects	<u>391,766</u>	<u>391,766</u>	<u>374,912</u>	<u>16,854</u>
Total General Government	<u>10,766,956</u>	<u>11,046,956</u>	<u>10,696,339</u>	<u>350,617</u>
Public Safety:				
Police:				
Salaries and Fringe Benefits	10,781,924	10,521,497	10,536,654	(15,157)
Supplies	338,266	388,266	456,404	(68,138)
Maintenance and Materials	510,591	510,591	511,370	(779)
Contractual Services	1,071,946	985,926	852,719	133,207
Capital Replacement	768,552	768,552	768,552	-
Capital Outlay	-	-	13,904	(13,904)
Total Police	<u>13,471,279</u>	<u>13,174,832</u>	<u>13,139,603</u>	<u>35,229</u>
Emergency Communications:				
Maintenance and Materials	44,733	44,733	180,146	(135,413)
Contractual Services	1,864,273	1,864,273	1,718,410	145,863
Total Emergency Communications	<u>1,909,006</u>	<u>1,909,006</u>	<u>1,898,556</u>	<u>10,450</u>
Fire:				
Salaries and Fringe Benefits	9,394,719	9,394,719	9,357,852	36,867
Supplies	305,367	305,367	292,755	12,612
Maintenance and Materials	390,421	390,421	388,476	1,945
Contractual Services	432,367	432,367	432,782	(415)
Capital Replacement	582,651	582,651	582,651	-
Total Fire	<u>11,105,525</u>	<u>11,105,525</u>	<u>11,054,516</u>	<u>51,009</u>
Total Public Safety	<u>26,485,810</u>	<u>26,189,363</u>	<u>26,092,675</u>	<u>96,688</u>

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, 2025

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Development Services:				
Development Services:				
Salaries and Fringe Benefits	2,356,397	2,526,824	2,493,377	33,447
Supplies	59,643	59,643	70,728	(11,085)
Maintenance and Materials	94,695	94,695	98,311	(3,616)
Contractual Services	350,414	536,434	492,126	44,308
Capital Replacement	47,694	47,694	47,694	-
Total Development Services	<u>2,908,843</u>	<u>3,265,290</u>	<u>3,202,236</u>	<u>63,054</u>
Streets:				
Streets:				
Salaries and Fringe Benefits	485,948	485,948	496,804	(10,856)
Supplies	52,000	52,000	40,554	11,446
Maintenance and Materials	711,147	646,147	297,376	348,771
Contractual Services	805,996	805,996	728,644	77,352
Capital Replacement	47,201	47,201	47,201	-
Capital Outlay	214,000	214,000	100,535	113,465
Total Streets	<u>2,316,292</u>	<u>2,251,292</u>	<u>1,711,114</u>	<u>540,178</u>
Parks and Recreation:				
Parks:				
Salaries and Fringe Benefits	2,931,594	2,861,594	2,860,997	597
Supplies	495,596	495,596	477,760	17,836
Maintenance and Materials	780,319	780,319	831,732	(51,413)
Contractual Services	1,176,081	1,196,081	1,238,873	(42,792)
Capital Replacement	200,734	200,734	203,352	(2,618)
Capital Outlay	67,363	137,363	45,666	91,697
Total Parks	<u>5,651,687</u>	<u>5,671,687</u>	<u>5,658,380</u>	<u>13,307</u>
Recreation:				
Salaries and Fringe Benefits	1,190,033	1,190,033	1,234,577	(44,544)
Supplies	195,294	195,294	137,774	57,520
Maintenance and Materials	231,010	211,010	170,722	40,288
Contractual Services	399,831	419,831	454,140	(34,309)
Capital Replacement	101,727	101,727	101,727	-
Capital Outlay	21,906	86,906	69,259	17,647
Total Recreation	<u>2,139,801</u>	<u>2,204,801</u>	<u>2,168,199</u>	<u>36,602</u>
Total Parks and Recreation	<u>7,791,488</u>	<u>7,876,488</u>	<u>7,826,579</u>	<u>49,909</u>
Debt Service:				
Principal Retirement	-	-	180,078	(180,078)
Interest and Fiscal Charges	-	-	14,395	(14,395)
Total Debt Service	<u>-</u>	<u>-</u>	<u>194,473</u>	<u>(194,473)</u>
Capital Outlay:				
Subscriptions and Leases	-	-	39,570	(39,570)
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>39,570</u>	<u>(39,570)</u>
Total Expenditures	<u>50,269,389</u>	<u>50,629,389</u>	<u>49,762,986</u>	<u>866,403</u>

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, 2025

	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	(16,064)	(16,064)	3,040,438	3,056,502
OTHER FINANCING SOURCES/(USES):				
Transfers Out	-	-	(3,000,000)	(3,000,000)
Sale of Government Assets	20,000	20,000	48,729	28,729
Subscriptions	-	-	39,570	39,570
Total Other Financing Sources/(Uses)	20,000	20,000	(2,911,701)	(2,931,701)
Net Change in Fund Balance	3,936	3,936	128,737	124,801
Fund Balances at Beginning of Year	20,856,435	20,856,435	20,856,435	-
Fund Balances at End of Year	<u>\$ 20,860,371</u>	<u>\$ 20,860,371</u>	<u>\$ 20,985,172</u>	<u>\$ 124,801</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, 2025

	2025			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
REVENUES:				
Hotel/Motel Occupancy Taxes	\$ 5,355,000	\$ 5,355,000	\$ 5,042,545	\$ (312,455)
Service Fees	1,616,000	1,616,000	1,392,468	(223,532)
Net Investment Income/(Loss)	125,000	125,000	275,813	150,813
Rental Charges	160,000	160,000	177,216	17,216
Other	150,000	150,000	10	(149,990)
Total Revenues	<u>7,406,000</u>	<u>7,406,000</u>	<u>6,888,052</u>	<u>(517,948)</u>
EXPENDITURES:				
Visit Addison	757,488	757,488	607,201	150,287
Conference Centre	223,907	223,907	171,661	52,246
Marketing	1,231,963	1,231,963	975,115	256,848
Special Events	4,041,050	4,041,050	4,380,016	(338,966)
Performing Arts	915,874	915,874	894,856	21,018
General Hotel Operations	376,314	376,314	378,152	(1,838)
Total Expenditures	<u>7,546,596</u>	<u>7,546,596</u>	<u>7,407,001</u>	<u>139,595</u>
Net Change in Fund Balance	(140,596)	(140,596)	(518,949)	(378,353)
Fund Balances at Beginning of Year	<u>5,954,770</u>	<u>5,954,770</u>	<u>5,954,770</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 5,814,174</u>	<u>\$ 5,814,174</u>	<u>\$ 5,435,821</u>	<u>\$ (378,353)</u>

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Position
September 30, 2025

	Business Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
ASSETS:					
Current Assets:					
Pooled Cash and Investments	\$ 9,222,497	\$ 12,550,763	\$ 11,432,323	\$ 33,205,583	\$ 9,297,964
Interest Receivable	244,034	66,620	61,219	371,873	47,437
Accounts Receivable, Net	1,080,696	2,677,083	402,158	4,159,937	-
Current Public-Private Partnerships Receivable	943,654	-	-	943,654	-
Prepaid Items	64,333	-	-	64,333	-
Total Current Assets	11,555,214	15,294,466	11,895,700	38,745,380	9,345,401
Non-Current Assets:					
Capital and Subscription Assets:					
Land	15,633,373	1,625,357	-	17,258,730	-
Construction in Progress	3,691,204	1,057,241	2,500,000	7,248,445	882,737
Buildings	29,927,978	8,695,310	-	38,623,288	112,973
Improvements other than Buildings	69,007,300	61,047,972	6,860,510	136,915,782	-
Machinery and Equipment	3,070,871	3,595,271	519,741	7,185,883	19,640,796
Subscription Assets	-	-	-	-	644,310
Accumulated Depreciation and Amortization	(47,784,030)	(40,103,841)	(1,252,362)	(89,140,233)	(11,973,795)
Total Capital and Subscription Assets, Net of Accumulated Depreciation/Amortization	73,546,696	35,917,310	8,627,889	118,091,895	9,307,021
Investment in Joint Venture	-	5,981,022	-	5,981,022	-
Public-Private Partnerships Receivable	62,139,241	-	-	62,139,241	-
Total Non-Current Assets	135,685,937	41,898,332	8,627,889	186,212,158	9,307,021
Total Assets	147,241,151	57,192,798	20,523,589	224,957,538	18,652,422
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Charges on Refundings	35,927	202,495	90,418	328,840	-
Deferred Outflows on Pensions	328,073	344,565	54,594	727,232	-
Deferred Outflows on OPEB	35,992	46,997	8,331	91,320	-
Total Deferred Outflows of Resources	399,992	594,057	153,343	1,147,392	-
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,028,532	\$ 361,927	\$ 74,282	\$ 1,464,741	\$ 83,064
Accrued Interest Payable	41,292	75,658	34,318	151,268	4,668
Current Compensated Absences Payable	68,269	91,790	21,947	182,006	-
Current Maturities of Long-Term Liabilities	550,000	1,170,000	605,000	2,325,000	90,647
Customer Deposits	562,926	1,343,963	-	1,906,889	-
Total Current Liabilities	2,251,019	3,043,338	735,547	6,029,904	178,379
Non-Current Liabilities:					
Long-Term Liabilities, Net of Current Portion	10,126,936	15,585,568	8,477,526	34,190,030	326,361
Total Liabilities	12,377,955	18,628,906	9,213,073	40,219,934	504,740
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows on Pensions	132,436	138,447	22,456	293,339	-
Deferred Inflows on OPEB	132,867	173,490	30,741	337,098	-
Deferred Inflows on Public-Private Partnerships	59,815,335	-	-	59,815,335	-
Total Deferred Inflows of Resources	60,080,638	311,937	53,197	60,445,772	-
NET POSITION:					
Net Investment in Capital Assets	64,986,993	23,841,650	2,778,312	91,606,955	8,840,143
Unrestricted	10,195,557	15,004,362	8,632,350	33,832,269	9,307,539
Total Net Position	\$ 75,182,550	\$ 38,846,012	\$ 11,410,662	\$ 125,439,224	\$ 18,147,682

Reconciliation to business-type activities:
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service balances are included with business-type activities.

\$ 3,090,038

Net Position of business type activities

\$ 128,529,262

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 Position
Year ended September 30, 2025

	Business Type Activities - Enterprise Funds				Governmental Activities
	Airport	Utility	Stormwater	Total	Internal Service
OPERATING REVENUES:					
Water	\$ -	\$ 9,186,886	\$ -	\$ 9,186,886	\$ -
Sewer	-	7,380,181	-	7,380,181	-
Drainage	-	-	2,595,852	2,595,852	-
Penalties	-	124,975	-	124,975	-
Water and Sewer Taps and Other Fees	-	81,983	1,750	83,733	-
Fuel Flowage Fees	1,276,311	-	-	1,276,311	-
Customs Agent Fees	332,325	-	-	332,325	-
Rental Charges	4,442,527	-	-	4,442,527	-
Other Income	324,043	41,672	-	365,715	-
Department Contributions	-	-	-	-	3,260,963
Total Operating Revenues	6,375,206	16,815,697	2,597,602	25,788,505	3,260,963
OPERATING EXPENSES:					
Salaries and Fringe Benefits	3,073,544	3,023,685	883,570	6,980,799	-
Supplies	75,783	198,880	15,170	289,833	22,777
Maintenance and Materials	592,128	961,782	449,906	2,003,816	1,363,434
Contractual Services	1,910,238	1,453,612	295,214	3,659,064	-
Water Purchases	32,419	4,838,580	-	4,870,999	-
Wastewater Purchases	-	4,056,342	-	4,056,342	-
Total Operating Expenses (Excluding Depreciation and Amortization)	5,684,112	14,532,881	1,643,860	21,860,853	1,386,211
Depreciation and Amortization	3,531,599	1,775,863	269,747	5,577,209	2,123,121
Total Operating Expenses	9,215,711	16,308,744	1,913,607	27,438,062	3,509,332
OPERATING INCOME/(LOSS)	(2,840,505)	506,953	683,995	(1,649,557)	(248,369)
NON-OPERATING REVENUES/(EXPENSES):					
Net Investment Income/(Loss)	2,745,346	569,953	522,510	3,837,809	448,321
Gain/(Loss) on Disposal of Assets	-	18,750	-	18,750	175,104
Gain/(Loss) on Joint Venture	-	(81,305)	-	(81,305)	-
Insurance Proceeds	-	-	-	-	9,974
Public-Private Partnership Revenues	270,893	-	-	270,893	-
Interest Expense and Fiscal Charges	(395,129)	(756,606)	(315,158)	(1,466,893)	(9,757)
Total Non-Operating Revenues/(Expenses)	2,621,110	(249,208)	207,352	2,579,254	623,642
NET INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	(219,395)	257,745	891,347	929,697	375,273
Capital Grants and Contributions	763,000	189,442	-	952,442	-
Transfers In	-	426,606	209,869	636,475	-
Transfers Out	(738,396)	-	(1,652,813)	(2,391,209)	(18,141)
CHANGE IN NET POSITION	(194,791)	873,793	(551,597)	127,405	357,132
Net Position at Beginning of Year	75,377,341	37,972,219	11,962,259	125,311,819	17,790,550
Net Position at End of Year	<u>\$ 75,182,550</u>	<u>\$ 38,846,012</u>	<u>\$ 11,410,662</u>	<u>\$ 125,439,224</u>	<u>\$ 18,147,682</u>
Reconciliation to business-type activities:					
Change in net position of enterprise funds				\$ 127,405	
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service balances are included with business-type activities.				477,906	
Change in net position of business type activities				<u>\$ 605,311</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, 2025

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Utility	Stormwater	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 5,258,487	\$ 16,925,275	\$ 2,578,110	\$ 24,761,872	\$ 3,260,963
Payments to Suppliers	(2,609,884)	(11,644,832)	(994,135)	(15,248,851)	(1,388,410)
Payments to Employees for Services	(3,095,584)	(2,992,373)	(866,432)	(6,954,389)	-
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>(446,981)</u>	<u>2,288,070</u>	<u>717,543</u>	<u>2,558,632</u>	<u>1,872,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(4,676,750)	(1,067,236)	(2,565,660)	(8,309,646)	(2,961,766)
Proceeds from Issuance of Long-Term Debt	-	-	5,358,434	5,358,434	-
Principal Paid on Long-Term Debt	(535,000)	(1,120,000)	(620,000)	(2,275,000)	(84,928)
Transfers to Debt Service Fund for Long-Term Debt	(528,527)	-	(444,431)	(972,958)	-
Interest and Fiscal Charges Paid on Long-Term Debt	(419,395)	(831,003)	(309,134)	(1,559,532)	(9,125)
Proceeds from Sale of Capital Assets	-	18,750	-	18,750	196,319
<i>Net Cash Provided/(Used) by Capital and Related Financing Activities</i>	<u>(6,159,672)</u>	<u>(2,999,489)</u>	<u>1,419,209</u>	<u>(7,739,952)</u>	<u>(2,859,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Cash and Investments	2,735,677	558,693	500,334	3,794,704	443,691
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>2,735,677</u>	<u>558,693</u>	<u>500,334</u>	<u>3,794,704</u>	<u>443,691</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	<u>(3,870,976)</u>	<u>(152,726)</u>	<u>2,637,086</u>	<u>(1,386,616)</u>	<u>(543,256)</u>
Cash and Cash Equivalents, October 1	13,093,473	12,703,489	8,795,237	34,592,199	9,841,222
Cash and Cash Equivalents, September 30	<u>\$ 9,222,497</u>	<u>\$ 12,550,763</u>	<u>\$ 11,432,323</u>	<u>\$ 33,205,583</u>	<u>\$ 9,297,966</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ (2,840,505)	\$ 506,953	\$ 683,995	\$ (1,649,557)	\$ (248,369)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:					
Depreciation and Amortization	3,531,599	1,775,863	269,747	5,577,209	2,123,121
Change in Assets, Liabilities, and Deferred Items:					
(Increase)/Decrease in Accounts Receivables	(125,720)	40,971	(19,492)	(104,241)	-
(Increase)/Decrease in Prepaid Items	(3,025)	-	-	(3,025)	54,215
Increase/(Decrease) in Accounts Payable	14,703	(65,988)	(210,267)	(261,552)	(56,414)
Increase/(Decrease) in Customer Deposits	(34,558)	68,607	-	34,049	-
(Increase)/Decrease in Deferred Outflows on Pensions	305,888	321,577	50,702	678,167	-
(Increase)/Decrease in Deferred Outflows on OPEB	6,273	8,191	1,450	15,914	-
Increase/(Decrease) in Deferred Inflows on Pensions	95,796	99,993	16,341	212,130	-
Increase/(Decrease) in Deferred Inflows on OPEB	(10,008)	(13,068)	(2,318)	(25,394)	-
Increase/(Decrease) in Net Pension Liability	(420,405)	(441,217)	(70,167)	(931,789)	-
Increase/(Decrease) in Net/Total OPEB Liability	(10,578)	(13,812)	(2,448)	(26,838)	-
(Increase)/Decrease in Public-Private Partnerships Receivable	(8,978,844)	-	-	(8,978,844)	-
Increase/(Decrease) in Deferred Inflows on Public-Private Partnerships	8,022,403	-	-	8,022,403	-
<i>Net Cash Provided by Operating Activities</i>	<u>\$ (446,981)</u>	<u>\$ 2,288,070</u>	<u>\$ 717,543</u>	<u>\$ 2,558,632</u>	<u>\$ 1,872,553</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Grants and Contributions	\$ 763,000	\$ 189,442	\$ -	\$ 952,442	\$ -
Transfer of Subscription	-	-	-	-	5,370
Transfer of Capital Assets	(209,869)	426,606	(998,513)	(781,776)	-
Capital Assets in Accounts Payable	163,097	180,813	-	343,910	(18,141)
New Subscription	-	-	-	-	(172,119)
Amortization of Public-Private Partnership Deferrals	270,893	-	-	270,893	-
Gain/(Loss) on Joint Venture	-	(81,305)	-	(81,305)	-
<i>Net Noncash Items from Capital and Related Financing Activities</i>	<u>\$ 987,121</u>	<u>\$ 715,556</u>	<u>\$ (998,513)</u>	<u>\$ 704,164</u>	<u>\$ (184,890)</u>

See accompanying notes to the basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Fiduciary Funds
Statement of Fiduciary Net Position

	September 30, 2025	December 31, 2024	
	Tourism Public Improvement District Fund	Other Postemployment Benefits Trust Fund	Total
ASSETS:			
Cash and Investments	\$ 367,647	\$ 811,965	\$ 1,179,612
Total Assets	367,647	811,965	1,179,612
LIABILITIES:			
Investment Fees Payable	-	1,498	1,498
Total Liabilities	-	1,498	1,498
NET POSITION:			
Restricted for Postemployment Benefits Other than Pensions	-	810,467	810,467
Restricted for Tourism Public Improvement District	367,647	-	367,647
Total Net Position	\$ 367,647	\$ 810,467	\$ 1,178,114

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

	For the Year Ended September 30, 2025	For the Year Ended December 31, 2024	Total
	Tourism Public Improvement District Fund	Other Postemployment Benefits Trust Fund	
ADDITIONS:			
Employer Contributions	\$ -	\$ 262,896	\$ 262,896
Investment Income			
Assessments	367,647	-	367,647
Net Increase in Fair Value of Investments	-	47,067	47,067
Interest and Dividends	-	22,873	22,873
Less Investment Expense	-	(5,373)	(5,373)
Net Investment Income	<u>367,647</u>	<u>64,567</u>	<u>432,214</u>
Total Additions	<u>367,647</u>	<u>327,463</u>	<u>695,110</u>
DEDUCTIONS:			
Benefit Payments	-	202,896	202,896
Total Deductions	<u>-</u>	<u>202,896</u>	<u>202,896</u>
Change in Net Position	367,647	124,567	492,214
Net Position, Beginning of Year	<u>-</u>	<u>685,900</u>	<u>685,900</u>
Net Position, End of Year	<u>\$ 367,647</u>	<u>\$ 810,467</u>	<u>\$ 1,178,114</u>

See accompanying notes to basic financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's charter was last amended in January 2021. The Town operates as a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the Town and its inhabitants.

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

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both sets of financial statements classify activities as governmental activities, which are supported by taxes and intergovernmental revenues, business-type activities, which rely on fees and charges for support, or fiduciary, which are assets held in a trustee capacity which cannot be used by the Town for its own activities.

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, proprietary, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are excluded from the government-wide 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, the proprietary funds, and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied.

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town considers all revenues available if they are collected within thirty (30) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, including lease and subscription liabilities, which are recorded when due, and compensated absences, pension, and post-employment benefit obligations, 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, General Obligation Debt Service Fund and Capital Project Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services (except ambulance services), fines and forfeitures (except court warrants), and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Ambulance services, court warrants and 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). This fund has been designated as a major fund by Town management.

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.

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

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Grant Fund - The 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. The fund also accounts for expenditures for which the Town expects to be reimbursed.

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.

PEG Fees Fund - The PEG Fees Fund was created to collect state restricted public, educational, and government access channels, or PEG, fees and account for their use.

The Town reports the following major proprietary funds:

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

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

Stormwater Fund - The Town's Stormwater Fund accounts for maintenance and improvements to Town stormwater infrastructure. It is financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges. All operating, maintenance, and capital expenses are supported solely by the approved user fees. This fund has been designated as a major fund by Town management.

Additionally, the Town reports the following internal service funds:

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

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

Facility Maintenance Fund - The Facility Maintenance Fund is used to accumulate sufficient resources to repair and improve Town facilities. Resources are acquired through charges to operating departments in the funds. The charges are calculated using a straight-line amortization of each component of the facilities based on its expected life. The funds are used to finance repairs and improvements of facilities when needed.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lastly, the Town reports two fiduciary funds:

Other Postemployment Benefits Trust Fund - The Other Postemployment Benefit Trust Fund is an irrevocable trust held by the Town to accumulate assets to cover the cost of benefits paid to retirees.

Addison Tourism Public Improvement District Fund - The Addison Tourism Public Improvement District Fund, in accordance with Chapter 372 of the Texas Local Government Code, consists of funds held by the Town from assessments collected for the benefit of the properties within the district.

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

1) Cash and Investments

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

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

Investments in debt securities for the Town are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town considers quoted market price at September 30, 2025 to be the fair value of investments. Investments in negotiable certificates of deposit are carried at fair value. The government investment pools, TexPool, TexSTAR, Texas CLASS, and LOGIC operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the Town's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

2) Receivables

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 levy date and are considered delinquent after January 31. 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 fuel using the moving-average method.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 maintenance agreements, the quarterly payment to Dallas Central Appraisal District for appraisal fees, the quarterly payment to US Customs and Border Protection for services at the Addison Airport, and postage.

4) Capital, Lease, and Subscription Assets

Capital assets include land, buildings, lease buildings, equipment, lease equipment, subscription assets, 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 three years or more for equipment and ten years or more for improvements.
- Original unit cost of the equipment should be \$5,000 or greater and includes all costs enabling the item into operation, such as freight, installation, and accessories; capital improvements should be \$25,000 or greater.
- The item should not be consumed, unduly altered, or materially reduced in value immediately by use.

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 if 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 acquisition value as of the date donated. Depreciation and amortization 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
Lease buildings.....	10 years
Improvements other than buildings.....	20-50 years
Equipment.....	3-50 years
Lease equipment.....	3-10 years
Subscription assets.....	3-10 years

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

5) Compensated Absences

Vacation and holiday time are accrued as liabilities as employees earn the benefits to the extent that they meet all of the following criteria: 1) the Town's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the Town will compensate for the benefits through vacation and holiday time or some other means, such as cash payments. An employee is reimbursed for all accumulated holidays and vacation days not exceeding two years' accumulation.

For the government-wide financial statements, as well as the proprietary fund financial statements, outstanding compensated absences are recorded as a liability based on the last-in-first-out (LIFO) method and is based on the reimbursable hours at the employees' rate of pay as of September 30, 2025. The Town's liability for compensated absences increased \$330,758 for a total liability of \$1,699,735.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6) Leases

The Town of Addison is a lessee for noncancellable leases of equipment and building office space. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The town recognizes lease assets with an initial, individual value of \$30,000 or more.

At the commencement of a lease, the Town of Addison initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The interest rate charged by the lessor will be used as the discount rate. When the interest rate charged by the lessor is not provided, the Town will generally use its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town of Addison monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

7) Subscription-Based Information Technology Arrangements (SBITA)

The Town of Addison has several software subscriptions under GASB 96. The Town recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) for these subscriptions. The Town recognizes subscription assets with an initial, individual value of \$30,000 or more.

At the commencement of a subscription, the Town of Addison initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at, and certain payments made before the subscription commencement date, plus certain initial direct costs. The subscription asset is amortized on a straight-line basis over the shorter of its useful life or the subscription term.

Key estimates and judgments related to subscriptions include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The interest rate charged by the vendor will be used as the discount rate. When the interest rate charged by the vendor is not provided, the Town will generally use its estimated incremental borrowing rate as the discount rate for the subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town of Addison monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8) Grants and Contributions

Included in capital grants and contributions in the government-wide financial statements is \$189,442 in developer contributions to the Utility Fund, \$763,000 capital grant to the Airport for service road improvements, \$20,000 developer donations to Streets, \$3,274,934 reimbursement for trail improvements, and \$59,752 in donated artwork. Capital grants also includes a \$50,000 contribution for capital medical equipment. Operating grants and contributions includes \$100,107 of grant funding for public safety, a \$11,684 retail food regulatory grant, \$10,276 grant funding to cover park storm damage, and a \$100,000 grant for Airport operations.

9) Deferred Outflows/Inflows of Resources

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

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and other postemployment benefit (OPEB) contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in OPEB assumptions - These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with OPEB through the OPEB plans (active and inactive employees) determined as of the beginning of the measurement period.
- Difference in expected versus actual experience for pensions and OPEB - This difference is deferred and amortized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period or employees who are provided OPEB through the Town's OPEB plan.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four types of items that qualify for reporting in this category. The difference due to changes in OPEB and pension assumptions is deferred and recognized over the estimated average remaining service lives of all employees that are provided with OPEB and pensions through the OPEB and pension plans (active and inactive employees) determined as of the beginning of the measurement period. The difference in expected and actual OPEB and pension experience is deferred and recognized over the estimated average remaining service lives of all employees that are provided with OPEB through the OPEB plans or pensions (active and inactive employees) determined as of the beginning of the measurement period. The difference between actual and projected investment earnings on OPEB and pensions is amortized over the estimated average remaining service lives of all employees that are provided with OPEB through the OPEB plan or pensions (active and inactive employees) determined as of the beginning of the measurement period. The deferred inflows from public-private partnerships are amortized over the life of the agreements.

10) Fund Equity

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

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – Amounts whose use is constrained by specific limitations that the Town imposes itself, as determined through an ordinance passed by the Town Council. Once adopted, the limitation imposed by the ordinance remains in place until another ordinance removes or revises the limitation.

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

Unassigned – Amounts not contained in other classifications that can be used for any purpose. Only the General Fund reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

The Town will utilize funds for expenditures from the most restrictive fund balance first when more than one fund balance classification is available, with most restrictive being restricted, then committed, then assigned, and lastly unassigned.

11) Minimum Fund Balance Policy

It is the desire of the Town to maintain adequate fund balances to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 30 percent of budgeted expenditures, and a minimum fund balance of 25 percent of budgeted expenditures for all other operating funds.

12) Net Position

Net Position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the remaining amount not contained in the other classifications and can be used for any purpose. Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budgetary control is maintained at the department level, which is a subset of the functional level, by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.

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

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. The FY2025 budget was amended two times, and the amendments were approved by City Council on April 22, 2025, and September 23, 2025. The April 22nd amendment was to allocate funding for sales tax recovery contractual services and a Development Relations Project Manager, offset by an equal increase in Sales Tax revenue. The amendment also reallocated expenditures between the Police and Development Services departments in the General Fund, specifically personnel and contractual services, as a result of the transfer of the Animal Services function from the Police Department to the Development Services Department. In addition, the amendment allocated funds in the Infrastructure Investment Fund for prior year encumbrances related to the Traffic Signal and ADA Improvements and Conference Center Renovation projects. It also allocated funds in the Self-Funded Special Projects Fund for the Rockin' Around the Circle event, Athletic Club outdoor fence construction, and prior-year encumbrances for the following: Fire Department Administration vehicles and upfitting, the Comprehensive Plan, Neighborhood Services startup funding, DART engineering review, the Unified Development Code, a Code Enforcement vehicle, Signal Improvements at Belt Line/ Business Blvd., Arapaho and Surveyor Traffic Signal design, Pavement Condition Assessment, HSIP Grant Application contractual services, Addison Performing Arts Center utilization study, Beltway Drive Trail construction documents, rebuilding of the pond pump at the Finance building, Spruill Dog Park drainage improvements, Addison Circle Park Vision Plan, "Hero Among Us" sculpture, a recreation van, and Athletic Center facility improvements. Lastly, the amendment allocated funds in the Facility Maintenance Fund for maintenance and repairs to the Addison Performing Arts Center to accommodate the relocation of Special Events staff to the facility, allocated funds in the Capital Equipment Replacement Fund for prior year encumbrances for vehicles and equipment that were not received in the prior year due to supply chain issues, and allocated funds in the Capital Projects Fund to utilize residual bond proceeds from the 2021 General Obligation Bond Fund for the Redding Trail Extension/ Dog Park project. The September 23rd amendment was to allocate funds in the Infrastructure Investment Fund for prior year encumbrances related to the Traffic Signal and ADA Improvements and Redding Trail Extension / Dog Park projects, allocate funds in the Self-Funded Special Projects Fund for tree replacement and mitigation, Finance pump emergency repairs, light pole / bollard replacements, and irrigation improvements at North Addison Park, and allocate funds in the Facility Maintenance Fund for Town-wide facility repairs. The amendment also allocated funding in the Grant Fund for Lifepak purchases, which was fully offset by grant revenue, and also allocated funding in the Capital Project Fund for prior year encumbrances related to Improvements to Existing Buildings, Les Lacs Pond, and Midway Road Reconstruction projects.

Excess of Expenditures over Appropriations – For the year ended September 30, 2025, the Special Events and General Hotel Operations departments in the hotel fund exceeded their budgets by \$338,966 and \$1,838, respectively. However, savings in the other departments coupled with higher actual revenue than budgeted amounts in some revenues helped reduce the impact of these overages.

Encumbrance accounting is employed in governmental funds, but all operating encumbrances are liquidated at year-end. Only encumbrances for capital project contracts and capital equipment purchase orders roll forward to the next fiscal year to increase following year capital budgets.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town has seven bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, Benefits Account, Police Seizure Escrow Account, and Insured Cash Sweep Account. The Controlled Disbursements and Payroll accounts are zero-balance accounts. The ACH/Wire Account is used for all receipts and expenditures made by ACH or wire transfer. The Town uses the Operating Account as an operating pool available for all funds. Each fund type's portion of this pool is reported as "Pooled Cash and Investments." The other demand accounts are reported in the same manner. The Police Seizure Escrow Account is used to hold police seized funds pending legal judgments. The Insured Cash Sweep Account is a service that protects large cash deposits by automatically spreading them across a network of other FDIC-insured banks, keeping each deposit below the \$250k limit for full federal insurance.

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 fair 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, 2025. Included in Pooled Cash and Investments is \$3,950 of petty cash. At year-end, the carrying amount of the Town's deposits was a debit balance of \$2,800,247. The respective bank balance totaled \$3,851,661. In addition, collateral with a fair value of \$4,470,563 were held by the pledging financial institution's account at the Bank of New York Mellon in the Town's name.

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

External Investment Pools

The Town's pool investments as of September 30, 2025 were invested in LOGIC, TexPool, TexSTAR (Texas Short Term Asset Reserve program) and Texas CLASS (Texas Cooperative Liquid Assets Securities System).

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. State Street Bank serves as custodian to TexPool Hilltop Securities, Inc. (HTS) and JPMorgan Investment Management, Inc. (JPMIM) serve as co-administrators for LOGIC and TexSTAR under an agreement with its Board of Trustees and Board of Directors, respectively. HTS provides distribution, administrative, participant support and marketing services. JPMIM provides investment management, custody and fund accounting services. JPMorgan Chase Bank, N.A. serves as custodian for LOGIC and TexSTAR. Texas CLASS is administered by Public Trust Advisors, LLC and UMB Bank serves as custodian which provide investment, financial or other cash management services.

LOGIC, TexPool, TexSTAR and Texas CLASS are not registered with the Securities and Exchange Commission (SEC) as investment companies. LOGIC, TexPool, TexSTAR and Texas CLASS 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 government investment pool TexPool is carried at amortized cost. LOGIC, TexSTAR, and Texas CLASS are carried at net asset value.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Investments

As of September 30, 2025, the Town held the following investments:

	<u>Carrying Value</u>	<u>WAM (Days)</u>
Agency Securities	\$ 27,813,724	228
Municipal Bonds	46,902,675	247
Negotiable Certificates of Deposit	5,128,398	47
<i>Total Investment in Securities</i>	<u>79,844,797</u>	
LOGIC	42,775,061	72
TexPool	1,161,569	97
TexSTAR	1,158,075	105
Texas CLASS	9,219,418	84
<i>Total Investment in Pools</i>	<u>54,314,123</u>	
<i>Total Investments</i>	<u>\$ 134,158,920</u>	523

In accordance with GASB Statement No. 72, “Fair Value Measurement and Application,” the Town records investments at fair value. However, for participating interest-earning investment contracts with maturities of one year or less at time of purchase, the Town reports these investments at amortized cost. Investments in debt securities are carried at fair value. Fair value for debt securities is determined using a multi-dimensional relational model using standard inputs including TRACE reported trades. Investments in negotiable certificates of deposits are carried at fair value.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average days to maturity of its investment portfolio to 24 months (730 days). This means investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools.

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

1. 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.
2. Time Certificates of Deposit with a maturity not to exceed five 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.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

3. Obligations of states, agencies, counties, cities, and other political subdivisions of any State having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent with a maturity not to exceed five (5) years from the date of purchase.
4. Prime commercial paper with an original maturity of two hundred seventy (270) days or less which, at the time of purchase, is rated at least A-1 by Standard and Poor's, P-1 by Moody's, or F1 by Fitch.
 - At the time of the purchase, the commercial paper must be rated by at least two of the above stated ratings agencies at the above stated minimum credit criteria.
 - 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.
 - 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, and 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.)
5. 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. LOGIC, TexPool, TexSTAR and Texas CLASS are all currently rated AAA 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 investments as of September 30, 2025 based on par value, are Instrumentality Securities (70%) of which the Town's portfolio is currently at 20.7%, Municipal Bonds (50%) of which the Town's portfolio is currently at 35.2%, Certificates of Deposit (50%) of which the Town's portfolio is currently at 3.8%, and Local Government Investment Pools (70%) of which the Town's portfolio is currently at 40.3%.

Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Investments by fair value level				
U.S. Agency Securities	\$ 27,813,724	\$ -	\$ 27,813,724	\$ -
Municipal Bonds	46,902,675	-	46,902,675	-
Negotiable Certificates of Deposit	5,128,398	-	5,128,398	-
<i>Total Investment by fair value level</i>	79,844,797	-	79,844,797	-
Investments measured at net asset value - LOGIC	42,775,061			
Investments measured at amortized cost - TexPool	1,161,569			
Investments measured at net asset value - TexSTAR	1,158,075			
Investments measured at net asset value - Texas CLASS	9,219,418			
<i>Total Investments</i>	\$ 134,158,920			

Certain investments that are measured at amortized cost or using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate amortized cost or net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, and the assets are classified in Level 2, their fair values are estimated by using the matrix pricing technique. This technique includes quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2024, no investments are held by the Town meeting the Level 3 hierarchy classification.

Investment in State Investment Pools

During the year, the Town invested in multiple public fund investment pools, including LOGIC, TexPool, TexSTAR and Texas CLASS. TexPool is measured at amortized cost, and LOGIC, TexSTAR, and Texas CLASS are measured at net asset value. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds. The Town can liquidate funds daily without penalty, and there is no unfunded commitment.

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, 2024, upon which the fiscal year 2025 levy is based, was \$6,458,952,670.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2025 was \$.609822 per \$100, of which \$.439822 was allocated for general government and \$.170000 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, 2025, were 97.62% 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.

If the effective tax rate, excluding tax rates for retirement of bonds and other debt, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, the Town is required to hold an election to determine whether to limit the tax rate to no more than 3.5%. 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.

In the governmental funds financial statements, taxes are recognized as revenue beginning on the date of levy when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred inflows of resources and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply.

An allowance for uncollectible taxes is provided based on an analysis of historical trends.

C. Receivables

As of September 30, 2025, receivables for the Town's individual major governmental funds, non-major governmental funds, and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Non-Major Funds	Total
Taxes:					
Ad Valorem	\$ 998,628	\$ 416,625	\$ 15,178	\$ 58,608	\$ 1,489,039
Service Fees	1,074,395	-	-	-	1,074,395
Ambulance	1,181,658	-	-	-	1,181,658
Gross Receivables	\$ 3,254,681	\$ 416,625	\$ 15,178	\$ 58,608	\$ 3,745,092
Less: Allowance for Uncollectibles	1,931,630	273,945	9,957	38,614	2,254,146
Net Receivables	\$ 1,323,051	\$ 142,680	\$ 5,221	\$ 19,994	\$ 1,490,946

The above allowance for uncollectible accounts represents reserves for ambulance (\$472,663), court warrants (\$706,884), alarm (\$98,787), and property taxes (\$975,812).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

In the proprietary funds at September 30, 2025 the Airport fund has \$250,221 regulated and short-term leases receivable, net of an allowance of \$32,525. The Utility fund has \$2,737,621 in water and sewer sales receivable, net of an allowance of \$63,918. The Stormwater fund has stormwater fees receivable of \$433,968, net of an allowance of \$31,810.

D. Capital, Lease, and Subscription Assets

Capital, Lease, and Subscription Asset activity for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, not Depreciable:					
Land	\$ 72,975,868	\$ 562,583	\$ -	\$ -	\$ 73,538,451
Intangible Assets	862,221	-	-	-	862,221
Construction in Progress	48,285,186	13,336,671	(130,714)	(626,998)	60,864,145
<i>Total Capital Assets, not Depreciable</i>	<u>122,123,275</u>	<u>13,899,254</u>	<u>(130,714)</u>	<u>(626,998)</u>	<u>135,264,817</u>
Capital, Lease, and Subscription Assets, being Depreciated/Amortized					
Buildings	23,983,051	128,810	-	424,478	24,536,339
Lease Buildings	236,472	-	-	-	236,472
Improvements other than Buildings	208,157,864	148,385	-	984,297	209,290,546
Machinery and Equipment	31,928,018	4,316,320	(528,776)	-	35,715,562
Lease Equipment	171,357	-	-	-	171,357
Subscription Assets	984,487	211,689	-	-	1,196,176
<i>Total Capital, Lease, and Subscription Assets, Depreciable</i>	<u>265,461,249</u>	<u>4,805,204</u>	<u>(528,776)</u>	<u>1,408,775</u>	<u>271,146,452</u>
Less Accumulated Depreciation/Amortization for:					
Buildings	(17,106,300)	(415,280)	-	-	(17,521,580)
Lease Buildings	(78,823)	(47,294)	-	-	(126,117)
Improvements other than Buildings	(149,972,124)	(6,797,678)	-	-	(156,769,802)
Machinery and Equipment	(17,211,684)	(3,544,624)	501,456	-	(20,254,852)
Lease Equipment	(64,260)	(21,420)	-	-	(85,680)
Subscription Assets	(196,909)	(216,493)	-	-	(413,402)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(184,630,100)</u>	<u>(11,042,789)</u>	<u>501,456</u>	<u>-</u>	<u>(195,171,433)</u>
<i>Total Capital, Lease, and Subscription Assets, net</i>	<u>80,831,149</u>	<u>(6,237,585)</u>	<u>(27,320)</u>	<u>1,408,775</u>	<u>75,975,019</u>
<i>Governmental Activities Capital, Lease, and Subscription Assets, net</i>	<u>\$ 202,954,424</u>	<u>\$ 7,661,669</u>	<u>\$ (158,034)</u>	<u>\$ 781,777</u>	<u>\$ 211,239,836</u>
Business-type Activities:					
Capital Assets, not Depreciable:					
Land	\$ 17,258,730	\$ -	\$ -	\$ -	\$ 17,258,730
Construction in Progress	6,351,951	8,153,867	-	(7,257,373)	7,248,445
<i>Total Capital Assets, not Depreciable</i>	<u>23,610,681</u>	<u>8,153,867</u>	<u>-</u>	<u>(7,257,373)</u>	<u>24,507,175</u>
Capital Assets, Depreciable:					
Buildings	38,623,287	-	-	-	38,623,287
Improvements other than Buildings	130,049,184	437,198	-	6,429,400	136,915,782
Machinery and Equipment	7,362,226	170,028	(39,041)	46,196	7,539,409
<i>Total Capital Assets, Depreciable</i>	<u>176,034,697</u>	<u>607,226</u>	<u>(39,041)</u>	<u>6,475,596</u>	<u>183,078,478</u>
Less Accumulated Depreciation for:					
Buildings	(4,646,961)	(815,604)	-	-	(5,462,565)
Improvements other than Buildings	(75,586,246)	(4,222,611)	-	-	(79,808,857)
Machinery and Equipment	(3,409,100)	(571,404)	39,041	-	(3,941,463)
<i>Total Accumulated Depreciation</i>	<u>(83,642,307)</u>	<u>(5,609,619)</u>	<u>39,041</u>	<u>-</u>	<u>(89,212,885)</u>
<i>Total Capital Assets, Depreciable, net</i>	<u>92,392,390</u>	<u>(5,002,393)</u>	<u>-</u>	<u>6,475,596</u>	<u>93,865,593</u>
<i>Business-type Activities Capital Assets, net</i>	<u>\$ 116,003,071</u>	<u>\$ 3,151,474</u>	<u>\$ -</u>	<u>\$ (781,777)</u>	<u>\$ 118,372,768</u>

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

	Governmental Activities	Business-type Activities
General Government	\$ 395,660	\$ -
Public Safety	662,109	-
Development Services	30,200	-
Streets	5,920,501	-
Parks and Recreation	1,421,569	-
Visitor Services	522,039	-
IT Replacement	601,998	-
Capital Replacement	1,477,609	32,410
Facility Maintenance	11,104	-
Airport Fund	-	3,531,599
Utility Fund	-	1,775,863
Stormwater Fund	-	269,747
	<u>\$ 11,042,789</u>	<u>\$ 5,609,619</u>

The following tabulation presents the estimated significant commitments under unfinished capital construction and equipment contracts that are fully funded as of September 30, 2025:

Project	Estimated Commitments	Less Expenditures to Date	Total Commitment Remaining
<u>Governmental Activities</u>			
Vitruvian Public Infrastructure (various)	\$ 6,210,059	\$ 4,319,570	\$ 1,890,489
Airport Parkway Reconstruction	9,400,000	1,026,190	8,373,810
Keller Springs Reconstruction	20,200,000	5,897,862	14,302,138
Montfort Drive Reconstruction	14,600,000	600,356	13,999,644
Les Lacs Pond Improvements	3,909,664	3,778,766	130,898
Midway Road Reconstruction	42,356,038	39,073,175	3,282,863
Quorum Drive Reconstruction	27,103,310	1,315,664	25,787,646
2019 Bond Prop D Ph 1 & Ph 2	4,726,467	4,086,564	639,903
Westgrove & Quorum Bicycle Lanes	2,163,900	38,300	2,125,600
Beltway Drive Trail	2,197,500	1,723,037	474,463
Arapaho/Surveyor & System Wide Traffic Signal Improv	2,506,150	421,408	2,084,742
Conference Centre Renovation	2,200,000	1,500,545	699,455
Police and Courts Facility	35,000,000	48,035	34,951,965
	<u>\$ 172,573,088</u>	<u>\$ 63,829,472</u>	<u>\$ 108,743,616</u>
<u>Business Type Activities</u>			
Jimmy Dolittle Dr Reconstruction	\$ 1,790,516	\$ 1,067,287	\$ 723,229
Airport Fuel Storage Expansion	14,868,800	198,800	14,670,000
Les Lacs Pond Improvements	2,720,000	2,579,422	140,578
	<u>\$ 19,379,316</u>	<u>\$ 3,845,509</u>	<u>\$ 15,533,807</u>

As mentioned in Note IIA, the Town employs encumbrance accounting. The Town had the following outstanding encumbrances related to capital projects and equipment at September 30, 2025. The Stormwater fund had \$3,064,596 for drainage improvements, the Utility fund had \$376,220 for pump station, water line, and sewer line improvements, the Airport fund had \$711,720 for airport service road and building improvements, the Capital Project fund had \$22,142,445 for various streets, facilities, and parks projects, and the internal service funds had \$660,406 for capital equipment.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Investments in Joint Ventures

Interlocal Sanitary Sewer Interceptor Agreement

The Town is party to an interlocal agreement, which established 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 \$5,981,022 is included in Unrestricted Net Position. This joint venture provides audited financial statements bi-annually. Complete financial statements for the North Dallas County Water Supply Corporation for the fiscal year ended September 30, 2025 can be obtained from Jay Patel, Director of Finance, North Dallas County Water Supply Corporation, 13000 William Dodson Parkway, Farmers Branch, Texas.

Public Safety Dispatch Center Agreement

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

The Cities are responsible for funding capital and operating costs of the NTECC in the proportions stated in the inter-local agreement. The Town financed its portion of construction funds with proceeds from Combination Tax and Revenue Certificates of Obligation, Series 2012. The Town of Addison's equity interest (currently 16.8%) in the NTECC is reported as investment in joint venture in the governmental activities on the government-wide Statement of Net Position at \$2,769,717, and is included in Unrestricted Net Position. The joint venture provides annual audited financial statements. The most recent audit report available is for the fiscal year ended September 30, 2025. Complete financial statements for the NTECC can be obtained from Mark Carriere, Accounting Administrator, North Texas Emergency Communications Center, 1649 W. Frankford Rd #150, Carrollton, Texas.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2025:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds, Tax-Exempt Series 2014		
A series of 2,400 bonds at \$5,000 each dated February 15, 2014. The bonds were issued to provide funds for: (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) for the payment of the costs of issuing the Tax-Exempt Bonds. The bonds mature serially through 2034 with interest rates ranging from 3% to 3.625%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 6,900,000	\$ -
Certificates of Obligation Series 2014		
A series of 1,513 bonds at \$5,000 each dated February 15, 2014. The Certificates were issued for (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects, (the "Project") and (ii) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates. The bonds mature serially through 2034 with interest rates ranging from 1% to 4%. The bonds are callable at par plus accrued interest on or after February 15, 2024 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ -	\$ 4,230,000
General Obligation Refunding Bonds Series 2016		
A series of 4,712 bonds at \$5,000 each dated May 13, 2016. The bonds were issued to refund a portion of the Town's outstanding debt for debt service savings and to pay the costs associated with the issuance of the bonds. The bonds mature serially through 2033 with interest rates ranging from 3% to 5%. The bonds are callable at par plus accrued interest on or after February 15, 2026 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aa1"; Standard & Poor's "AAA"	\$ 10,350,000	\$ 3,205,000

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
Combination Tax and Revenue Certificates of Obligation Series 2018		
<p>A series of 2,623 bonds at \$5,000 each dated December 11, 2018. The bonds were issued for the purpose of (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town's water and wastewater system, and the acquisition of land and interests in land for such projects, (ii) designing, acquiring, improving, constructing, and renovating facilities and infrastructure at the Addison Municipal Airport related to constructing and equipping a new customs and airport administration facility, and (iii) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the certificates. The bonds mature serially through 2039 with interest rates ranging from 3% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2028 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>		
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ -	\$ 10,360,000
Combination Tax and Revenue Certificates of Obligation Series 2019		
<p>A series of 3,380 bonds at \$5,000 each dated September 10, 2019. The bonds were issued for the purpose of (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor, (ii) improvements to a groundwater well to supply water to the Town's Vitruvian Park, and (iii) to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the certificates. The bonds mature serially through 2039 with interest rates ranging from 3% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2028 in whole or in part in principal amounts of \$5,000.</p>		
Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 12,895,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds Series 2020		
<p>A series of 2,727 bonds at \$5,000 each dated August 11, 2020. The bonds were issued for the purpose of (i) constructing and improving Keller Springs Road and Airport Parkway, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection, and related storm drainage improvements and acquiring rights-of-way in connection therewith, (ii) acquiring, developing, renovating and improving parks, park facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, facade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, (iv) improving, acquiring and equipping advanced traffic control systems and facilities, and (v) paying of the costs of issuance of the Bonds. The bonds mature serially through 2040 with interest rates ranging from 2% to 5%. The bonds are callable at par value plus accrued interest on or after August 15, 2029 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 10,920,000	\$ -
General Obligation Refunding Bonds Taxable Series 2020		
<p>A series of 2,641 bonds at \$5,000 each dated August 11, 2020. The bonds were issued for the purpose of (i) refund the Refunded Bonds, and (ii) pay of the costs of issuance of the Bonds. The bonds mature serially through 2032 with interest rates ranging from 0.2% to 2%. The bonds are callable at par value plus accrued interest on or after August 15, 2029 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 9,025,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Bonds Series 2021		
<p>A series of 2,970 bonds at \$5,000 each dated August 1, 2021. The bonds were issued for the purpose of (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, intersections, grade separations, sidewalks, and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting and the acquisition of land therefor, (ii) acquiring, developing, renovating and improving parks, park facilities, recreation facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor, (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, facade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws, (iv) improving, acquiring and equipping advanced traffic control systems and facilities, and (v) paying of the costs of issuance of the Bonds. The bonds mature serially through 2041 with interest rates ranging from 2% to 5%. The bonds are callable at par value plus accrued interest on or after August 15, 2030 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 12,675,000	\$ -
General Obligation Refunding Bonds Taxable Series 2021		
<p>A series of 2,192 bonds at \$5,000 each dated August 1, 2021. The bonds were issued for the purpose of (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I - Schedule of Refunding Obligations for debt service savings, and (ii) for payment of the costs of issuance of the Taxable Bonds. The bonds mature serially through 2033 with interest rates ranging from 1.15% to 3%. The bonds are callable at par value plus accrued interest on or after August 15, 2030 in whole or in part in principal amounts of \$5,000.</p> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 3,365,000	\$ 5,190,000

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General Obligation Refunding Bonds Series 2022		
A series of 1,734 bonds at \$5,000 each dated January 1, 2022. The bonds were issued for the purpose of (i) to refund certain outstanding ad valorem tax obligations of the Town as described in Schedule I – Schedule of Refunded Obligations for debt service savings, and (ii) to pay the costs of issuance of the Bonds. The bonds mature serially through 2037 with interest rates ranging from 2% to 4%. The bonds are callable at par value plus accrued interest on or after February 15, 2031 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 6,400,000	\$ -
General Obligation Bonds Series 2022		
A series of 2,028 bonds at \$5,000 each dated August 1, 2022. The bonds were issued for the purpose of (i) engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor, (ii) acquiring, developing, renovating and improving parks, park facilities, recreation facilities, including the Addison Athletic Club, and open spaces for park and recreation purposes in and for the Town, including the acquisition of land therefor; (iii) renovating, repairing, improving, and equipping existing Town service, public safety, conference and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws and (iv) paying the costs of issuing the Bonds. The bonds mature serially through 2042 with interest rates ranging from 3% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2032 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 9,065,000	\$ -

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Combination Tax and Revenue Certificates of Obligation Series 2022		
A series of 2,499 bonds at \$5,000 each dated August 1, 2022. The bonds were issued for the purpose of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (ii) designing, developing, constructing, and improving Town water and sewer system improvements and facilities; and (vi) professional services incurred in connection with items (i) and (ii), and to pay the costs incurred in connection with the issuance of the Certificates. The bonds mature serially through 2042 with interest rates ranging from 3.5% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2032 in whole or in part in principal amounts of \$5,000. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 8,640,000	\$ 2,585,000
General Obligation Bonds Series 2023		
A series of 973 bonds at \$5,000 each dated August 1, 2023. The bonds were issued for the purpose of (i) designing, developing, constructing and improving Quorum Drive from the DART Rail line to Dallas North Tollway and Montfort Drive from Beltline Road to the Addison city limits, including sidewalks, bridges, landscaping, streetlighting, right-of-way protection and related storm drainage improvements; and acquiring rights-of-way in connection therewith and (ii) paying the costs of issuing the Bonds. The bonds mature serially through 2043 with interest rates ranging from 4% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2033 in whole or in part in principal amounts of \$5,000. These bonds were issued with a \$198,619 premium. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"	\$ 4,550,000	\$ -

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

	Governmental Activities	Business-type Activities
Combination Tax and Revenue Certificates of Obligation Series 2023		
<p>A series of 871 bonds at \$5,000 each dated August 1, 2023. The bonds were issued for the purpose of (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, including roadway improvements at the City's airport; (ii) professional services incurred in connection with item (ii) and to pay the costs incurred in connection with the issuance of the Certificates. The bonds mature serially through 2043 with interest rates ranging from 4% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2033 in whole or in part in principal amounts of \$5,000. These bonds were issued with a \$206,604 premium.</p> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 1,810,000	\$ 2,260,000
Combination Tax and Revenue Certificates of Obligation Series 2024		
<p>A series of 2003 bonds at \$5,000 each dated September 1, 2024. (i) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor, (ii) designing, engineering, developing, constructing, improving and repairing, Town park facilities and improvement, (iii) designing, engineering, developing, constructing, improving and repairing, extending and expanding Town water and waste water facilities and improvements, (iv) designing, engineering, developing and constructing public safety facilities, including a public safety communications facility and dispatch center, including the acquisition of land therefor (v) designing, engineering, developing, constructing, improving and repairing, extending and expanding Town drainage improvements and facilities, (vi) firefighting vehicles and equipment; (vii) professional services incurred in connection with items (i) – (vi) and to pay the costs incurred in connection with the issuance of the Certificates. The bonds mature serially through 2044 with interest rates ranging from 4% to 5%. The bonds are callable at par value plus accrued interest on or after February 15, 2034 in whole or in part in principal amounts of \$5,000. These bonds were issued with a \$804,213 premium.</p> <p>Ratings: Moody's "Aaa"; Standard & Poor's "AAA"</p>	\$ 4,810,000	\$ 4,790,000
TOTAL LONG-TERM DEBT OUTSTANDING	\$ 101,405,000	\$ 32,620,000

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2025 was as follows (in thousands of dollars):

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 79,190	\$ -	\$ (5,940)	\$ 73,250	\$ 6,140
Premium on General Obligation Bonds	4,246	-	(612)	3,634	-
Discount on General Obligation Bonds	(5)	-	1	(4)	-
Certificates of Obligation	24,455	5,045	(1,345)	28,155	1,375
Premium on Certificates of Obligation	1,175	416	(176)	1,415	-
Leases	286	-	(70)	216	-
Subscriptions	691	211	(219)	683	74
State Infrastructure Bank (SIB) Loan	-	15,000	(700)	14,300	595
Net Pension Liability	17,959	14,216	(19,230)	12,945	-
Compensated Absences*	1,195	1,574	(1,265)	1,504	1,133
Net OPEB Liability	1,195	285	(387)	1,093	-
Total OPEB Liability	901	65	(85)	881	249
Long-term Arbitrage Liability	312	-	(312)	-	-
Long-Term Liabilities – Governmental Activities	\$ 131,600	\$ 36,812	\$ (30,340)	\$ 138,072	\$ 9,794
Business-type Activities:					
General Obligation Refunding Bonds	\$ 9,385	\$ -	\$ (990)	\$ 8,395	\$ 1,020
(Payable from airport, storm water, and utility revenues)					
Premium on General Obligation Refunding Bonds	303	-	(67)	236	-
Discount on General Obligation Refunding Bonds	(6)	-	1	(5)	-
Combination Tax and Revenue Certificates of Obligation	8,085	-	(365)	7,720	375
(Payable from airport revenues)					
Premium on Combination Tax and Revenue C.O.	249	-	(28)	221	-
Combination Tax and Revenue Certificates of Obligation	12,455	-	(740)	11,715	770
(Payable from utility system revenues)					
Premium on Combination Tax and Revenue C.O.	263	-	(29)	234	-
Combination Tax and Revenue Certificates of Obligation	-	4,970	(180)	4,790	160
(Payable from storm water system revenues)					
Premium on Combination Tax and Revenue C.O.	-	388	(34)	354	-
Net Pension Liability	3,337	2,642	(3,574)	2,405	-
Compensated Absences*	174	294	(272)	196	182
Net OPEB Liability	264	63	(85)	242	-
Total OPEB Liability	199	14	(19)	194	-
Long-Term Liabilities – Business-type Activities	\$ 34,708	\$ 8,371	\$ (6,382)	\$ 36,697	\$ 2,507

The Town intends to retire all of its general obligation bonds (other than those recorded in the enterprise funds) and SIB loan, 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 \$518,228 available in the General Obligation Debt Service Fund to service the general obligation bonds.

The SIB loan referenced above in the Governmental Activities originated in October 2024. The Town applied for a loan from the State Infrastructure Bank to finance the reconstruction of Keller Springs Road, Quorum Drive, and Montfort Drive. The Town is required to make annual principal and bi-annual interest payments ranging from \$11,734 to \$946,734. The loan matures serially through 2044 with a interest rate of 2.51%.

Proprietary fund-type debt is to be repaid from net revenues of the enterprise funds and is, accordingly, recorded as enterprise fund debt.

*The change in the accrued compensated absences is presented as a net amount, in accordance with GASB 101. Also for governmental activities, the net pension liability and net and total OPEB liability are generally liquidated from the General Fund.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Bonded debt is direct obligations and pledge the full faith and credit of the government for both governmental and business-type activities. 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, 2025.

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
General Obligation Bonds:				
2026	\$ 6,140,000	\$ 2,273,298	\$ 1,020,000	\$ 219,955
2027	6,335,000	2,072,067	1,050,000	193,205
2028	6,100,000	1,854,874	1,070,000	164,933
2029	5,975,000	1,634,928	995,000	137,045
2030	6,200,000	1,414,946	1,020,000	109,655
2031-2035	25,035,000	4,104,742	3,240,000	147,065
2036-2040	14,115,000	1,463,944	-	-
2041-2044	3,350,000	125,344	-	-
	<u>\$ 73,250,000</u>	<u>\$ 14,944,143</u>	<u>\$ 8,395,000</u>	<u>\$ 971,858</u>
Certificates of Obligation:				
2026	\$ 1,375,000	\$ 1,025,656	\$ 1,305,000	\$ 951,263
2027	1,430,000	967,031	1,350,000	898,478
2028	1,485,000	909,906	1,415,000	839,906
2029	1,545,000	850,406	1,495,000	774,575
2030	1,615,000	788,156	1,555,000	708,856
2031-2035	8,935,000	2,933,581	8,255,000	2,510,791
2036-2040	8,920,000	1,273,150	6,560,000	1,032,103
2041-2044	2,850,000	165,822	2,290,000	159,484
	<u>\$ 28,155,000</u>	<u>\$ 8,913,708</u>	<u>\$ 24,225,000</u>	<u>\$ 7,875,456</u>

At September 30, 2025, the Town had \$49,872,000 authorized but unissued general obligation bonds.

G. Interfund Receivables, Payables, and Transfers

Transfers between funds during the year ended September 30, 2025 were comprised of the following:

Fund	Transfers In	Transfers Out	Purpose of Transfer
General Fund	\$ -	\$ 2,250,000	For capital projects
Capital Project Fund	2,250,000	-	For capital projects
Airport Fund	-	528,527	To fund airport debt service
Debt Service Fund	528,527	-	To fund airport debt service
Stormwater Fund	-	444,431	To fund stormwater debt service
Debt Service Fund	444,431	-	To fund stormwater debt service
General Fund	-	750,000	For economic development
Economic Development Fund	750,000	-	For economic development
Airport Fund	-	209,869	Transfer of capital assets
Stormwater Fund	209,869	-	Transfer of capital assets
IT Replacement Fund	-	18,141	Transfer of Subscription
General Long-Term Debt AG	-	93,085	Transfer of Subscription
General Fixed Assets AG	111,226	-	Transfer of Subscription
Stormwater Fund	-	426,606	Transfer of capital assets
Utility Fund	426,606	-	Transfer of capital assets
Stormwater Fund	-	781,776	Transfer of capital assets
General Fixed Assets AG	781,776	-	Transfer of capital assets
Total Transfers	<u>\$ 5,502,435</u>	<u>\$ 5,502,435</u>	

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Leases

(1) Lease Receivable

During the current fiscal year, the Town of Addison had no leases as a lessor that were not one of the following: short-term, immaterial, or regulated. Regulated leases and short-term leases are discussed later in this note.

(2) Lease Payable

The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. During the current fiscal year, the Town of Addison had three leases where the Town was the lessee, and they are described below.

Chlorine Generators Equipment Lease

The Town entered into a lease agreement for two chlorine generators in 2020 for a term of five years plus 4, one-year renewal options that will be exercised. An initial lease liability was recorded in the amount of \$172,257 as of October 1, 2021. The Town is required to make fixed monthly principal and interest payments of \$2,048. The lease has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 3.07%. The equipment had an estimated useful life of 8 years remaining as of October 1, 2021. The value of the lease asset as of the end of the current fiscal year was \$85,679 net of accumulated amortization of \$85,679.

Office Space Lease #1

The Town entered into a lease agreement for building office space in February 2023 for a term of five years. An initial lease liability was recorded in the amount of \$122,950 as of February 1, 2023. The Town is required to make fixed monthly principal and interest payments of \$2,182 starting in year one, and each year the payments increase by set amounts. The lease has no stated interest rate, so the Town is using a long-term incremental borrowing rate of 4.254%. The building has an estimated useful life of 5 years. The value of the lease asset as of the end of the current fiscal year was \$57,377, net of accumulated amortization of \$65,573.

Office Space Lease #2

The Town entered into a lease agreement for building office space in February 2023 for a term of five years. An initial lease liability was recorded in the amount of \$113,522 as of February 1, 2023. The Town is required to make fixed monthly principal and interest payments of \$2,167 starting in year one, and each year the payments increase by set amounts. The lease has no stated interest rate, so the Town is using a long-term incremental borrowing rate of 4.254%. The building has an estimated useful life of 5 years. The value of the lease asset as of the end of the current fiscal year was \$52,977, net of accumulated amortization of \$60,545.

The future principal and interest lease payments for leases payable as of September 30, 2025 were as follows:

Fiscal Year Ending				
September 30,	Principal	Interest	Total	
2026	\$ 74,197	\$ 6,840	\$ 81,037	
2027	78,861	3,860	\$ 82,721	
2028	42,961	1,187	\$ 44,148	
2029	<u>20,195</u>	<u>285</u>	<u>\$ 20,480</u>	
Totals	<u>\$ 216,214</u>	<u>\$ 12,172</u>	<u>\$ 228,386</u>	

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

(3) GASB No. 87 Excluded Leases - Regulated

In accordance with GASB No. 87, the Town does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the Town is the lessor. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. The Town has the following regulated leases:

T and Patio Hangar Leases

These leases are aircraft storage rental agreements for T hangars, patio hangars, and the T hangar end-cap storage units. These leases allow the tenants the use of that portion of the hangar and ramp. Hangar usage is restricted to aviation use only and regulated by the FAA. These leases typically have a standard one-year term that fall to month-to-month with a 30 day termination notice. However, the Town had ten leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2025 was \$80,529.

Jet Hangar Leases

These leases are conventional hangar leases for commercial aviation use for larger aircrafts. The leases allow the tenants use of the hangar, ramp, and a parking area. Hangar usage is restricted to aviation use only and regulated by the FAA. The terms of these leases vary depending on the tenants' need and the airport's plan for the hangar's redevelopment. The leases typically have a CPI adjustment each year. The Town had five leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2025 was \$654,389.

Fuel Tank License Agreements

These aviation bulk fuel dispensing license agreements allow the license holders to take delivery and to store fuel in their designated fuel tanks owned by the Town. The license holder is responsible for maintaining a specific portion of the facilities, such as down-stream hoses, and the airport must maintain all other improvements. The tank rental fees consist of a base fee and an additional fee. The base fee has specific rent step increases stipulated in the agreements. The additional fee is assessed annually by the Town and consists of common area maintenance such as utilities and a replacement recovery allowance for the fuel tanks and related equipment. The Town had 16 leases during the year that had terms exceeding one year. The revenue recognized for these leases during the fiscal year ended September 30, 2025 was \$196,842.

The fuel tank license agreements also call for a fuel flowage variable fee that is \$0.14 per gallon for public fixed base operations, which are fuel tank licensees that store their aircrafts and equipment at the Airport, and \$0.22 for non-public operators' equipment and aircrafts that are not based at the airport. These rates can be changed by City Council, and licensees are given at least 30 days written notice of rate changes. The fuel flowage fees received during the fiscal year ended September 30, 2025 was \$1,276,311.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

The future principal and interest lease receipts for regulated leases as of September 30, 2025 were as follows:

Fiscal Year Ending	Principal	Interest	Total
September 30,			
2026	\$ 382,539	\$ 157,881	\$ 540,420
2027	360,920	144,467	505,387
2028	348,281	131,197	479,478
2029	356,085	118,211	474,296
2030	360,854	104,892	465,746
2031-2035	1,727,518	324,253	2,051,771
2036-2040	645,466	78,762	724,228
2041-2045	174,576	32,384	206,960
2046-2050	82,856	3,377	86,233
Totals	<u>\$ 4,439,095</u>	<u>\$ 1,095,424</u>	<u>\$ 5,534,519</u>

(4) GASB No. 87 Excluded Leases - Short-Term

Pursuant to GASB No. 87, the Town does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less.

I. Public-Private Partnerships

During the fiscal year ended September 30, 2025, the Town of Addison, as transferor, had thirty-four agreements that met the criteria for a public-private partnership (PPP) under GASB No. 94. Under these agreements, the operators are required to improve or construct capital assets. These assets will revert to the Town at varying dates from 2026 to 2073. The assets are estimated to have a carrying value of \$8,990,200 at the date of their reversions, which is included in the public-private partnerships receivable. The deferred inflow for these receivables as of September 30, 2025 is \$8,407,317.

Each agreement requires monthly fixed payments ranging from \$360 per month to \$63,665 per month. Two of the agreements had set price increases at certain dates, and the other agreements have biennial Consumer Price Index (CPI) adjustments. The amount of the CPI adjustments for the year ended September 30, 2025 was \$94,549. The Town was unable to obtain borrowing rates from any of the operators, so the Town used the Town's incremental borrowing rate for each agreement, 4.254% for leases that were recorded in fiscal years 2023-2024, and 4.48% for leases commencing in fiscal year 2025.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

The agreements all require that the operators construct or improve assets and contribute them to the Town at a specified date. The Town recognized a receivable and a corresponding deferred inflow of resources for these assets, as of the later of implementation date October 1, 2022 or lease commencement date, of \$8,990,200. The deferred inflow is being amortized over the length of each asset's time before reversion. The amortization of this deferred inflow for the fiscal year ended September 30, 2025 resulted in a recognition of \$270,893 in Public-Private Partnership Revenue.

The following is a schedule by year of minimum payments to be received under the Town's public-private partnerships that are included in the measurement of the public-private partnerships receivable as of September 30, 2025:

Fiscal Year Ending September 30,	Principal	Interest	Total
2026	\$ 943,654	\$ 2,293,089	\$ 3,236,743
2027	984,642	2,252,102	3,236,744
2028	1,027,413	2,209,331	3,236,744
2029	1,038,063	2,165,303	3,203,366
2030	1,048,933	2,120,847	3,169,780
2031-2035	5,543,336	9,915,613	15,458,949
2036-2040	5,802,581	8,703,240	14,505,821
2041-2045	6,943,267	7,345,060	14,288,327
2046-2050	7,738,616	5,789,595	13,528,211
2051-2055	8,497,054	4,030,786	12,527,840
2056-2060	9,466,599	2,150,217	11,616,816
2061-2065	4,190,573	495,968	4,686,541
2066-2070	533,549	130,824	664,373
2071-2075	334,415	19,918	354,333
Totals	<u>\$ 54,092,695</u>	<u>\$ 49,621,893</u>	<u>\$ 103,714,588</u>

Public-Private partnership receivables at September 30, 2025 per the statement of net position include installment payments of \$54,092,695 and underlying assets of \$8,990,200, for a total of \$63,082,895.

J. Subscription-Based Information Technology Arrangements (SBITAs)

The measurement of the SBITA liability is based on the present value of SBITA payments expected to be paid during the SBITA term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any incentives payable. During the current fiscal year, the Town of Addison had the following SBITA described below.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Public Safety Software Subscription

The Town entered into a contract for the purchase of various public safety equipment with a related software subscription for a term of ten years starting in October 2021, with an initial five year term and an automatic five year extension. An initial subscription liability was recorded in the amount of \$412,005 as of October 1, 2022. The Town is required to make fixed biannual principal and interest payments ranging from \$9,805 to \$50,099. There are also fixed biannual costs for equipment maintenance, supplies and other services ranging from \$2,769 to \$22,894. For the fiscal year ended September 30, 2025 the Town paid \$31,109 for non-subscription costs. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.7%. The equipment had an estimated useful life of 9 years as of October 1, 2022. The value of the subscription asset as of the end of the fiscal year was \$274,670, net of accumulated amortization of \$137,335.

Vendor Software Subscription

The Town entered into a contract for a vendor self-service and validation software subscription for a term of five years starting in March 2024. An initial subscription liability was recorded in the amount of \$116,116 as of March 2024. The Town is required to make fixed annual principal and interest payments of \$24,500. There was also an initial implementation fee of \$9,800. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.75%. The equipment had an estimated useful life of 5 years as of March 2024. The value of the subscription asset as of the end of the current fiscal year was \$86,043, net of accumulated amortization of \$39,873.

Strategic Planning Software Subscription

The Town entered into a contract for a strategic planning software subscription for a term of five years starting in October 2023, with an initial term of three years with an option to extend for an additional two years. An initial subscription liability was recorded in the amount of \$106,637 as of October 2023. The Town is required to make fixed annual principal and interest payments of \$22,500. There was also an initial implementation fee of \$5,000. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.75%. The equipment had an estimated useful life of 5 years as of October 2023. The value of the subscription asset as of the end of the current fiscal year was \$66,982, net of accumulated amortization of \$44,655.

Task and Deadline Management Software Subscription

The Town entered into a contract for a task and deadline management software subscription for a term of four years starting in October 2023, with an initial term of three years with an automatic extension of an additional one year. An initial subscription liability was recorded in the amount of \$58,759 as of October 2023. The Town is required to make fixed annual principal and interest payments of \$15,293. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.75%. The equipment had an estimated useful life of 4 years as of October 2023. The value of the subscription asset as of the end of the current fiscal year was \$29,379, net of accumulated amortization of \$29,379.

New Hire Onboarding Software Subscription

The Town entered into a contract for a new hire onboarding software subscription for a term of two years and 6 months starting in April 2024. An initial subscription liability was recorded in the amount of \$36,984 as of April 2024. The Town is required to make fixed annual principal and interest payments ranging from \$7,009 to \$17,398, and there was an initial implementation cost of \$23,202. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.75%. The equipment had an estimated useful life of 3 years as of April 2024. The value of the subscription asset as of the end of the current fiscal year was \$25,239, net of accumulated amortization of \$34,946.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

Office Software Subscription

The Town entered into a contract for an office software subscription for a term of three years starting in March 2024. An initial subscription liability was recorded in the amount of \$215,984 as of March 2024. The Town is required to make fixed annual principal and interest payments of \$73,956. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 2.75%. The equipment had an estimated useful life of 3 years as of March 2024. The value of the subscription asset as of the end of the current fiscal year was \$101,992, net of accumulated amortization of \$113,991.

GPS Fleet Tracking Software Subscription

The Town entered into a contract for a GPS fleet tracking software subscription for a term of five years starting in July 2025. An initial subscription liability was recorded in the amount of \$172,119 as of July 2025. The Town is required to make fixed annual principal and interest payments of \$32,571 in the first year with fixed annual payments of \$37,758 each year thereafter. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 3.24%. The equipment had an estimated useful life of 5 years as of July 2025. The value of the subscription asset as of the end of the current fiscal year was \$163,513, net of accumulated amortization of \$8,606.

ERP Access Management Software Subscription

The Town entered into a contract for an ERP access management software subscription for a term of five years starting in March 2025. An initial subscription liability was recorded in the amount of \$39,570 as of March 2025. The Town is required to make fixed annual principal and interest payments of \$8,417. The subscription agreement has no stated interest rate, so the Town is using a short-term incremental borrowing rate of 3.18%. The equipment had an estimated useful life of 5 years as of March 2025. The value of the subscription asset as of the end of the current fiscal year was \$34,953, net of accumulated amortization of \$4,616. The future principal and interest subscription payments for the subscriptions liability as of September 30, 2025 were as follows:

Fiscal Year Ending	Principal	Interest	Total
September 30,			
2026	\$ 227,912	\$ 16,094	\$ 244,006
2027	143,205	10,386	153,591
2028	132,030	6,601	138,631
2029	88,846	3,685	92,530
2030	45,037	1,473	46,509
2031-2035	<u>46,261</u>	<u>235</u>	<u>46,496</u>
Totals	<u>\$ 683,290</u>	<u>\$ 38,473</u>	<u>\$ 721,764</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

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 2025, 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 five years.

For the period of October 2024 to September 2025, the Town offered health benefits through one of two plans operated by Blue Cross Blue Shield. Employees were able to choose either an HSA (health savings account) plan or a PPO (preferred provider organization) plan. The Town also offers a dental plan through Delta Dental and a vision plan through Blue Cross Blue Shield of Texas Vision. The HSA, 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 vision plan is solely from employee contributions.

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

B. Employee's Retirement System

1) Pension Plan

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, Town specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's net pension liability is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

Plan Description

The Town provides pension benefits for all of its full-time employees through a nontraditional, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 920 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

TMRS issues a publicly available Annual Comprehensive 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: <https://www.tmr.com/financial-reports>.

Benefits Provided

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

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

At retirement, the benefit is calculated as if the sum of the employee’s accumulated contributions with interest and the employer-financed monetary credits plus interest were used to purchase an annuity. In 1994 the Town adopted annually repeating annuity increases for its retirees equal to 70% of the change in the consumer price index. The Town discontinued the annual increases in January 2009 and began doing ad hoc increases through 2014, still at 70%. The Town did not adopt an ad hoc COLA after 2014. In fiscal year 2023, the Town adopted annually repeating annuity increases for its retirees equal to 30% of the change in the consumer price index. During the measurement year ended December 31, 2022, these COLA’s were applied retroactively. However, after the measurement date of December 31, 2022, the Town elected to change these COLA’s to be non-retroactive. This change resulted in a reduction of the net pension liability.

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

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

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	280
Inactive employees entitled to but not yet receiving benefits	298
Active employees	<u>309</u>
Total	<u>887</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, 7%, or 8% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for the Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the Town needs to know its contribution rates in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town elected to contribute at the full rates for calendar years 2024 of 16.68% and 2025 of 17.10%. Accordingly, contributions to TMRS for the year ended September 30, 2025 were \$5,247,345 and were equal to the required contribution.

Net Pension Liability

The Town's Net Pension Liability was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year including inflation
Investment rate of return	6.75% net of pension plan investment expense including inflation

Salary increases were based on service-related tables. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries were based on the gender -distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set forward for males and 3-year set forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income. In order to satisfy the short-term and long-term funding needs of TMRS.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Location</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Other Private Markets	4.0%	7.30%
Infrastructure	6.0%	6.00%
Real Estate	12.0%	6.70%
Private Debt	13.0%	8.20%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Total	<u>100.0%</u>	

Single Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 10/1/2024	\$ 175,159,295	\$ 153,862,672	\$ 21,296,623
Changes for the year:			
Service cost	5,072,314	-	5,072,314
Interest	11,680,335	-	11,680,335
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	(6,040)	-	(6,040)
Change in assumptions	-	-	-
Contributions - employer	-	4,802,412	(4,802,412)
Contributions - employee	-	2,053,568	(2,053,568)
Net investment income	-	15,941,884	(15,941,884)
Benefit payments, including refunds of employee contributions	(9,306,901)	(9,306,901)	-
Administrative expense	-	(102,531)	102,531
Other	-	(2,397)	2,397
Net changes	7,439,708	13,386,035	(5,946,327)
Balance at 9/30/2025	<u>\$ 182,599,003</u>	<u>\$ 167,248,707</u>	<u>\$ 15,350,296</u>

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

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Town's net pension liability	\$ 39,482,348	\$ 15,350,296	\$ (4,556,776)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmr.com.

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

For the year ended September 30, 2025, the Town recognized pension expense of \$4,891,601. At September 30, 2025, the Town reported deferred outflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 851,635	\$ (4,314)
Contributions subsequent to the measurement date	3,788,351	-
Change of assumptions	-	(327,713)
Difference between projected and actual investment earnings	-	(1,541,971)
Total	\$ 4,639,986	\$ (1,873,998)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date but before the end of the Town's reporting period of \$3,788,351 will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	Net deferred outflows (inflows) of resources
2025	\$ 531,753
2026	2,015,399
2027	(2,458,284)
2028	(1,111,231)
Total	\$ (1,022,363)

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll.

2) Deferred Compensation Plan

The Town offers all employees a deferred compensation plan through Mission Squared (Trustee) in accordance with Internal Revenue Code Section 457. The ICMA-RC 457 plan provides employees the option to supplement their TMRS retirement benefits by making pre-tax contributions to their plan. The Town matches 2.67% of employee contributions up to 4.0% of their base salaries. The 457 plan contribution maximums for 2025 are \$23,500 for individuals under 50, \$31,000 for age 50 catch-up, and \$47,000 for the regular catch-up provision. Employees may enroll in the plan and/or change their contribution amounts at any time. The total amount contributed by the Town for fiscal year 2025 was \$737,991.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

3) Other Postemployment Benefits

A summary of OPEB related items as of and for the year ended September 30, 2024, is presented below.

Plan	Net/Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Care Plan				
Governmental Activities	\$ 1,092,937	\$ 348,310	\$ (1,275,898)	\$ 9,412
Business-Type Activities	241,378	76,924	(281,782)	2,079
Net OPEB Liability	1,334,315	425,234	(1,557,680)	11,491
Supplemental Death Benefits				
Governmental Activities	881,302	65,188	(250,473)	45,093
Business-Type Activities	194,638	14,396	(55,316)	9,959
Total OPEB Liability	1,075,940	79,584	(305,789)	55,052
Total	\$ 2,410,255	\$ 504,818	\$ (1,863,469)	\$ 66,543

Retiree Health Care 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. For the calendar year 2023, the Town created and funded a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. and the plan's related fiduciary net position is reflected in the December 31, 2024 measurement of the net OPEB liability. The trust activity is also reported in the Town's financial statements for the fiscal year ended September 30, 2025.

Benefits Provided

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. 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.

A measurement date of December 31, 2024 was used for the fiscal year ended September 30, 2025. The information that follows was determined as of a valuation date of December 31, 2024.

Employees covered by benefit terms

At the December 31, 2024 valuation, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	55
Active Members	<u>308</u>
Total	<u>363</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Contributions

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.

Retirees receiving medical benefits during fiscal year 2025 contributed \$580 to \$2,673 per month depending on coverage levels selected. In fiscal year 2025, total retiree contributions were \$217,643. For the fiscal year ended September 30, 2025, the Town's contributions to the plan were \$262,896, which consisted of \$60,000 in contributions to the trust and \$202,896 in benefit payments.

Net/Total OPEB Liability for Retiree Health Care Plan

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 Town's net/total OPEB liability for healthcare benefits of \$1,334,315 was measured as of December 31, 2024.

Actuarial assumptions

The Town's net/total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	3.60% to 11.85%, including inflation
Discount rate	6.50% (same in prior year)
Healthcare cost trend rates	7.50% for 2025, declining to 4.25% after 15 years
Participation rates	50% of employees who retire before age 65 and 90% of employees who retire at age 65 or older (same in prior year)

The discount rate is the expected rate of return on OPEB plan investments. The municipal bond rate is 4.08% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"), and the resulting Single Discount Rate is 6.50%.

Mortality rates were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 tables to account for future mortality improvements.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Changes in the Net OPEB Liability for Retiree Health Care Plan

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of 10/1/24	\$ 2,144,806	\$ 685,900	\$ 1,458,906
Changes for the year:			
Service cost	109,587	-	109,587
Interest on OPEB Liability	136,380	-	136,380
Effect of difference in expected & actual experience	(145,316)	-	(145,316)
Effect of changes of assumptions	102,221	-	102,221
Employer contributions	-	262,896	(262,896)
Net investment income	-	64,567	(64,567)
Benefit payments	(202,896)	(202,896)	-
Change in net OPEB Liability	(24)	124,567	(124,591)
Balance as of 9/30/25	\$ 2,144,782	\$ 810,467	\$ 1,334,315

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the plan's net OPEB liability of the Town, calculated using a discount rate of 6.50% as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability	\$ 1,553,862	\$ 1,334,315	\$ 1,141,059

Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the plan's net OPEB liability of the Town, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Net OPEB liability	\$ 1,165,617	\$ 1,334,315	\$ 1,533,492

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the Town recognized OPEB expense of \$11,491. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the net OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 40,609	\$ (544,708)
Change of assumptions	277,135	(971,096)
Difference between projected & actual investment experience	-	(41,876)
Benefit payments made subsequent to measurement date	<u>107,490</u>	<u>-</u>
Total	<u>\$ 425,234</u>	<u>\$ (1,557,680)</u>

Deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date but before the end of the Town's reporting period of \$107,490 will be recognized as a decrease to the net OPEB liability during the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the net OPEB liability will be recognized in OPEB expense as follows:

Year ended September 30	Net deferred outflows (inflows) of resources
2026	\$ (187,942)
2027	(196,887)
2028	(193,138)
2029	(191,631)
2030	(203,493)
Thereafter	<u>(266,845)</u>
Total	<u>\$ (1,239,936)</u>

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Supplemental Death Benefits Fund Description

Texas Municipal Retirement System (“TMRS”) administers an agent multiple-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

A measurement date of December 31, 2024 was used for the fiscal year ended September 30, 2025. The information that follows was determined as of a valuation date of December 31, 2024.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	197
Inactive employees entitled to but not yet receiving benefits	77
Active employees	<u>309</u>
Total	<u>583</u>

Contributions

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contribution for retirees. The Town’s Supplemental Death Benefit Plan contributions for 2025 were \$35,204.

Total OPEB Liability for Supplemental Death Benefits

The Town’s total OPEB liability for supplemental death benefits of \$1,075,940 was measured as of December 31, 2024.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.08% (3.77% in prior year)

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

For plans that do not have a formal trust that meets the GASB's requirements, the discount rate is equal to the tax-exempt municipal bond rate based on a 20-year general obligation AA bond rating as of the measurement date. The rate of 4.08 percent is based on the daily rate closest to but not later than the measurement date using the Fidelity 20-Year Municipal G.O. AA Index.

Mortality rates were based on the 2019 Municipal Retirees of Texas Mortality Tables and projected on a fully generational basis with scale MP-2021.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the Total OPEB Liability for supplemental death benefits

	Total OPEB Liability
Balance as of 10/1/24	\$ 1,099,709
Changes for the year:	
Service cost	38,138
Interest on OPEB Liability	41,514
Effect of difference in expected & actual experience	(11,014)
Effect of changes in assumptions or other inputs	(57,203)
Benefit payments	(35,204)
Change in Total OPEB Liability	<u>(23,769)</u>
Balance as of 9/30/25	<u>\$ 1,075,940</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the plan's total OPEB liability of the Town, calculated using a discount rate of 4.08% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	\$ 1,278,066	\$ 1,075,940	\$ 917,755

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the Town recognized OPEB expense of \$55,052. At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,129	\$ (15,939)
Change of assumptions	76,455	(289,850)
Total	<u>\$ 79,584</u>	<u>\$ (305,789)</u>

NOTES TO FINANCIAL STATEMENTS
 September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30	Net deferred outflows (inflows) of resources
2025	\$ (57,530)
2026	(85,230)
2027	(72,767)
2028	(7,682)
2029	(2,996)
Total	<u>\$ (226,205)</u>

C. Contingencies

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

The Town of Addison has a \$5,000,000 loan from the North Central Texas Council of Governments (NCTCOG) for Addison's future contribution to Dallas Area Rapid Transit (DART) for the Cotton Belt, also known as the Silver Line. NCTCOG transferred the \$5,000,000 to DART in 2019. The loan is to be repaid over 10 years at 1.8% interest, starting after the completion of the Cotton Belt. The Town of Addison is not responsible for any repayment of the loan unless and until the Cotton Belt is finished. The Cotton Belt was completed in October 2025, and the Town will record this debt in the financial statements for the fiscal year ended September 30, 2026.

D. Tax Incentive Rebates

The Town of Addison has three active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting businesses that generate incremental tax revenues. In addition to GASB 77, the agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreements, the Town agrees to rebate a portion of the ad valorem or sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreements in a particular year, the businesses forego the rebates in that year.

The agreement with one entity, executed September 27, 2022, provides a rebate for 50% of business personal property (ad valorem) tax for five years and a total amount of \$6,069 for waiver of permit fees. The Town paid \$25,000 during the fiscal year ended September 30, 2025, which represents the total amount paid over the life of the contract.

The agreement with another entity was executed on February 25, 2025, provides a rebate for 50% of annual Town sales tax, mixed beverage sales tax, and mixed beverage gross receipts tax generated by project, with a limit of \$100,000. As of September 30, 2025, the entity had not yet met the eligibility criteria, and therefore the Town has not paid any amount and the entity has not forgone any amount under the agreement.

The agreement with another entity provides a rebate for 75% of sales tax over a threshold amount, of which the calculation is outlined in the contract. The Town paid \$401,492 during the fiscal year ended September 30, 2025, and has paid \$3,161,979 over the life of the contract. Also, the contract allows for the Town of Addison to commission an independent traffic study regarding an area specified in the contract, and if warranted, the Town will pay for capital expenses related to potential signalization or other needed improvements in the specified area.

NOTES TO FINANCIAL STATEMENTS
September 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A traffic study was completed in August 2023, and it was determined no additional traffic signal will be needed. Also, the contract requires a tree mitigation amount of \$424,385 to be paid in five installments starting the 10th anniversary of the stabilization dates of certain businesses, which was in 2016.

E. New Accounting Pronouncements

The Town has adopted and implemented the following statement during the fiscal year ended September 30, 2025.

GASB Statement No. 101, *Compensated Absences* – This statement addresses the recognition and measurement of compensated absences. The adoption had no effect on the Town's beginning net position at October 1, 2024.

GASB Statement No. 102, *Certain Risk Disclosures* – This statement provides users with information regarding concentrations or constraints and events that have occurred or will occur that make the entity vulnerable to substantial impact. The adoption had no effect on the Town's beginning net position at October 1, 2024.

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

GASB Statement No. 103, *Financial Reporting Model Improvements* – This statement enhances financial reporting of the MD&A, clarifying the presentation of unusual items, defining operating versus nonoperating revenues and expenses, and requiring more detailed and comparable data for decision making and accountability. This statement will be effective for the Town in fiscal year 2026. The Town will evaluate the potential impact on the Town's net position.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – This statement mandates enhanced disclosures for specific capital assets, including lease, subscription, and intangible assets, as well as capital assets held for sale to improve consistency and transparency. This statement will be effective for the Town in fiscal year 2026. The Town will evaluate the potential impact on the Town's net position.

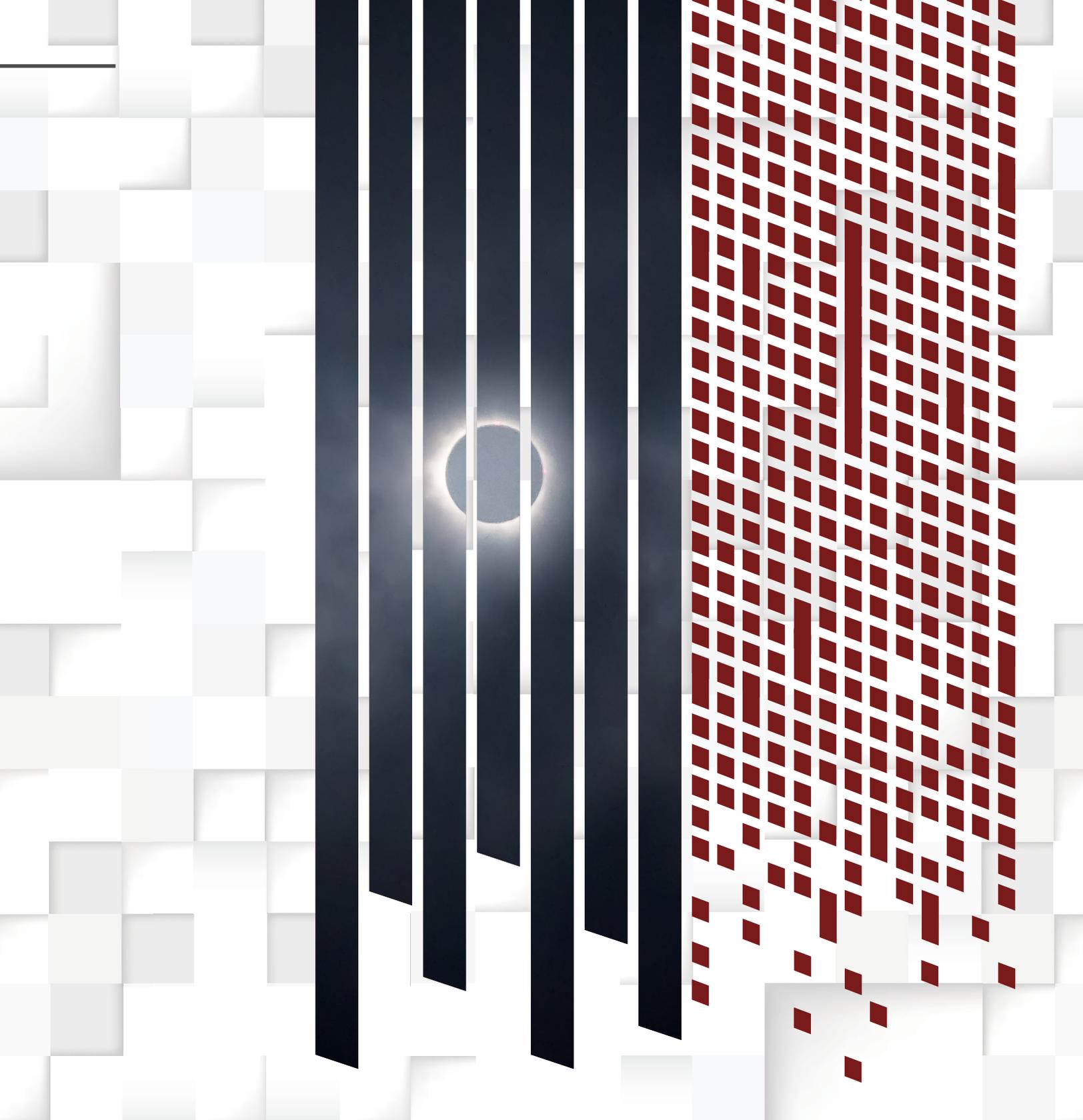
GASB Statement No. 105, *Subsequent Events* – This statement is to improve and clarify how governments report events that occur after the financial statement date but before the financial statements are available to be issued. This statement will be effective for the Town in fiscal year 2027. The Town will evaluate the potential impact on the Town's net position.

F. Subsequent Events

In March 2024, the Town applied for a \$44,600,000 State Infrastructure Bank (SIB) loan to finance roadway reconstruction projects. The loan is payable over a twenty-year period. On October 25, 2024 the Town received the first loan disbursement of \$15,000,000, with the remaining \$29,600,000 expected to be disbursed in February 2026.

The Town plans to issue Public Property Finance Contractual Obligations, Series 2026 in the amount of \$3,500,000 for the acquisition or purchase of personal property for various Town departments. The tentative issuance date is February 10, 2026.

The Town plans to issue General Obligation Refunding Bonds in the amount of \$19,475,000 to refund Combination Tax and Revenue Certificates of Obligation, Series 2014; General Obligation Bonds, Tax-Exempt Series 2014; and General Obligation Refunding Bonds, Series 2016. The purpose is to achieve estimated debt service savings of \$862,036 and paying of the costs issuance of the bonds. The tentative issuance date is February 10, 2026.



REQUIRED

Supplementary Info

Required Supplementary Information

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Schedule of the Town's Changes in Net Pension Liability/(Asset) and Related Ratios (Unaudited)
Last Ten Measurement Years

	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:					
Service cost	\$ 3,120,695	\$ 2,740,122	\$ 2,862,674	\$ 3,028,227	\$ 3,261,975
Interest (on the Total Pension Liability)	9,031,058	7,721,380	8,023,052	8,365,372	8,672,125
Changes in benefit terms including substantively automatic status	-	(20,027,692)	-	-	-
Difference between expected and actual experience	(1,253,581)	(37,547)	827,177	154,569	857,318
Change in assumptions	467,077	-	-	-	402,607
Benefit payments, including refunds of employee contributions	(5,504,175)	(6,038,979)	(5,993,041)	(7,455,524)	(6,785,567)
Net change in total pension liability	5,861,074	(15,642,716)	5,719,862	4,092,644	6,408,458
Total pension liability - beginning	130,206,861	136,067,935	120,425,219	126,145,081	130,237,725
Total pension liability - ending (a)	136,067,935	120,425,219	126,145,081	130,237,725	136,646,183
Plan fiduciary net position:					
Contributions - employer	1,824,122	1,743,443	1,942,088	2,066,662	2,259,912
Contributions - employee	1,257,382	1,266,899	1,323,808	1,382,710	1,480,167
Net investment income	164,587	7,376,667	15,717,180	(3,781,614)	18,296,106
Benefit payments, including refunds of employee contributions	(5,504,175)	(6,038,979)	(5,993,041)	(7,455,524)	(6,785,567)
Administrative expense	(100,255)	(83,336)	(81,484)	(73,147)	(103,502)
Other	(4,952)	(4,490)	(4,130)	(3,822)	(3,109)
Net change in plan fiduciary net position	(2,363,291)	4,260,204	12,904,421	(7,864,735)	15,144,007
Plan fiduciary net position - beginning	111,548,026	109,184,735	113,444,939	126,349,361	118,484,627
Plan fiduciary net position - ending (b)	109,184,735	113,444,939	126,349,360	118,484,626	133,628,634
Net pension liability/(asset) - ending (a) - (b)	\$ 26,883,200	\$ 6,980,280	\$ (204,279)	\$ 11,753,098	\$ 3,017,549
Plan fiduciary net position as a percentage of total pension liability	80.24%	94.20%	100.16%	90.98%	97.79%
Covered payroll	\$ 17,945,341	\$ 18,098,559	\$ 18,895,541	\$ 19,727,861	\$ 21,140,471
Net pension liability/(asset) as a percentage of covered payroll	149.81%	38.57%	-1.08%	59.58%	14.27%

Changes in assumptions: In the 2015 valuation the investment rate of return decreased from 7.0% to 6.75%; the inflation rate was lowered from 3.0% to 2.5%; the experience study for retirement age was updated.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Schedule of the Town's Changes in Net Pension Liability/(Asset) and Related Ratios, Continued (Unaudited)
Last Ten Measurement Years

	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total pension liability:					
Service cost	\$ 3,442,943	\$ 3,866,304	\$ 4,286,332	\$ 4,548,329	\$ 5,072,314
Interest (on the Total Pension Liability)	9,077,037	9,468,644	10,750,024	11,170,825	11,680,335
Changes in benefit terms including substantively automatic status	-	-	12,571,126	(1,423,556)	-
Difference between expected and actual experience	800,065	666,896	888,494	1,365,121	(6,040)
Change in assumptions	-	-	-	(708,771)	-
Benefit payments, including refunds of employee contributions	(7,786,079)	(7,674,193)	(7,924,945)	(8,871,484)	(9,306,901)
Net change in total pension liability	5,533,966	6,327,651	20,571,031	6,080,464	7,439,708
Total pension liability - beginning	136,646,183	142,180,149	148,507,800	169,078,831	175,159,295
Total pension liability - ending (a)	142,180,149	148,507,800	169,078,831	175,159,295	182,599,003
Plan fiduciary net position:					
Contributions - employer	2,450,696	2,796,361	2,935,832	4,345,761	4,802,412
Contributions - employee	1,551,077	1,725,318	1,768,002	1,890,636	2,053,568
Net investment income	10,128,771	18,211,116	(11,283,212)	16,207,573	15,941,884
Benefit payments, including refunds of employee contributions	(7,786,079)	(7,674,193)	(7,924,945)	(8,871,484)	(9,306,901)
Administrative expense	(65,634)	(84,389)	(97,832)	(103,373)	(102,531)
Other	(2,561)	578	116,744	(721)	(2,398)
Net change in plan fiduciary net position	6,276,270	14,974,790	(14,485,412)	13,468,392	13,386,035
Plan fiduciary net position - beginning	133,628,634	139,904,902	154,879,692	140,394,280	153,862,672
Plan fiduciary net position - ending (b)	139,904,904	154,879,692	140,394,280	153,862,672	167,248,707
Net pension liability/(asset) - ending (a) - (b)	\$ 2,275,245	\$ (6,371,892)	\$ 28,684,551	\$ 21,296,623	\$ 15,350,296
Plan fiduciary net position as a percentage of total pension liability	98.40%	104.29%	83.03%	87.84%	91.59%
Covered payroll	\$ 22,112,672	\$ 24,516,829	\$ 25,303,021	\$ 27,009,082	\$ 29,336,691
Net pension liability/(asset) as a percentage of covered payroll	10.29%	-25.99%	113.36%	78.85%	52.32%

Changes in assumptions: In the 2015 valuation the investment rate of return decreased from 7.0% to 6.75%; the inflation rate was lowered from 3.0% to 2.5%; the experience study for retirement age was updated.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
Texas Municipal Retirement System
Schedule of Town Contributions (Unaudited)
September 30, 2025

	(1)	(2)	(3) = (2) - (1)	(4)	(5) = (1) / (4)	(6) = (2) / (4)
Fiscal Year	Actuarially determined contribution	Contribution in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered payroll	Actuarially determined contributions as a percentage of covered payroll	Contributions as a percentage of covered payroll
2016	1,786,827	1,786,827	-	18,465,892	9.68%	9.68%
2017	1,893,931	1,893,931	-	18,796,558	10.08%	10.08%
2018	2,136,195	2,136,195	-	19,933,808	10.72%	10.72%
2019	2,172,375	2,172,375	-	21,064,448	10.31%	10.31%
2020	2,259,912	2,259,912	-	21,140,471	10.69%	10.69%
2021	2,450,696	2,450,696	-	22,268,039	11.01%	11.01%
2022	2,796,361	2,796,361	-	24,627,157	11.35%	11.35%
2023	4,059,743	4,059,743	-	25,387,992	15.99%	15.99%
2024	4,741,162	4,741,162	-	27,034,653	17.54%	17.54%
2025	5,247,345	5,247,345	-	30,922,657	16.97%	16.97%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumption Used to Determine Contribution Rate for 2025:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 Years (longest amortization ladder)
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes: There were no benefit changes during the year.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Retiree Healthcare Plan

Schedule of Changes in the Town's Net/Total OPEB Liability and Related Ratios (Unaudited)
 Last Eight Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Total OPEB liability - beginning	\$ 2,881,200	\$ 3,152,539	\$ 3,160,157	\$ 3,434,751	\$ 3,655,367
Service cost	135,826	176,485	151,275	223,105	221,235
Interest on the total OPEB liability	110,017	105,055	117,504	94,810	73,244
Difference between expected and actual experience of the total OPEB liability	(4,477)	(45,102)	(1,268)	(82,782)	10,432
Changes of assumptions	153,032	(94,984)	144,221	182,815	60,506
Benefit payments	(123,059)	(133,836)	(137,138)	(197,332)	(207,607)
Net change in total OPEB liability	271,339	7,618	274,594	220,616	157,810
Total OPEB liability - ending	\$ 3,152,539	\$ 3,160,157	\$ 3,434,751	\$ 3,655,367	\$ 3,813,177
Covered-employee payroll	\$ 18,897,760	\$ 20,042,555	\$ 21,353,599	\$ 22,268,039	\$ 24,627,157
Total OPEB liability as a percentage of covered-employee payroll	16.68%	15.77%	16.09%	16.42%	15.48%

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2018	2019	2020	2021	2022	2023	2024
3.31%	3.71%	2.75%	2.00%	1.84%	4.05%	6.50%	6.50%

The information in the schedule has been determined as of the measurement date (December 31) of the Town's net/total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Retiree Healthcare Plan

Schedule of Changes in the Town's Net/Total OPEB Liability and Related Ratios, Continued (Unaudited)
 Last Eight Measurement Years (Previous years are not available)

	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total OPEB liability:			
Service cost	\$ 253,278	\$ 167,694	\$ 109,587
Interest on the total OPEB liability	70,518	112,023	136,380
Difference between expected and actual experience of the total OPEB liability	(557,603)	45,040	(145,316)
Changes of assumptions	(563,188)	(742,694)	102,221
Benefit payments	(214,624)	(238,815)	(202,896)
Net change in total OPEB liability	(1,011,619)	(656,752)	(24)
Total OPEB liability - beginning	3,813,177	2,801,558	2,144,806
Total OPEB liability - ending (a)	<u>2,801,558</u>	<u>2,144,806</u>	<u>2,144,782</u>
Plan fiduciary net position:			
Employer contributions	-	858,815	262,896
Net investment Income	-	65,900	64,567
Benefit payments	-	(238,815)	(202,896)
Net change in plan fiduciary net position	-	685,900	124,567
Plan fiduciary net position - beginning	-	-	685,900
Plan fiduciary net position - ending (b)	-	685,900	810,467
Net/total OPEB liability - ending (a) - (b)	<u>\$ 2,801,558</u>	<u>\$ 1,458,906</u>	<u>\$ 1,334,315</u>
Plan fiduciary net position as a percentage of net/total OPEB liability	0.00%	31.98%	37.79%
Covered-employee payroll	\$ 25,387,992	\$ 27,041,396	\$ 29,320,803
Net/total OPEB liability as a percentage of covered-employee payroll	11.03%	5.40%	4.55%

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2018	2019	2020	2021	2022	2023	2024
3.31%	3.71%	2.75%	2.00%	1.84%	4.05%	6.50%	6.50%

The information in the schedule has been determined as of the measurement date (December 31) of the Town's net/total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
 TMRS Supplemental Death Benefits Fund (SDBF)
 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios (Unaudited)
 Last Eight Measurement Years (Previous years are not available)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Total OPEB liability - beginning	\$ 794,578	\$ 918,237	\$ 878,424	\$ 1,105,399	\$ 1,338,872
Service cost	20,785	25,646	25,369	37,592	58,840
Interest on the total OPEB liability	30,321	30,720	32,942	30,824	27,145
Differences between expected and actual experience	-	(21,647)	(10,521)	(11,779)	3,010
Changes of assumptions	78,222	(68,614)	185,527	183,470	45,712
Benefit payments	(5,669)	(5,918)	(6,342)	(6,634)	(22,065)
Net change in total OPEB liability	123,659	(39,813)	226,975	233,473	112,642
Total OPEB liability - ending	\$ 918,237	\$ 878,424	\$ 1,105,399	\$ 1,338,872	\$ 1,451,514
Covered-employee payroll	\$ 18,895,541	\$ 19,727,861	\$ 21,140,471	\$ 22,122,672	\$ 24,516,829
Total OPEB liability as a percentage of covered-employee payroll	4.86%	4.45%	5.23%	6.05%	5.92%

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2018	2019	2020	2021	2022	2023	2024
3.31%	3.71%	2.75%	2.00%	1.84%	4.05%	3.77%	4.08%

The information in the schedule has been determined as of the measurement date (December 31) of the Town's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.

Town of Addison, Texas
Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
 TMRS Supplemental Death Benefits Fund (SDBF)
 Schedule of Changes in the Town's Total OPEB Liability and Related Ratios, Continued (Unaudited)
 Last Eight Measurement Years (Previous years are not available)

	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total OPEB liability:			
Total OPEB liability - beginning	\$ 1,451,514	\$ 997,488	\$ 1,099,709
Service cost	60,727	32,411	38,138
Interest on the total OPEB liability	27,034	40,453	41,514
Differences between expected and actual experience	(10,975)	3,489	(11,014)
Changes of assumptions	(505,509)	55,578	(57,203)
Benefit payments	(25,303)	(29,710)	(35,204)
Net change in total OPEB liability	<u>(454,026)</u>	<u>102,221</u>	<u>(23,769)</u>
Total OPEB liability - ending	<u>\$ 997,488</u>	<u>\$ 1,099,709</u>	<u>\$ 1,075,940</u>
Covered-employee payroll	\$ 25,303,021	\$ 27,009,082	\$ 29,336,691
Total OPEB liability as a percentage of covered-employee payroll	3.94%	4.07%	3.67%

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2018	2019	2020	2021	2022	2023	2024
3.31%	3.71%	2.75%	2.00%	1.84%	4.05%	3.77%	4.08%

The information in the schedule has been determined as of the measurement date (December 31) of the Town's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 75, only periods of which such information is available are presented.



COMBINING AND INDIVIDUAL
Fund Financial Statements

DEBT SERVICE FUND

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

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

General Obligation Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			Variance With Final Budget Positive (Negative)
	Budget		Actual GAAP Basis	
	Original	Final		
REVENUES:				
Current Property Taxes	\$ 10,623,408	\$ 10,623,408	\$ 10,702,039	\$ 78,631
Delinquent Property Taxes	(35,000)	(35,000)	(234,377)	(199,377)
Penalties and Interest	20,000	20,000	47,785	27,785
Net Investment Income/(Loss)	50,000	50,000	96,628	46,628
Total Revenues	<u>10,658,408</u>	<u>10,658,408</u>	<u>10,612,075</u>	<u>(46,333)</u>
EXPENDITURES:				
Principal Retirement	7,840,000	7,840,000	7,985,000	(145,000)
Interest and Fiscal Charges	3,978,279	3,978,279	3,808,750	169,529
Total Expenditures	<u>11,818,279</u>	<u>11,818,279</u>	<u>11,793,750</u>	<u>24,529</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>(1,159,871)</u>	<u>(1,159,871)</u>	<u>(1,181,675)</u>	<u>(21,804)</u>
OTHER FINANCING SOURCES/(USES):				
Transfers In	<u>972,958</u>	<u>972,958</u>	<u>972,958</u>	<u>-</u>
Net Change in Fund Balance	(186,913)	(186,913)	(208,717)	(21,804)
Fund Balances at Beginning of Year	<u>726,946</u>	<u>726,946</u>	<u>726,946</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 540,033</u>	<u>\$ 540,033</u>	<u>\$ 518,229</u>	<u>\$ (21,804)</u>

NON-MAJOR GOVERNMENTAL FUNDS

The **Municipal Court Fund** accounts for the Town's court building security and technology fees 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.

The **Grant Fund** fund accounts for grant monies 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 fund also accounts for expenditures for which the Town expects to be reimbursed.

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

The **PEG Fees Fund** accounts for state restricted fees collected and the expenditures using these monies.

Town of Addison, Texas
Non-Major Governmental Funds

Non-Major Governmental Funds
Combining Balance Sheet
September 30, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Municipal Court Fund	Public Safety Fund	Grant Fund	Economic Development Fund	PEG Fees Fund	
ASSETS:						
Pooled Cash and Investments	\$ 471,354	\$ 56,181	\$ 94,220	\$ 3,850,322	\$ 28,123	\$ 4,500,200
Receivables:						
Ad Valorem Taxes, Including Interest and Penalties, Net	-	-	-	19,994	-	19,994
Interest	2,470	150	686	16,783	150	20,239
Total Assets	<u>\$ 473,824</u>	<u>\$ 56,331</u>	<u>\$ 94,906</u>	<u>\$ 3,887,099</u>	<u>\$ 28,273</u>	<u>\$ 4,540,433</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:						
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 38,247	\$ 28,431	\$ -	\$ 44,528	\$ -	\$ 111,206
Total Liabilities	<u>38,247</u>	<u>28,431</u>	<u>-</u>	<u>44,528</u>	<u>-</u>	<u>111,206</u>
Deferred Inflows of Resources:						
Unavailable Resources	-	-	-	19,994	-	19,994
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,994</u>	<u>-</u>	<u>19,994</u>
Fund Balances:						
Restricted						
Child Safety	221,561	-	-	-	-	221,561
Justice Administration	101,870	-	-	-	-	101,870
Court Technology	80,773	-	-	-	-	80,773
Court Security	31,373	-	-	-	-	31,373
Public Safety	-	27,900	94,906	-	-	122,806
Governmental Public Education	-	-	-	-	28,273	28,273
Committed:						
Economic Development	-	-	-	3,822,577	-	3,822,577
Total Fund Balance	<u>435,577</u>	<u>27,900</u>	<u>94,906</u>	<u>3,822,577</u>	<u>28,273</u>	<u>4,409,233</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 473,824</u>	<u>\$ 56,331</u>	<u>\$ 94,906</u>	<u>\$ 3,887,099</u>	<u>\$ 28,273</u>	<u>\$ 4,540,433</u>

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, 2025

Special Revenue Funds

	Municipal Court Fund	Public Safety Fund	Grant Fund	Economic Development Fund	PEG Fees Fund	Total Nonmajor Governmental Funds
REVENUES:						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 1,463,626	\$ -	\$ 1,463,626
Franchise Fees	-	-	-	-	21,601	21,601
Intergovernmental	-	11,245	45,421	-	-	56,666
Service Fees	-	-	-	350	-	350
Fines and Forfeitures	61,461	-	-	-	-	61,461
Net Investment Income/(Loss)	20,887	864	3,278	158,118	1,054	184,201
Other	-	-	51,028	-	-	51,028
Total Revenues	<u>82,348</u>	<u>12,109</u>	<u>99,727</u>	<u>1,622,094</u>	<u>22,655</u>	<u>1,838,933</u>
EXPENDITURES:						
General Government	-	-	-	-	6,118	6,118
Public Safety	-	3,936	61,597	-	-	65,533
Development Services	-	-	12,613	-	-	12,613
Municipal Court	38,983	-	-	-	-	38,983
Economic Development	-	-	-	1,422,817	-	1,422,817
Total Expenditures	<u>38,983</u>	<u>3,936</u>	<u>74,210</u>	<u>1,422,817</u>	<u>6,118</u>	<u>1,546,064</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>43,365</u>	<u>8,173</u>	<u>25,517</u>	<u>199,277</u>	<u>16,537</u>	<u>292,869</u>
OTHER FINANCING SOURCES/(USES):						
Transfers In	-	-	-	750,000	-	750,000
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Net Change in Fund Balance	43,365	8,173	25,517	949,277	16,537	1,042,869
Fund Balances at Beginning of Year	<u>392,212</u>	<u>19,727</u>	<u>69,389</u>	<u>2,873,300</u>	<u>11,736</u>	<u>3,366,364</u>
Fund Balances at End of Year	<u>\$ 435,577</u>	<u>\$ 27,900</u>	<u>\$ 94,906</u>	<u>\$ 3,822,577</u>	<u>\$ 28,273</u>	<u>\$ 4,409,233</u>

Town of Addison, Texas
Non-Major Governmental Funds

Municipal Court Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and Forfeitures	\$ 40,030	\$ 40,030	\$ 61,461	\$ 21,431
Net Investment Income/(Loss)	7,000	7,000	20,887	13,887
Total Revenues	<u>47,030</u>	<u>47,030</u>	<u>82,348</u>	<u>35,318</u>
EXPENDITURES:				
Salaries and Fringe Benefits	26,270	26,270	24,713	1,557
Supplies	4,000	4,000	11,899	(7,899)
Maintenance and Materials	1,000	1,000	67	933
Contractual Services	27,500	27,500	2,304	25,196
Total Expenditures	<u>58,770</u>	<u>58,770</u>	<u>38,983</u>	<u>19,787</u>
Net Change in Fund Balance	(11,740)	(11,740)	43,365	55,105
Fund Balance at Beginning of Year	<u>392,212</u>	<u>392,212</u>	<u>392,212</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 380,472</u>	<u>\$ 380,472</u>	<u>\$ 435,577</u>	<u>\$ 55,105</u>

Town of Addison, Texas
Non-Major Governmental Funds

Public Safety Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 11,245	\$ 11,245
Net Investment Income/(Loss)	500	500	864	364
Total Revenues	<u>500</u>	<u>500</u>	<u>12,109</u>	<u>11,609</u>
EXPENDITURES:				
Supplies	10,000	10,000	-	10,000
Contractual Services	-	-	3,936	(3,936)
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,936</u>	<u>6,064</u>
Net Change in Fund Balance	(9,500)	(9,500)	8,173	17,673
Fund Balance at Beginning of Year	<u>19,727</u>	<u>19,727</u>	<u>19,727</u>	-
Fund Balance at End of Year	<u>\$ 10,227</u>	<u>\$ 10,227</u>	<u>\$ 27,900</u>	<u>\$ 17,673</u>

Town of Addison, Texas
Non-Major Governmental Funds

Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 8,750	\$ 8,750	\$ 45,421	\$ 36,671
Net Investment Income/(Loss)	1,200	1,200	3,278	2,078
Other	-	50,000	51,028	1,028
Total Revenues	<u>9,950</u>	<u>59,950</u>	<u>99,727</u>	<u>39,777</u>
EXPENDITURES:				
Salaries and Fringe Benefits	-	-	4,923	(4,923)
Supplies	-	-	12,315	(12,315)
Contractual Services	20,000	20,000	8,015	11,985
Capital Outlay	-	50,000	48,957	1,043
Total Expenditures	<u>20,000</u>	<u>70,000</u>	<u>74,210</u>	<u>(4,210)</u>
Net Change in Fund Balance	(10,050)	(10,050)	25,517	35,567
Fund Balance at Beginning of Year	<u>69,389</u>	<u>69,389</u>	<u>69,389</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 59,339</u>	<u>\$ 59,339</u>	<u>\$ 94,906</u>	<u>\$ 35,567</u>

Town of Addison, Texas
Non-Major Governmental Funds

Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Ad Valorem Taxes	\$ 1,474,028	\$ 1,474,028	\$ 1,463,626	\$ (10,402)
Service Fees	-	-	350	350
Net Investment Income/(Loss)	75,000	75,000	158,118	83,118
Total Revenues	<u>1,549,028</u>	<u>1,549,028</u>	<u>1,622,094</u>	<u>73,066</u>
EXPENDITURES:				
Salaries and Fringe Benefits	504,152	504,152	506,983	(2,831)
Supplies	14,308	14,308	29,802	(15,494)
Maintenance and Materials	44,728	44,728	40,201	4,527
Contractual Services	904,360	904,360	836,116	68,244
Capital Replacement	9,715	9,715	9,715	-
Total Expenditures	<u>1,477,263</u>	<u>1,477,263</u>	<u>1,422,817</u>	<u>54,446</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>71,765</u>	<u>71,765</u>	<u>199,277</u>	<u>127,512</u>
OTHER FINANCING SOURCES / (USES):				
Transfers In	-	-	750,000	750,000
Total Other Financing Sources / (Uses)	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>750,000</u>
Net Change in Fund Balance	71,765	71,765	949,277	877,512
Fund Balance at Beginning of Year	<u>2,873,300</u>	<u>2,873,300</u>	<u>2,873,300</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,945,065</u>	<u>\$ 2,945,065</u>	<u>\$ 3,822,577</u>	<u>\$ 877,512</u>

Town of Addison, Texas
Non-Major Governmental Funds

PEG Fees Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2025

	2025			
	Budget		Actual GAAP Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Franchise Fees	\$ 25,000	\$ 25,000	\$ 21,601	\$ (3,399)
Net Investment Income/(Loss)	500	500	1,054	554
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>22,655</u>	<u>(2,845)</u>
EXPENDITURES:				
Supplies	-	-	6,118	(6,118)
Capital Outlay	30,000	30,000	-	30,000
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>6,118</u>	<u>23,882</u>
Net Change in Fund Balance	(4,500)	(4,500)	16,537	21,037
Fund Balance at Beginning of Year	<u>11,736</u>	<u>11,736</u>	<u>11,736</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 7,236</u>	<u>\$ 7,236</u>	<u>\$ 28,273</u>	<u>\$ 21,037</u>

PROPRIETARY FUNDS

Internal Service Funds:

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

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

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

The **Facility Maintenance Fund** is used to account for financial resources set aside annually to repair and improve Town facilities as their useful lives are consumed.

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Net Position
September 30, 2025

	Capital Replacement	Information Technology Replacement	Facility Maintenance	Total
ASSETS:				
Current Assets:				
Pooled Cash and Investments	\$ 4,018,574	\$ 4,711,056	\$ 568,334	\$ 9,297,964
Interest Receivable	20,176	24,579	2,682	47,437
Total Current Assets	<u>4,038,750</u>	<u>4,735,635</u>	<u>571,016</u>	<u>9,345,401</u>
Non-Current Assets:				
Capital and Subscription Assets:				
Construction in Progress	750,142	120,500	12,095	882,737
Buildings	-	-	112,973	112,973
Machinery and Equipment	12,757,788	6,783,111	99,897	19,640,796
Subscription Assets	-	644,310	-	644,310
Accumulated Depreciation and Amortization	<u>(7,052,400)</u>	<u>(4,899,483)</u>	<u>(21,912)</u>	<u>(11,973,795)</u>
Total Capital and Subscription Assets, Net of Accumulated Depreciation and Amortization	<u>6,455,530</u>	<u>2,648,438</u>	<u>203,053</u>	<u>9,307,021</u>
Total Assets	<u>10,494,280</u>	<u>7,384,073</u>	<u>774,069</u>	<u>18,652,422</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	5,370	52,872	24,822	83,064
Accrued Interest Payable	-	4,668	-	4,668
Current Maturities of Long-Term Liabilities	-	90,647	-	90,647
Total Current Liabilities	<u>5,370</u>	<u>148,187</u>	<u>24,822</u>	<u>178,379</u>
Non-Current Liabilities				
Long-Term Liabilities, Net of Current Portion	-	326,361	-	326,361
Total Liabilities	<u>5,370</u>	<u>474,548</u>	<u>24,822</u>	<u>504,740</u>
NET POSITION:				
Net Investment in Capital Assets	6,450,160	2,186,930	203,053	8,840,143
Unrestricted	4,038,750	4,722,595	546,194	9,307,539
Total Net Position	<u>\$ 10,488,910</u>	<u>\$ 6,909,525</u>	<u>\$ 749,247</u>	<u>\$ 18,147,682</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

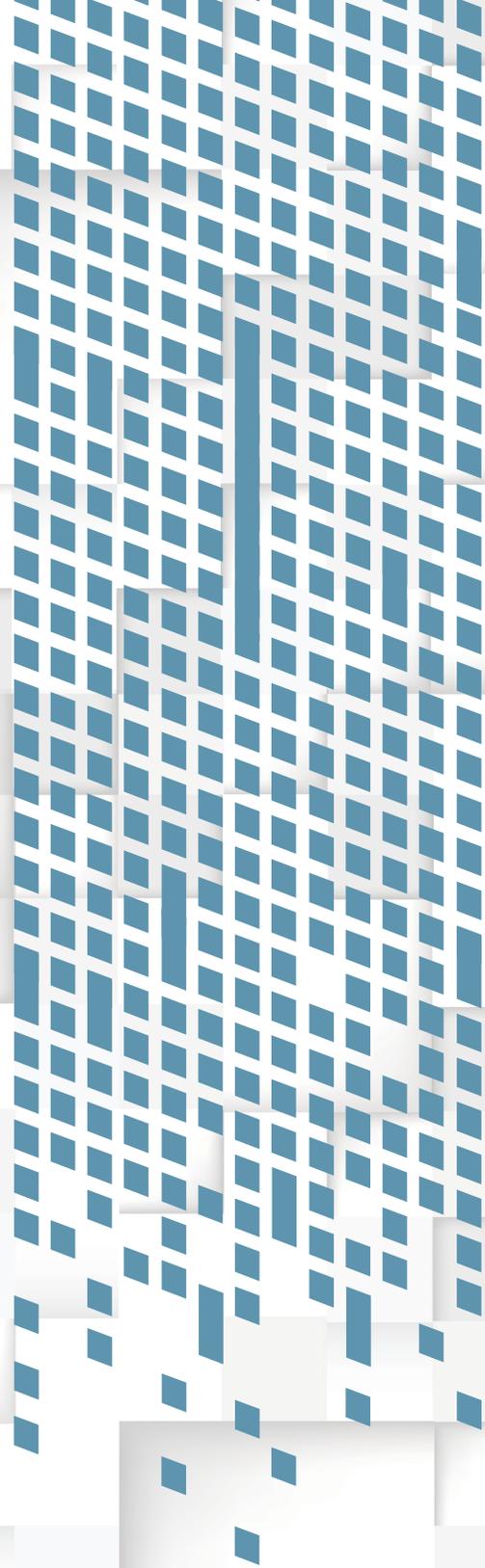
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended September 30, 2025

	Capital Replacement	Information Technology Replacement	Facility Maintenance	Total Internal Service Funds
OPERATING REVENUES:				
Department Contributions	\$ 1,705,000	\$ 805,963	\$ 750,000	\$ 3,260,963
Total Operating Revenues	<u>1,705,000</u>	<u>805,963</u>	<u>750,000</u>	<u>3,260,963</u>
OPERATING EXPENSES:				
Supplies	1,875	20,902	-	22,777
Maintenance and Materials	-	86,528	1,276,906	1,363,434
Total Operating Expenses (Excluding Depreciation and Amortization)	1,875	107,430	1,276,906	1,386,211
Depreciation and Amortization	1,510,019	601,998	11,104	2,123,121
Total Operating Expenses	<u>1,511,894</u>	<u>709,428</u>	<u>1,288,010</u>	<u>3,509,332</u>
OPERATING INCOME	<u>193,106</u>	<u>96,535</u>	<u>(538,010)</u>	<u>(248,369)</u>
NON-OPERATING REVENUES/(EXPENSES):				
Net Investment Income/(Loss)	194,375	203,258	50,688	448,321
Gain/(Loss) on Disposal of Assets	175,104	-	-	175,104
Insurance Proceeds	9,974	-	-	9,974
Interest Expense and Fiscal Charges	-	(9,757)	-	(9,757)
Total Non-Operating Revenues/(Expenses)	<u>379,453</u>	<u>193,501</u>	<u>50,688</u>	<u>623,642</u>
NET INCOME/(LOSS) BEFORE TRANSFERS	572,559	290,036	(487,322)	375,273
Transfers Out	-	(18,141)	-	(18,141)
CHANGE IN NET POSITION	572,559	271,895	(487,322)	357,132
Net Position at Beginning of Year	<u>9,916,351</u>	<u>6,637,630</u>	<u>1,236,569</u>	<u>17,790,550</u>
Net Position at End of Year	<u>\$ 10,488,910</u>	<u>\$ 6,909,525</u>	<u>\$ 749,247</u>	<u>\$ 18,147,682</u>

Town of Addison, Texas
Proprietary Funds - Internal Service Funds

Internal Service Funds
Combining Statement of Cash Flows
Year Ended September 30, 2025

	<u>Capital Replacement</u>	<u>Information Technology Replacement</u>	<u>Facility Maintenance</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Department Contributions	\$ 1,705,000	\$ 805,963	\$ 750,000	\$ 3,260,963
Payments to Suppliers	(1,875)	(49,345)	(1,337,190)	(1,388,410)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>1,703,125</u>	<u>756,618</u>	<u>(587,190)</u>	<u>1,872,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital and Subscription Assets	(2,282,631)	(513,552)	(165,583)	(2,961,766)
Proceeds from Sale of Capital Assets	196,319	-	-	196,319
Principal Paid on Long-Term Debt	-	(84,928)	-	(84,928)
Interest and Fiscal Charges Paid on Long-Term Debt	-	(9,125)	-	(9,125)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(2,086,312)</u>	<u>(607,605)</u>	<u>(165,583)</u>	<u>(2,859,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Cash and Investments	192,665	197,703	53,323	443,691
<i>Net Cash Provided/(Used) by Investing Activities</i>	<u>192,665</u>	<u>197,703</u>	<u>53,323</u>	<u>443,691</u>
<i>Net Increase/(Decrease) in Cash and Cash Equivalents</i>	(190,522)	346,716	(699,450)	(543,256)
Cash and Cash Equivalents, October 1	4,209,098	4,364,340	1,267,784	9,841,222
Cash and Cash Equivalents, September 30	<u>\$ 4,018,576</u>	<u>\$ 4,711,056</u>	<u>\$ 568,334</u>	<u>\$ 9,297,966</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ 193,106	\$ 96,535	\$ (538,010)	\$ (248,369)
Adjustments to Reconcile Income/(Loss) from Operations to Net Cash Provided/(Used) by Operating Activities:				
Depreciation and Amortization	1,510,019	601,998	11,104	2,123,121
Change in Assets and Liabilities:				
(Increase)/Decrease in Prepaid Items	-	54,215	-	54,215
Increase/(Decrease) in Accounts Payable	-	3,870	(60,284)	(56,414)
<i>Net Cash Provided/(Used) by Operating Activities</i>	<u>\$ 1,703,125</u>	<u>\$ 756,618</u>	<u>\$ (587,190)</u>	<u>\$ 1,872,553</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Assets in Accounts Payable	\$ 5,370	\$ -	\$ -	\$ 5,370
New Subscription	-	(172,119)	-	(172,119)
Transfer of Subscription	-	(18,141)	-	(18,141)
<i>Net Non-Cash Items from Capital and Related Financing Activities</i>	<u>\$ 5,370</u>	<u>\$ (18,141)</u>	<u>\$ -</u>	<u>\$ (184,890)</u>



STATISTICAL
Section

STATISTICAL SECTION

(Unaudited)

The Statistical Section presents detailed information to assist in understanding the information in the financial statements, note disclosures, and required supplementary information. It includes five categories of information:

Financial Trends (tables 1-6) – contain trend information to help the reader understand how the government’s financial position has changed over time.

Revenue Capacity (tables 7-10) – contain information to help the reader assess the government’s ability to generate its own revenues.

Debt Capacity (tables 11-15) – present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information (tables 16-18) – offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the government’s financial activities take place.

Operating Information (tables 19-21) – contain employee and capital asset data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 122,079,968	\$ 124,922,785	\$ 125,983,819	\$ 125,521,642	\$ 121,008,111	\$ 118,883,370	\$ 115,283,708	\$ 116,634,762	\$ 119,852,579	\$ 126,391,640
Restricted for:										
Debt Service	660,955	500,094	310,619	83,524	63,194	661,804	770,005	830,459	822,997	632,563
Promotion of Tourism and Hotel Industry	3,869,581	4,334,037	4,167,549	3,449,095	3,239,356	2,710,600	4,972,399	5,879,548	6,242,117	5,661,238
Child Safety	98,540	86,906	84,284	90,718	110,712	126,062	140,935	166,297	201,648	221,561
Justice Administration	30,952	21,851	23,222	52,722	56,887	33,404	72,179	89,137	110,866	130,763
Court Technology	86,147	74,667	33,370	27,831	27,651	32,421	41,069	53,669	67,192	80,773
Building Security	63,655	53,584	-	-	-	-	-	-	-	-
Court Security	28,125	46,900	46,844	37,495	32,841	38,503	46,639	51,544	41,399	31,373
Public Safety	-	33,238	84,870	101,240	123,730	112,729	124,490	100,768	97,987	131,948
Other purposes	33,694	191,575	242,042	303,147	359,096	402,711	218,003	70,321	11,736	28,273
Pensions	-	-	-	-	-	-	6,022,075	-	-	-
Unrestricted	7,031,223	29,561,964	31,164,711	33,180,155	31,791,785	39,204,079	37,432,655	36,849,868	41,830,227	42,965,231
Total Net Position - Governmental Activities	\$ 133,982,840	\$ 159,827,601	\$ 162,141,330	\$ 162,847,569	\$ 156,813,363	\$ 162,205,683	\$ 165,124,157	\$ 160,726,373	\$ 169,278,748	\$ 176,275,363
Business-type Activities										
Net Investment in Capital Assets	\$ 62,547,252	\$ 65,363,662	\$ 64,971,096	\$ 63,424,919	\$ 69,493,275	\$ 68,126,836	\$ 68,142,152	\$ 69,671,931	\$ 91,697,938	\$ 91,887,828
Restricted for:										
Pensions	-	-	-	-	-	-	349,817	-	-	-
Unrestricted	24,910,364	22,218,951	22,483,060	25,438,188	25,266,288	28,001,455	31,634,802	43,947,677	36,226,013	36,641,434
	<u>\$ 87,457,616</u>	<u>\$ 87,582,613</u>	<u>\$ 87,454,156</u>	<u>\$ 88,863,107</u>	<u>\$ 94,759,563</u>	<u>\$ 96,128,291</u>	<u>\$ 100,126,771</u>	<u>\$ 113,619,608</u>	<u>\$ 127,923,951</u>	<u>\$ 128,529,262</u>
Primary Government										
Net Investment in Capital Assets	\$ 184,627,220	\$ 190,286,447	\$ 190,954,915	\$ 188,946,561	\$ 190,501,386	\$ 187,010,206	\$ 183,425,860	\$ 186,306,693	\$ 211,550,517	\$ 218,279,468
Restricted for:										
Debt Service	660,955	500,094	310,619	83,524	63,194	661,804	770,005	830,459	822,997	632,563
Promotion of Tourism and Hotel Industry	3,869,581	4,334,037	4,167,549	3,449,095	3,239,356	2,710,600	4,972,399	5,879,548	6,242,117	5,661,238
Child Safety	98,540	86,906	84,284	90,718	110,712	126,062	140,935	166,297	201,648	221,561
Justice Administration	30,952	21,851	23,222	52,722	56,887	33,404	72,179	89,137	110,866	130,763
Court Technology	86,147	74,667	33,370	27,831	27,651	32,421	41,069	53,669	67,192	80,773
Building Security	63,655	53,584	-	-	-	-	-	-	-	-
Court Security	28,125	46,900	46,844	37,495	32,841	38,503	46,639	51,544	41,399	31,373
Public Safety	-	33,238	84,870	101,240	123,730	112,729	124,490	100,768	97,987	131,948
Other Purposes	33,694	191,575	242,042	303,147	359,096	402,711	218,003	70,321	11,736	28,273
Pensions	-	-	-	-	-	-	6,371,892	-	-	-
Unrestricted	31,941,587	51,780,915	53,647,771	58,618,343	57,058,073	67,205,534	69,067,457	80,797,545	78,056,240	79,606,665
Total Net Position - Primary Government	\$ 221,440,456	\$ 247,410,214	\$ 249,595,486	\$ 251,710,676	\$ 251,572,926	\$ 258,333,974	\$ 265,250,928	\$ 274,345,981	\$ 297,202,699	\$ 304,804,625

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Note: 2016 and prior Public Safety included in Other Purposes. Starting in 2017, Public Safety is separate from Other Purposes.

Town of Addison, Texas
Statistical Section

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

	2016	2017	2018	2019
Expenses				
Governmental Activities:				
General Government	\$ 10,015,214	\$ 7,184,325	\$ 10,218,620	\$ 10,149,540
Public Safety	17,528,619	7,021,636	17,814,777	19,855,190
Development Services	1,278,232	100,924	1,379,071	3,137,715
Streets	6,567,732	6,660,591	7,249,140	7,677,651
Parks and Recreation	5,796,136	4,259,992	6,068,682	6,840,345
Visitor Services	7,537,477	6,839,484	7,118,492	6,884,597
Interest on Long-Term Debt	2,417,435	1,713,819	2,038,203	1,938,010
Total Governmental Activities	<u>51,140,845</u>	<u>33,780,771</u>	<u>51,886,985</u>	<u>56,483,048</u>
Business-type Activities:				
Airport	6,454,693	6,509,127	6,996,377	6,574,351
Utilities	10,821,202	10,081,401	12,708,842	12,329,112
Storm Water	2,092,187	1,408,133	820,337	1,427,551
Total Business-type Activities	<u>19,368,082</u>	<u>17,998,661</u>	<u>20,525,556</u>	<u>20,331,014</u>
Total Expenses - Primary Government	<u>\$ 70,508,927</u>	<u>\$ 51,779,432</u>	<u>\$ 72,412,541</u>	<u>\$ 76,814,062</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 753,062	\$ 961,336	\$ 407,531	\$ 763,244
Public Safety	1,070,517	947,071	848,523	916,430
Development Services	774,364	1,242,223	1,414,425	1,379,721
Streets	375,564	391,126	414,493	403,676
Parks and Recreation	74,719	86,595	82,122	64,453
Visitor Services	3,532,634	3,249,506	2,206,293	1,834,700
Operating Grants and Contributions	27,472	51,063	106,322	100,904
Capital Grants and Contributions	148,518	-	121,578	130,000
Total Governmental Activities	<u>6,756,850</u>	<u>6,928,920</u>	<u>5,601,287</u>	<u>5,593,128</u>
Business-type Activities:				
Charges for Services:				
Airport	5,387,660	5,479,786	6,197,849	6,725,125
Utilities	10,576,707	10,983,136	12,178,231	11,847,562
Storm Water	1,883,841	2,034,484	2,140,112	2,237,953
Operating Grants and Contributions	129,093	50,000	121,226	69,241
Capital Grants and Contributions	2,130,601	148,158	395,372	457,426
Total Business-type Activities	<u>20,107,902</u>	<u>18,695,564</u>	<u>21,032,790</u>	<u>21,337,307</u>
Total Program Revenues - Primary Government	<u>\$ 26,864,752</u>	<u>\$ 25,624,484</u>	<u>\$ 26,634,077</u>	<u>\$ 26,930,435</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (44,383,995)	\$ (26,851,851)	\$ (46,285,698)	\$ (50,889,920)
Business-Type Activities	739,820	696,903	507,234	1,006,293
Total Net Expense - Primary Government	<u>\$ (43,644,175)</u>	<u>\$ (26,154,948)</u>	<u>\$ (45,778,464)</u>	<u>\$ (49,883,627)</u>
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 22,593,188	\$ 23,572,225	\$ 23,600,531	\$ 25,180,507
Sales Taxes	13,847,507	15,126,354	17,734,689	16,258,669
Franchise Taxes	3,074,519	2,664,422	2,624,458	2,513,414
Hotel/Motel Taxes	6,132,432	5,996,924	5,507,072	5,436,211
Net Investment Income/(Loss)	316,288	472,896	831,714	1,365,659
Gain/(Loss) on Disposal of Capital Assets	-	-	27,311	12,935
Gain on Disposition of Debt	-	-	-	-
Miscellaneous	581,628	3,736,791	292,272	328,764
Transfers	-	800,000	500,000	500,000
Total General Revenues and Transfers	<u>46,545,562</u>	<u>52,369,612</u>	<u>51,118,047</u>	<u>51,596,159</u>
Business-type Activities				
Net Investment Income/(Loss)	151,937	185,046	335,367	833,703
Gain/(Loss) on Disposal of Capital Assets	-	-	(242,744)	-
Public-Private Partnership Revenues	-	-	-	-
Miscellaneous	135,897	43,048	22,102	68,955
Transfers	-	(800,000)	(500,000)	(500,000)
Total Business-type Activities	<u>287,834</u>	<u>(571,906)</u>	<u>(385,275)</u>	<u>402,658</u>
Change in Net Position				
Governmental Activities	2,161,567	25,517,761	4,832,349	706,239
Business-type Activities	1,027,654	124,997	121,959	1,408,951
Total Change in Net Position - Primary Government	<u>\$ 3,189,221</u>	<u>\$ 25,642,758</u>	<u>\$ 4,954,308</u>	<u>\$ 2,115,190</u>

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Table 2

	2020	2021	2022	2023	2024	2025
\$	10,206,304	\$ 9,265,244	\$ 9,416,452	\$ 13,791,308	\$ 11,089,043	\$ 11,682,517
	20,337,267	20,235,377	20,331,699	30,645,228	24,091,139	27,843,571
	3,320,919	3,437,779	3,061,515	4,536,840	4,029,364	4,773,236
	8,326,816	7,619,194	10,669,363	8,555,527	8,365,960	8,038,430
	6,784,214	6,675,787	7,023,671	8,851,065	9,329,919	9,592,755
	4,310,828	5,011,538	5,396,612	6,543,984	7,173,628	7,977,705
	2,153,845	2,007,306	2,179,219	2,705,036	2,818,589	3,187,865
	<u>55,440,193</u>	<u>54,252,225</u>	<u>58,078,531</u>	<u>75,628,988</u>	<u>66,897,642</u>	<u>73,096,079</u>
	6,893,786	6,235,571	6,758,415	8,696,459	8,050,603	9,328,810
	12,361,224	13,100,779	14,753,989	17,167,507	16,111,864	16,922,741
	1,361,880	1,065,470	1,060,602	1,660,577	2,169,762	2,175,498
	<u>20,616,890</u>	<u>20,401,820</u>	<u>22,573,006</u>	<u>27,524,543</u>	<u>26,332,229</u>	<u>28,427,049</u>
\$	<u>76,057,083</u>	<u>74,654,045</u>	<u>80,651,537</u>	<u>103,153,531</u>	<u>93,229,871</u>	<u>101,523,128</u>
\$	770,105	\$ 595,391	\$ 802,863	\$ 928,417	\$ 1,085,319	\$ 1,357,812
	889,868	1,027,810	1,214,031	1,432,620	1,362,025	1,444,305
	1,227,095	852,648	1,155,862	1,254,806	1,662,437	1,725,350
	505,545	796,446	2,916,935	466,103	1,242,171	567,426
	34,914	74,703	56,442	242,373	372,437	182,823
	286,892	1,088,609	1,140,565	1,272,806	1,503,962	1,532,199
	634,082	2,934,576	2,243,757	399,776	113,369	122,067
	100	228,952	25,000	301,890	100,000	3,384,686
	<u>4,348,601</u>	<u>7,599,135</u>	<u>9,555,455</u>	<u>6,298,791</u>	<u>7,441,720</u>	<u>10,316,668</u>
	5,392,936	5,588,284	7,160,453	5,978,554	6,192,257	6,268,636
	12,818,071	13,272,935	15,524,151	16,244,659	16,399,919	16,727,579
	2,322,350	2,521,318	2,561,054	2,551,299	2,611,611	2,597,602
	207,000	107,000	198,000	50,000	100,000	100,000
	1,358,225	120,726	2,054,675	1,402,987	9,071,985	952,442
	<u>22,098,582</u>	<u>21,610,263</u>	<u>27,498,333</u>	<u>26,227,499</u>	<u>34,375,772</u>	<u>26,646,259</u>
\$	<u>26,447,183</u>	<u>29,209,398</u>	<u>37,053,788</u>	<u>32,526,290</u>	<u>41,817,492</u>	<u>36,962,927</u>
\$	(51,091,592)	\$ (46,653,090)	\$ (48,523,076)	\$ (69,330,197)	\$ (59,455,922)	\$ (62,779,411)
	1,481,692	1,208,443	4,925,327	(1,297,044)	8,043,543	(1,780,790)
\$	<u>(49,609,900)</u>	<u>(45,444,647)</u>	<u>(43,597,749)</u>	<u>(70,627,241)</u>	<u>(51,412,379)</u>	<u>(64,560,201)</u>
\$	27,005,415	\$ 29,960,335	\$ 30,443,817	\$ 33,454,168	\$ 35,759,402	\$ 37,741,604
	15,036,200	16,113,549	17,409,213	18,286,374	18,586,162	18,738,450
	2,227,367	1,989,938	2,116,496	2,157,699	2,059,519	2,036,189
	3,232,320	2,702,204	4,545,644	5,445,315	5,343,107	5,002,947
	1,116,915	85,076	(3,607,419)	4,036,686	5,009,875	4,233,912
	21,503	364,018	7,187	-	966	-
	-	-	-	219,680	-	-
	207,898	774,276	526,612	423,086	512,526	268,190
	(3,790,232)	56,014	-	909,405	736,740	1,754,734
	<u>45,057,386</u>	<u>52,045,410</u>	<u>51,441,550</u>	<u>64,932,413</u>	<u>68,008,297</u>	<u>69,776,026</u>
	569,513	32,098	(1,094,374)	2,989,902	4,484,345	3,837,809
	24,005	103,818	42,044	-	35,427	18,750
	-	-	-	12,578,484	2,433,506	270,893
	31,014	80,383	125,483	130,900	44,262	13,383
	3,790,232	(56,014)	-	(909,405)	(736,740)	(1,754,734)
	<u>4,414,764</u>	<u>160,285</u>	<u>(926,847)</u>	<u>14,789,881</u>	<u>6,260,800</u>	<u>2,386,101</u>
	(6,034,206)	5,392,320	2,918,474	(4,397,784)	8,552,375	6,996,615
	5,896,456	1,368,728	3,998,480	13,492,837	14,304,343	605,311
\$	<u>(137,750)</u>	<u>6,761,048</u>	<u>6,916,954</u>	<u>9,095,053</u>	<u>22,856,718</u>	<u>7,601,926</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable:										
Inventories	\$ 41,001	\$ 39,550	\$ 54,843	\$ 34,155	\$ 20,946	\$ 47,161	\$ 41,092	\$ 57,529	\$ 35,872	\$ 33,326
Prepaid Items	84,681	449,442	442,875	470,103	60,668	497,647	636,808	601,698	76,488	131,186
Unassigned	12,765,117	15,879,046	20,465,238	20,083,986	20,052,825	19,698,867	19,837,481	20,023,732	20,744,075	20,820,660
Total General Fund	12,890,799	16,368,038	20,962,956	20,588,244	20,134,439	20,243,675	20,515,381	20,682,959	20,856,435	20,985,172
All Other Governmental Funds										
Nonspendable:										
Prepaid Items	50,836	38,669	-	-	-	-	-	-	-	26,989
Restricted for:										
Debt Service	541,074	370,527	168,535	17,993	6,335	573,411	652,117	747,328	726,946	518,229
Promotion of Tourism & Hotel Industry	3,861,008	4,331,245	4,122,537	3,449,095	3,149,259	2,710,600	4,641,300	5,330,207	5,954,770	5,408,832
Capital Projects	33,162,293	21,834,283	13,687,452	11,067,329	39,199,567	46,856,016	45,061,870	37,280,119	26,918,461	36,937,783
Child Safety	98,540	86,906	84,284	90,718	110,712	126,062	140,935	166,297	201,648	221,561
Justice Administration	30,952	21,851	23,222	23,829	27,994	33,404	43,286	60,244	81,973	101,870
Court Technology	86,147	74,667	33,370	27,831	27,651	32,421	41,069	53,669	67,192	80,773
Building Security	63,655	53,584	-	-	-	-	-	-	-	-
Court Security	28,125	46,900	46,844	37,495	32,841	38,503	46,639	51,544	41,399	31,373
Public Safety	30,521	31,059	82,691	95,319	115,696	112,729	116,509	92,198	89,116	122,806
Other Purposes	327,000	191,575	242,042	303,147	359,096	402,711	218,003	70,321	11,736	28,273
Committed for:										
Capital Projects	-	7,688,169	8,120,427	8,951,963	10,368,778	13,511,945	14,429,924	18,496,810	21,470,642	20,855,570
Economic Development	968,178	1,257,093	1,437,025	1,797,019	1,968,832	2,012,219	1,980,287	2,592,507	2,873,300	3,822,577
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	39,248,329	36,026,528	28,048,429	25,861,738	55,366,761	66,410,021	67,371,939	64,941,244	58,437,183	68,156,636
Total Governmental Funds	\$ 52,139,128	\$ 52,394,566	\$ 49,011,385	\$ 46,449,982	\$ 75,501,200	\$ 86,653,696	\$ 87,887,320	\$ 85,624,203	\$ 79,293,618	\$ 89,141,808

SOURCE: Town of Addison Annual Comprehensive Financial Reports

**Town of Addison, Texas
Statistical Section**

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

	2016	2017	2018	2019
REVENUES:				
Ad Valorem Taxes	\$ 22,559,004	\$ 23,521,642	\$ 23,783,670	\$ 25,196,771
Non-Property Taxes	20,181,697	21,217,028	23,148,710	21,595,724
Franchise Fees	3,074,519	2,664,422	2,624,458	2,513,414
Licenses and Permits	768,964	1,225,373	1,404,035	1,366,941
Intergovernmental	160,619	15,565	16,228	193,904
Service Fees	4,463,789	4,520,358	3,620,748	2,997,653
Fines and Forfeitures	603,282	468,734	358,737	415,721
Earnings on Investments	372,088	472,896	831,714	1,365,659
Rental Charges	949,956	704,701	635,165	566,257
Recycling Proceeds	2,426	3,258	11,407	616
Other	377,608	391,883	324,961	254,100
Total Revenues	53,513,952	55,205,860	56,759,833	56,466,760
EXPENDITURES:				
Current:				
General Government	7,598,584	8,057,632	8,381,216	8,923,060
Public Safety	16,301,539	16,945,126	17,919,259	18,708,501
Development Services	1,207,871	1,158,967	1,374,246	1,350,598
Streets	1,791,257	1,942,584	1,895,171	1,777,128
Parks and Recreation	4,912,455	5,020,975	5,054,566	5,520,903
Visitor Services	7,077,371	7,595,136	6,780,909	7,313,226
Municipal Court	17,610	66,616	75,904	53,096
Economic Development	1,349,920	1,747,750	1,475,201	1,553,813
Debt Service:				
Principal Retirement	5,800,151	5,618,331	4,909,148	4,280,000
Interest and Fiscal Charges	3,089,643	2,810,607	2,631,422	2,475,279
Capital Projects:				
Maintenance and Materials	-	-	-	-
Engineering and Contractual Services	62,647	416,179	758,687	1,469,752
Construction and Equipment	9,086,389	7,583,129	9,414,596	6,115,742
Total Expenditures	58,295,437	58,963,032	60,670,325	59,541,098
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>(4,781,485)</u>	<u>(3,757,172)</u>	<u>(3,910,492)</u>	<u>(3,074,338)</u>
OTHER FINANCING SOURCES/(USES):				
Payment to Refunded Bond Escrow Agent	-	-	-	-
Issuance of Debt	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Leases (as Lessee)	-	-	-	-
Transfers In	2,349,124	7,624,205	3,618,152	5,686,504
Transfers Out	(2,349,124)	(6,824,205)	(3,118,152)	(5,186,504)
Sale of Governmental Assets	-	3,212,610	27,311	12,935
Subscriptions	-	-	-	-
Total Other Financing Sources/(Uses)	-	4,012,610	527,311	512,935
Net Change in Fund Balance	\$ (4,781,485)	\$ 255,438	\$ (3,383,181)	\$ (2,561,403)
Debt Service as a Percentage of Non-Capital Expenditures	18.07%	16.41%	14.71%	12.98%

SOURCE: Town of Addison Annual Comprehensive Financial Reports

Table 4

	2020	2021	2022	2023	2024	2025
\$	26,876,741	\$ 29,869,955	\$ 30,578,292	\$ 33,396,217	\$ 35,679,220	\$ 37,660,618
	18,432,169	18,488,945	21,701,243	23,705,974	23,970,642	23,868,792
	2,227,367	1,989,938	2,116,496	2,157,699	2,059,519	2,036,189
	1,183,285	824,908	1,120,552	1,219,541	1,639,875	1,339,280
	471,145	3,148,053	2,250,134	396,176	122,017	110,763
	2,157,047	2,795,244	3,162,551	3,545,405	4,238,533	4,745,390
	263,146	197,335	359,142	458,972	408,472	456,907
	1,116,915	85,076	(3,607,419)	4,036,686	5,322,284	3,921,503
	270,001	94,303	124,445	153,874	178,012	184,816
	162	2,471	2,546	-	-	-
	306,147	1,078,332	2,477,924	895,440	1,290,247	3,570,409
	53,304,125	58,574,560	60,285,906	69,965,984	74,908,821	77,894,667
	8,946,301	9,203,895	9,510,413	10,223,389	10,374,550	10,702,457
	19,215,910	20,669,001	21,487,192	23,494,743	25,411,567	26,158,208
	1,501,596	1,560,348	1,644,970	1,935,585	2,330,619	3,214,849
	1,799,513	1,951,588	2,047,734	2,275,695	2,267,291	1,711,114
	5,407,703	5,695,541	6,108,572	6,587,120	7,244,930	7,826,579
	3,622,979	4,634,221	5,177,008	5,636,836	6,769,146	7,407,001
	19,400	2,938	4,826	10,314	28,698	38,983
	1,647,246	1,839,493	1,328,152	1,402,616	1,358,034	1,422,817
	4,105,000	4,985,000	5,889,926	6,623,508	7,025,109	8,189,301
	2,915,428	2,725,605	2,952,920	3,406,032	3,534,179	3,826,345
	-	-	-	-	-	-
	1,780,857	993,326	3,580,551	1,795,052	2,418,084	3,596,312
	6,792,067	9,780,860	20,119,010	17,075,143	13,735,085	15,474,548
	57,754,000	64,041,816	79,851,274	80,466,033	82,497,292	89,568,514
	(4,449,875)	(5,467,256)	(19,565,368)	(10,500,049)	(7,588,471)	(11,673,847)
	(13,090,212)	(4,261,861)	(9,477,585)	-	-	-
	43,740,000	19,165,000	28,425,000	6,800,000	-	20,045,000
	2,829,802	1,352,595	1,844,390	291,055	-	415,780
	-	-	-	236,472	-	-
	3,992,900	3,844,950	2,225,875	4,681,874	5,375,540	3,972,958
	(3,992,900)	(3,844,950)	(2,225,875)	(3,772,469)	(4,500,000)	(3,000,000)
	21,503	364,018	7,187	-	966	48,729
	-	-	-	-	381,380	39,570
	33,501,093	16,619,752	20,798,992	8,236,932	1,257,886	21,522,037
\$	29,051,218	\$ 11,152,496	\$ 1,233,624	\$ (2,263,117)	\$ (6,330,585)	\$ 9,848,190
	13.81%	14.37%	14.96%	15.98%	15.40%	16.28%

**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	Net Investment Income/(Loss)	Rental Charges	Other (1)	Total
2016	42,740,701	3,074,519	768,964	160,619	4,463,789	603,282	372,088	949,956	2,426	53,136,344
2017	44,738,670	2,664,422	1,225,373	15,565	4,520,358	468,734	472,896	704,701	3,258	54,813,977
2018	46,932,380	2,624,458	1,404,035	16,228	3,620,748	358,737	831,714	635,165	336,368	56,759,833
2019	46,792,495	2,513,414	1,366,941	193,904	2,997,653	415,721	1,365,659	566,257	336,368	56,548,412
2020	45,308,910	2,227,367	1,183,285	471,145	2,157,047	263,146	1,116,915	270,001	306,309	53,304,125
2021	48,358,900	1,989,938	824,908	3,148,053	2,795,244	197,335	85,076	94,303	1,080,803	58,574,560
2022	52,279,535	2,116,496	1,120,552	2,250,134	3,162,551	359,142	(3,607,419)	124,445	2,480,470	60,285,906
2023	57,102,191	2,157,699	1,219,541	396,176	3,545,405	458,972	4,036,686	153,874	895,440	69,965,984
2024	59,649,862	2,059,519	1,639,875	122,017	4,238,533	408,472	5,322,284	178,012	1,290,247	74,908,821
2025	61,529,410	2,036,189	1,339,280	110,763	4,745,390	456,907	3,921,503	184,816	3,570,409	77,894,667

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

Notes: (1) Includes recycling fees and contributions.

**GENERAL GOVERNMENTAL EXPENDITURES
BY FUNCTION**
Last Ten Fiscal Years

Fiscal Year	General Government(2)	Public Safety	Development Services	Streets	Parks and Recreation	Visitor Services(1)	Economic Development	Debt Service	Total
2016	7,616,194	16,301,539	1,207,871	1,791,257	4,912,455	7,077,371	1,349,920	8,889,794	49,146,401
2017	8,124,248	16,945,126	1,158,967	1,942,584	5,020,975	7,595,136	1,747,750	8,428,938	50,963,724
2018	8,401,512	17,919,259	1,374,246	1,895,171	5,054,566	5,547,740	1,474,105	8,830,443	50,497,042
2019	8,976,156	18,708,501	1,350,598	1,777,128	5,520,903	7,313,226	1,553,813	6,755,279	51,955,604
2020	8,965,701	19,215,910	1,501,596	1,799,513	5,407,703	3,622,979	1,647,246	7,020,428	49,181,076
2021	9,206,833	20,669,001	1,560,348	1,951,588	5,695,541	4,634,221	1,839,493	7,710,605	53,267,630
2022	9,515,239	21,487,192	1,644,970	2,047,734	6,108,572	5,177,008	1,328,152	8,842,846	56,151,713
2023	10,233,703	23,494,743	1,935,585	2,275,695	6,587,120	5,636,836	1,402,616	10,029,540	61,595,838
2024	10,403,248	25,411,567	2,330,619	2,267,291	7,244,930	6,769,146	1,358,034	10,559,288	66,344,123
2025	10,741,440	26,158,208	3,214,849	1,711,114	7,826,579	7,407,001	1,422,817	12,015,646	70,497,654

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

Notes:

- (1) Hotel Fund
- (2) Includes Municipal Court

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
2016	22,559,004	12,831,723	1,211,761	3,074,519	6,138,213	45,815,220
2017	23,521,642	14,032,616	1,229,708	2,664,422	5,954,703	47,403,091
2018	23,783,670	16,449,993	1,146,633	2,624,458	5,552,084	49,556,838
2019	25,196,771	15,017,082	1,151,057	2,513,414	5,427,585	49,305,909
2020	26,876,741	14,302,624	888,599	2,227,367	3,240,946	47,536,277
2021	29,869,955	14,881,277	1,084,108	1,989,938	2,523,560	50,348,838
2022	30,578,292	15,997,283	1,350,605	2,116,496	4,353,355	54,396,031
2023	33,396,217	16,661,868	1,360,467	2,157,699	5,683,639	59,259,890
2024	35,679,220	17,298,041	1,297,720	2,059,519	5,374,881	61,709,381
2025	37,660,618	17,634,389	1,191,858	2,036,189	5,042,545	63,565,599

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

Notes:

(1) Includes penalty and interest.

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

Fiscal Year	Actual Levy Year	Real Property Assessed Value ¹	Personal Property Assessed Value	Less Tax-Exempt Property Assessed Value	Total Taxable Value	Total Direct Tax Rate ²
2016	2015	3,742,314,940	722,808,570	(428,399,743)	4,036,723,767	0.5792
2017	2016	3,996,508,870	757,661,770	(453,899,085)	4,300,271,555	0.5605
2018	2017	4,179,274,260	730,791,690	(459,532,446)	4,450,533,504	0.5500
2019	2018	4,477,513,780	729,708,210	(481,462,821)	4,725,759,169	0.5500
2020	2019	4,557,534,840	759,254,790	(496,882,188)	4,819,907,442	0.5835
2021	2020	4,438,590,218	718,946,820	(498,128,042)	4,659,408,996	0.6087
2022	2021	4,774,627,130	747,592,040	(544,899,165)	4,977,320,005	0.6147
2023	2022	5,326,669,270	836,635,330	(586,987,979)	5,576,316,621	0.6098
2024	2023	5,876,574,880	901,325,120	(658,748,049)	6,119,151,951	0.6098
2025	2024	6,425,521,500	968,200,490	(934,769,320)	6,458,952,670	0.6098

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
2016	0.3767	0.2024	0.5792	0.2431	0.1237	1.2921	1.2817	0.2860	2.5240
2017	0.3812	0.1793	0.5605	0.2431	0.1229	1.2914	1.3810	0.2794	2.4973
2018	0.3970	0.1530	0.5500	0.2431	0.1242	1.2921	1.3810	0.2794	2.4888
2019	0.4074	0.1426	0.5500	0.2431	0.1240	1.4220	1.3700	0.2794	2.6185
2020	0.4341	0.1494	0.5835	0.2431	0.1240	1.3204	1.2684	0.2695	2.5405
2021	0.4411	0.1676	0.6087	0.2397	0.1240	1.3067	1.2547	0.2661	2.5453
2022	0.4411	0.1736	0.6147	0.2279	0.1235	1.2582	1.2013	0.2550	2.4794
2023	0.4451	0.1647	0.6098	0.2179	0.1159	1.1949	1.1429	0.2358	2.3744
2024	0.4503	0.1595	0.6098	0.2157	0.1100	1.1949	0.9836	0.2195	2.3500
2025	0.4398	0.1700	0.6098	0.2155	0.1056	0.9972	0.9836	0.2120	2.1402

SOURCE: Dallas County Tax Office

Notes:

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

PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
			Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2016	2015	23,445,994	22,584,093	96.3%	(77,086)	22,507,007	96.0%
2017	2016	24,175,503	23,458,172	97.0%	(6,535)	23,451,637	97.0%
2018	2017	24,531,963	23,833,997	97.2%	(115,949)	23,718,048	96.7%
2019	2018	26,050,652	25,281,036	97.0%	(142,606)	25,138,430	96.5%
2020	2019	28,199,326	27,322,025	96.9%	(418,445)	26,903,580	95.4%
2021	2020	30,018,305	30,015,545	100.0%	(319,924)	29,695,621	98.9%
2022	2021	30,630,834	30,800,200	100.6%	(304,814)	30,495,386	99.6%
2023	2022	34,094,138	33,664,494	98.7%	(369,985)	33,294,509	97.7%
2024	2023	37,430,304	36,265,947	96.9%	(590,405)	35,675,542	95.3%
2025	2024	39,493,427	38,554,981	97.6%	(995,216)	37,559,765	95.1%

SOURCE: Dallas County Tax Office

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
	General Obligation Bonds	Certificates of Obligation	Leases (1)	Subscriptions (2)	SIB Loan (3)	General Obligation Bonds	Certificates of Obligation			
2016	\$ 65,165,138	\$ 15,642,986	\$ -	\$ -	\$ -	\$ 8,122,465	\$ 17,312,599	\$ 106,243,188	14.93	\$ 6,810
2017	59,974,766	14,009,287	-	-	-	7,663,243	16,305,591	97,952,887	12.89	6,227
2018	56,085,819	12,309,771	-	-	-	7,186,019	15,274,984	90,856,593	10.65	5,765
2019	51,888,184	11,604,403	-	-	-	6,410,005	28,118,950	98,021,542	11.31	6,123
2020	63,729,611	28,222,499	-	-	-	5,615,515	27,095,962	124,663,587	15.55	7,895
2021	75,791,264	26,773,149	-	-	-	11,834,241	19,445,154	133,843,808	16.24	8,245
2022	90,963,718	25,948,703	501,060	-	-	11,279,388	21,134,268	149,326,077	16.41	8,455
2023	89,857,949	26,846,571	359,345	353,589	-	10,722,006	22,181,712	149,961,827	15.09	8,462
2024	83,430,278	25,630,015	285,984	691,060	-	9,682,305	21,052,082	140,485,740	12.79	7,877
2025	76,879,383	29,570,115	216,214	683,292	14,300,000	8,625,602	25,034,459	155,309,065	14.14	8,707

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

- (1) The Town implemented GASB 87 Leases in the fiscal year ended September 30, 2022. Lease balances are not available before this date.
- (2) The Town implemented GASB 96 Subscription-Based Information Technology Arrangements in the fiscal year ended September 30, 2023. Subscription balances are not available before this date.
- (3) The Town executed a loan agreement from the State Infrastructure Bank (SIB) in the fiscal year ended September 30, 2025.

RATIO OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds ¹	Certificates of Obligation ¹	Less: Amounts Available in Debt Service Fund ²	Total Outstanding Debt	Percentage of Actual Taxable Value (%)	Per Capita
2016	73,287,603	32,955,585	541,075	105,702,113	2.62	6,775.78
2017	67,638,009	30,314,878	370,527	97,582,360	2.27	6,203.58
2018	63,271,838	27,584,755	168,535	90,688,058	2.04	5,754.32
2019	57,654,198	39,023,647	17,993	96,659,852	2.05	6,121.59
2020	69,345,126	55,318,461	6,333	124,657,254	2.59	7,894.70
2021	87,625,505	46,218,303	573,411	133,270,397	2.86	8,166.08
2022	102,243,107	47,082,971	652,117	148,673,961	2.99	8,390.18
2023	100,579,954	49,028,283	747,328	148,860,909	2.67	8,400.25
2024	93,112,583	46,682,097	726,946	139,067,734	2.27	7,797.46
2025	85,504,985	54,604,574	518,228	139,591,331	2.16	7,825.94

NOTES: (1) The schedule of general bonded debt includes general obligation debt of both governmental activities and business-type activities, including premiums and discounts of the associated debt.
 (2) This is the amount restricted for debt service principal payments at the fund level.

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

DIRECT AND OVERLAPPING DEBT
 Year Ended September 30, 2025

Taxing Jurisdiction	Debt	Percent Applicable ¹	Estimated Share of Overlapping Debt
Carrollton-Farmers Branch ISD	\$ 908,585,000	1.73%	\$ 15,718,521
Dallas County	179,530,000	1.38%	2,477,514
Dallas County Hospital District	511,285,000	1.38%	7,055,733
Dallas County Community College District	247,115,000	1.38%	3,410,187
Dallas ISD	4,613,765,000	2.67%	123,187,526
Total Overlapping Debt			151,849,480
Town of Addison (Direct Debt)	\$ 155,309,065 ⁽²⁾	100%	155,309,065
Total Direct and Overlapping Debt			\$ 307,158,545
Ratio of Overlapping Debt to 2024 Taxable Assessed Valuation			4.76%
Per Capita Overlapping Debt			\$ 17,220

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

Notes:

- (1) The percentage of overlapping debt is estimated using taxable assessed property values. Applicable percentages were estimated by determining the assessed valuation of taxable property within both the overlapping taxing body and the Town's boundaries and dividing that shared value by the total taxable assessed value within the overlapping taxing body.
- (2) Total debt shown for the Town of Addison excludes self-supporting debt and amount available for repayment in the Debt Service funds. It includes all bonded debt that is secured by ad valorem taxes, as well as leases and subscriptions.

SCHEDULE OF REVENUE BOND COVERAGE
UTILITY 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	
2016	\$ 10,688,878	\$ 9,116,360	\$ 1,572,518	\$ -	\$ -	\$ -	N/A
2017	11,087,788	8,988,724	2,099,064	-	-	-	N/A
2018	12,211,566	11,121,149	1,090,417	-	-	-	N/A
2019	11,939,132	10,729,825	1,209,307	-	-	-	N/A
2020	12,906,145	10,637,638	2,268,507	-	-	-	N/A
2021	13,365,766	11,487,878	1,877,888	-	-	-	N/A
2022	15,632,451	12,638,529	2,993,922	-	-	-	N/A
2023	16,368,412	14,936,764	1,431,648	-	-	-	N/A
2024	16,521,030	13,873,560	2,647,470	-	-	-	N/A
2025	16,834,447	14,614,186	2,220,261	-	-	-	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 or combination tax and revenue certificates of obligation 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 combination tax and revenue certificates of obligation. This debt is secured by the Town's property taxes but is supported by Utility Fund net 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	
2016	\$ 9,680,180	\$ 1,156,760	\$ 8,523,420	\$ 660,001	\$ 52,050	\$ 712,051	12.0
2017	9,307,410	1,211,193	8,096,217	680,000	31,200	711,200	11.4
2018	7,889,706	1,027,977	6,861,729	700,000	10,500	710,500	9.7
2019	7,354,784	956,507	6,398,277	-	-	-	N/A
2020	3,707,143	796,479	2,910,664	-	-	-	N/A
2021	4,579,562	242,198	4,337,364	-	-	-	N/A
2022	7,449,829	229,056	7,220,773	-	-	-	N/A
2023	7,093,743	195,446	6,898,297	-	-	-	N/A
2024	7,393,709	186,527	7,207,182	-	-	-	N/A
2025	6,888,052	171,661	6,716,391	-	-	-	N/A

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 ⁵
2016	15,600	4,036,723,767	753,761	48,318	3,703,129	3.9%
2017	15,730	4,300,271,555	760,042	48,318	3,778,245	3.3%
2018	15,760	4,450,533,504	852,821	54,113	3,859,214	3.4%
2019	15,790	4,725,759,169	854,444	54,113	3,943,271	3.2%
2020	15,790	4,819,907,442	801,927	50,787	3,973,806	6.1%
2021	16,320	4,659,408,996	828,844	50,787	4,109,810	5.4%
2022	17,720	4,977,320,005	912,793	51,512	4,256,428	3.5%
2023	17,721	5,576,316,621	993,847	56,083	4,376,741	3.7%
2024	17,835	6,119,151,951	1,000,240	61,577	4,516,541	3.5%
2025	17,837	6,458,952,670	1,098,349	61,577	4,559,595	4.1%

SOURCES:

- (1) North Central Texas Council of Governments estimates
- (2) Dallas Central Appraisal District
- (3) United States Census American Community Survey; figures are based on the most current data available.
- (4) Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented represents the Dallas, Fort Worth, Arlington Metro Area.
- (5) Texas Workforce Commission - Effective January 2005, data for cities of less than 25,000 was no longer provided. The information presented represents the City of Farmers Branch, a neighboring city.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Name of Taxpayer	Nature of Property	2025		2016		Percent of Total Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
		Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Rank		
Post Apartment Homes LP	Apartments	313,000,000	1	4.85%			
FPG Colonnade LP	Land, Office Buildings	232,532,000	2	3.60%	201,039,500	1	4.98%
DCO Realty Inc	Land, Office Buildings	167,508,420	3	2.59%	62,477,920	8	1.55%
SAVOYE 2 LLC	Apartments	162,531,320	4	2.52%	57,255,000	10	1.42%
VPDEV 1 LLC	Mixed Use Development	131,989,928	5	2.04%			
AMLI Residential Properties LP	Apartments	121,816,696	6	1.89%			
Fiori LLC	Land, Apartments	104,000,000	7	1.61%	77,600,000	7	1.92%
VOP Partners LLC	Office Buildings	103,000,000	8	1.59%			
Mary Kay Inc	Land, Office Buildings	99,220,100	9	1.54%			
Spectrum Drive Owner LLC	Office Buildings	97,700,000	10	1.51%			
Post Properties Inc	Mixed Development				166,013,460	2	4.11%
COP Spectrum Center LLC	Office Buildings				89,520,000	3	2.22%
5100 Belt Line Investors	Insurance				89,260,140	4	2.21%
Gaedeke Holdings IX LLC	Office Buildings				80,665,540	5	2.00%
Real Pink Limited	Office Buildings				77,663,310	6	1.92%
MHSS-Addison LP	Land, Office Buildings				59,220,630	9	1.47%
		<u>\$ 1,533,298,464</u>		<u>23.74%</u>	<u>\$ 960,715,500</u>		<u>23.80%</u>

SOURCE: Dallas County Tax Office (2025); Town of Addison ACFR (2016)

MAJOR EMPLOYERS
Current Year and Nine Years Ago

Company	Type of Business	2025		2016	
		Estimated Number of Employees	Percent of Total Employees ¹	Estimated Number of Employees	Percent of Total Employees
Bank of America	Finance	3,691	4.63%	2,200	2.44%
Mary Kay Cosmetics	Cosmetics	1,200	1.51%	1,200	1.33%
Analog Devices, Inc	Manufacturing	500	0.63%	N/A	N/A
Concentra	Medical	450	0.56%	400	0.44%
Exponent HR	Professional Services	435	0.55%	N/A	N/A
Catapult Health	Insurance	400	0.50%	N/A	N/A
National Life Group	Insurance	350	0.44%	N/A	N/A
Town of Addison	Municipal Government	325	0.41%	266	0.30%
Brightland Homes	Construction	322	0.40%	N/A	N/A
National Bankruptcy Services	Finance	306	0.38%	N/A	N/A
Google	Information	300	0.38%	N/A	N/A
IJUSTGOTHIT.COM	Professional Services	300	0.38%	N/A	N/A
Ocwen Financial	Financial	N/A		900	1.00%
Rexel	Industrial Supplies	N/A		500	0.56%
Hilton Worldwide, Incorporated	Hospitality	N/A		482	0.54%
Intercontinental Hotel	Hospitality	N/A		450	0.50%
Barnett Daffin Frappier Turner and Engel LLP	Mortgage	N/A		400	0.44%
United Surgical Partners	Medical	N/A		379	0.42%
Maxim Integrated	IT	N/A		350	0.39%
Hitachi Consulting	Consulting	N/A		300	0.33%
Zurich American Insurance Co.	Insurance	N/A		300	0.33%
Encore Payment System LLC	IT/Finance	N/A		280	0.31%
Glazer's Family of Companies	Spirits	N/A		280	0.31%
Methodist Hospital for Surgery	Medical	N/A		277	0.31%
Trinity Christian Academy	Education	N/A		250	0.28%
Assurant Solutions	Insurance	N/A		250	0.28%

Total employees per CoStar estimated employees in Addison¹

SOURCE: CoStar (2024); Town of Addison ACFR (2015)

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
City Manager's Office	7.5	6.5	6.5	7.5	7.5	6.9	6.5	6.5	6.4	5.2
Financial and Strategic Services	13.0	13.0	13.0	13.0	13.0	11.8	11.0	11.0	11.0	10.0
Municipal Court	5.8	5.8	5.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0
General Services	5.0	4.8	4.8	5.5	5.5	5.5	5.5	6.0	7.5	7.5
Human Resources	4.0	4.0	4.0	4.0	4.0	3.4	3.0	3.0	3.0	3.0
Information Technology	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.5
Total General Government	42.3	41.1	41.1	42.0	42.0	39.6	38.0	38.5	39.9	38.2
Public Safety										
Police	79.8	71.0	71.0	72.0	74.0	74.0	74.0	75.0	75.0	72.0
Emergency Communications	14.5	-	-	-	-	-	-	-	-	-
Fire	55.3	56.0	57.0	57.0	58.0	58.0	58.0	58.0	60.0	59.8
Total Public Safety	149.6	127.0	128.0	129.0	132.0	132.0	132.0	133.0	135.0	131.8
Development Services										
Economic Development	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.5
Public Works										
Streets	5.4	6.4	6.4	7.4	7.4	7.4	6.4	6.4	5.4	5.4
Stormwater	1.7	2.0	2.0	4.0	4.0	4.0	5.0	5.0	8.5	9.5
Utilities	17.6	19.2	19.2	22.2	25.2	27.4	28.2	28.2	29.7	29.7
Total Public Works	24.7	27.6	27.6	33.6	36.6	38.8	39.6	39.6	43.6	44.6
Parks and Recreation										
Parks	22.0	22.0	22.0	21.0	25.0	25.0	25.0	25.0	28.0	27.5
Recreation	15.1	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7
Total Parks and Recreation	37.1	37.7	37.7	36.7	40.7	40.7	40.7	40.7	43.7	43.2
Visitor Services										
Visitor Services	-	-	-	-	-	-	-	-	1.0	2.0
Conference Centre & Theatre	9.5	9.5	9.5	9.5	9.5	1.5	1.5	1.5	1.5	2.5
Special Events	4.3	4.2	4.2	4.5	4.5	4.5	4.5	6.0	6.0	6.3
Marketing	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
General Hotel Operations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Visitor Services	15.8	16.7	16.7	17.0	17.0	9.0	9.0	10.5	11.5	14.8
Airport Fund	3.0	3.4	3.4	4.4	4.4	19.6	20.4	21.6	20.6	22.1
Capital Improvements Program	-	-	-	-	-	3.0	3.0	3.0	4.0	4.0
TOTAL	283.7	268.5	269.5	278.7	289.7	299.8	300.8	306.0	320.3	324.6

SOURCE: Town of Addison Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Crimes Against Property (1)	835	804	866	846	1,278	1,588	1,656	1,815	1,380	1,005
Crimes Against Persons (1)	97	106	61	91	414	514	521	524	464	485
Arrests	1,679	1,702	1,706	1,567	1,060	1,135	1,319	1,083	897	911
Calls for Service	20,700	17,163	17,092	17,298	16,190	19,009	20,313	15,516	18,145	17,152
Fire										
Number of Fires (2)	39	42	60	45	35	55	102	67	54	49
Dollar Loss (2)	\$ 686,920	\$ 1,394,390	\$ 3,324,215	\$ 3,422,870	\$ 277,360	\$ 10,905,801	\$ 897,952	\$ 1,858,450	\$ 781,370	\$ 1,076,550
Calls for Service - Fire	865	652	823	802	1,132	1,882	1,238	1,433	1,495	1,300
Calls for Service - EMS	1,765	1,683	1,608	1,726	2,181	2,312	2,636	2,716	2,736	2,370
Streets										
Tons of Recycling Collected	390	419	463	418	429	381	437	385	426	399
Parks										
Acres Maintained (3)	163	163	163	163	163	163	163	163	166	166
Recreation										
Recreation Event Participants	22,462	26,401	24,640	26,561	9,962	5,373	36,749	38,375	46,120	48,871
Number of Users (4)	122,111	126,287	123,961	126,228	76,016	72,074	72,481	114,680	131,986	134,901
Active Athletic Club Members	3,665	3,815	3,949	4,135	3,517	3,251	3,352	4,254	4,104	4,575
Utilities										
Water Usage - Peak (5)	8,846	7,652	8,803	8,073	8,983	9,298	10,698	10,692	8,595	8,389
Water Usage - Average (5)	4,628	4,672	4,895	4,478	4,477	5,367	5,418	5,469	4,703	4,971
Service Line Breaks	4	10	12	6	3	8	9	2	10	8
Water Main Breaks	2	7	4	4	1	3	1	3	3	3

- Notes:
- (1) Reporting structure changed in FY2020
 - (2) Addison only incidents
 - (3) Added three acres to include Addison Grove in FY2024
 - (4) Decrease in FY2020 due to partial closure of the athletic facility as a result of COVID-19
 - (5) In thousands of gallons

SOURCE: Town of Addison Department Data

Statistical Section

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<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)	43	43	43	43	43	43	43	43	43	43
Lane Miles	167	167	167	167	167	167	167	167	167	167
Traffic Signals	36	36	37	37	37	37	37	37	37	37
<u>Parks and Recreation</u>										
Acres Maintained (1)	163	163	163	163	163	163	163	163	166	166
Parks	14	14	14	14	14	14	14	14	17	17
Playgrounds	3	3	3	3	3	3	3	3	3	3
Community Centers	1	1	1	1	1	1	1	1	1	1
<u>Water</u>										
Water Mains (Miles)	80	96	96	96	96	97	97	97	97	97
Fire Hydrants	1,052	1,052	1,052	1,076	1,090	1,090	1,090	1,090	1,090	1,090
<u>Wastewater</u>										
Miles of Sanitary Sewers	66	75	75	72	72	73	73	73	73	73
<u>Stormwater</u>										
Miles of Storm Sewers	76	76	76	76	76	76	76	83	83	83

Notes:

(1) Added three acres to include Addison Grove in FY2024

SOURCE: Town of Addison Department Data



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