

Popular
Annual
**FINANCIAL
REPORT
2020**

Town of Addison
Fiscal year ending September 30

ADDISON[®]

STAFF ORGANIZATION CHART



mayor/city council

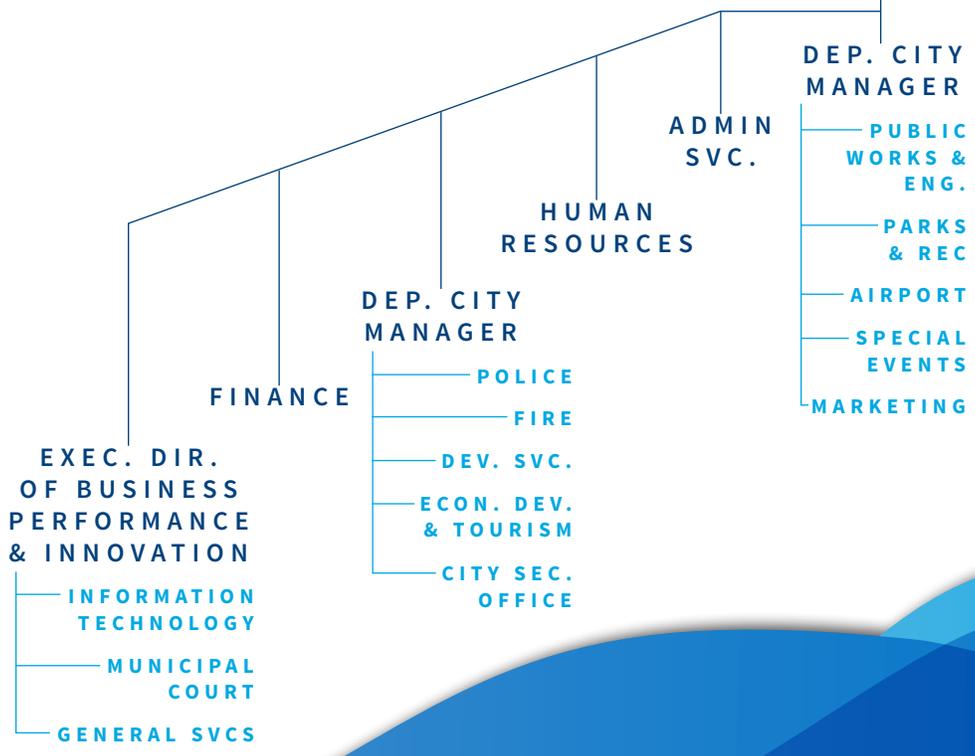
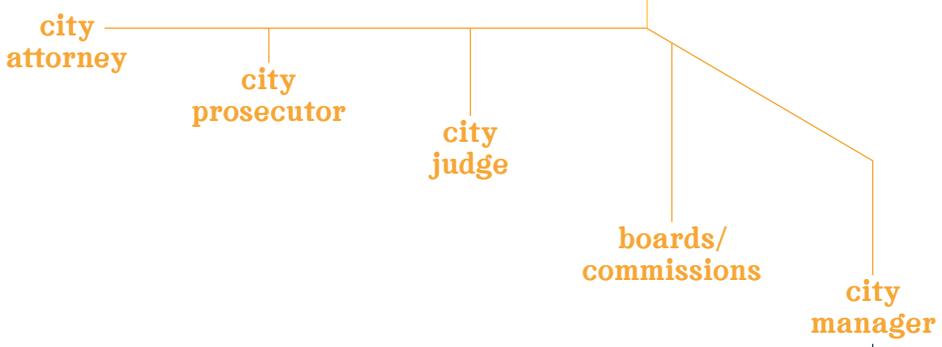


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Message From The Chief Financial Officer



Dear Citizens,

The Town of Addison is proud to present the Popular Annual Financial Report (PAFR) for the Fiscal Year ended September 30, 2020. Throughout the duration of the year, the Finance Department works on the budget, the audit, financial reporting, financial policies, financial forecasting, and financial management with the purpose:

“To provide responsive and accurate technical staff support to the City Manager and all operating departments and to plan, manage, and maintain the financial affairs of the City.”

The financial information contained within this report is taken from the financial statements that are a part of the Town of Addison’s 2020 Comprehensive Annual Financial Report, which is prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and is audited by an independent firm of certified public accountants, BKD, LLP of Dallas, TX. The Comprehensive Annual Financial Report contains additional detailed and extensive information, such as notes, statistical information, investments, and debt service obligations.

The purpose of the PAFR is to convey the information presented in the Comprehensive Annual Financial Report in a more easily comprehensible format. The PAFR is intended to provide an overview of the Town’s audited financial position, local taxing information, and economic climate. The PAFR represents another indication of the Town of Addison’s commitment to financial transparency and accountability.

If you should have any questions or concerns, please do not hesitate to contact the Town of Addison Finance Department at 972-450-7081, or by email at sglickman@addisontx.gov.

Thank you for your time,

A handwritten signature in black ink, appearing to read "St Glickman".

Steven Glickman, CPA
Chief Financial Officer
5350 Belt Line Rd
Dallas, TX 7525

Addison Way

The “Addison Way” is a philosophy that serves as the cornerstone of Addison’s service delivery model to our stakeholders. The heart of the “Addison Way” is to:

- Be service-minded and kind.
- Exceed expectations. Be solution driven.
- Value employees as partners.

The staff searches out all options to try and meet expectations during each customer service interaction.

City Council



Role

The role of the Council is to develop a long-term vision for the Town, to develop policies necessary to achieve the vision, and to communicate with, and seek input from, stakeholders. The Council meets on the second and fourth Tuesday of every month and the agenda is posted on the Town’s website (www.addisontexas.net) three days prior.



Values

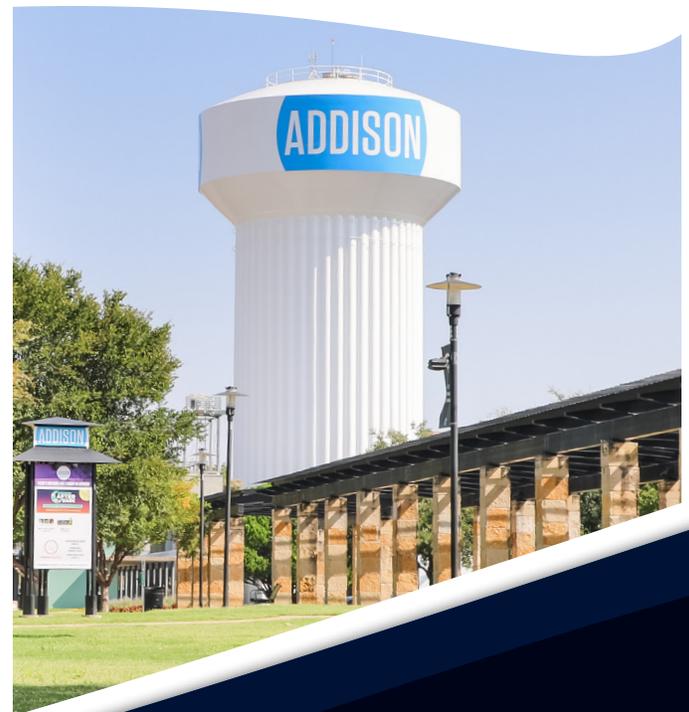
The Council will at all times seek to enact policies that will promote, and to personally exemplify, the values of the Town of Addison. The Council values:

- Integrity
- Respectfulness
- Fun
- Innovation/Creativity
- Accountability
- Efficiency
- Kindness
- Openness
- Transparency

Pillars of Success

Like most cities, Addison is confronted with a number of issues that demand time and attention of elected officials and the Town’s management team. In order to best apply Addison’s limited resources, the City Council has established the following strategic pillars to guide the organization’s efforts.

- Entrepreneurship and Business Hub
- Excellence in Asset Management
- Excellence in Transportation Systems
- Gold Standard in Customer Service
- Gold Standard in Financial Health
- Gold Standard in Public Safety
- Optimize the Addison Brand



ADDISON FAST FACTS 2020

POPULATION ¹

15,790



ASSESSED VALUE

\$4,659,408,996

MEDIAN AGE ²

32.3



ADDISON TAX BASE



86% Business



14% Residents

MEDIAN HOUSEHOLD INCOME ³

\$73,383



1,390

NUMBER OF
SINGLE-FAMILY
RESIDENCES ⁴

OWNER-OCCUPIED HOUSING UNIT RATE ⁵

19.6%



EDUCATION LEVEL ⁸

(Persons with a Bachelor's
Degree, Age 25 and above)



57.6%



²⁰²⁰ North Central Texas Council of Governments Estimate

² 2010-2018 American Community Survey, US Census

³ 2018 American Community Survey, US Census

⁴ Dallas Central Appraisal District

⁵ 2019 US Census Quick Facts

⁶ NCTCOG 2014 Small Area Employment Estimate

⁷ 2018 US Census Quick Facts

⁸ Census Quick Facts

Town Overview

The Town of Addison is located in an area once called Peters Colony. It was settled as early as 1846 when Preston Witt built a house on White Rock Creek. The area was not known as Addison until 1902. Addison was named after Addison Robertson, who served as the community's second postmaster from 1908-1916. In 1902, the first industry was introduced to Addison when a cotton gin was built on Addison Road, near the railroad, by the Pistole brothers.

The City of Addison was incorporated on June 15, 1953, under an aldermanic form of government and was changed to the "Town of Addison" in 1982. Addison's first Mayor was M.W. Morris and the aldermen were Guy Dennis, Robert W. Wood, J.E. Julian, Jr., Dr. H.T. Nesbit, and Seldon Knowles.

In 1975, an election to allow liquor by the drink served in town was a major contributor to the expansion of businesses and restaurants. All combined, Addison's restaurants and eating establishments can seat over 20,000 patrons at one time.

The area, which developed rapidly over the past four decades, is home to affluent neighborhoods, hundreds of million-dollar companies, and scores of quality restaurants. Because of Addison's overwhelming commercial atmosphere, residents of Addison enjoy a unique lifestyle not common in other suburbs. Though Addison has only 15,790 residents, the Town has developed into a cosmopolitan center which serves well over 125,000 business persons, shoppers, and visitors daily.

The area commands a central location in proximity to downtown Dallas, DFW International Airport, the Richardson telecommunications corridor, and the Plano Legacy corporate campus area. Addison places a special emphasis on quality of life that demands all development meet the most rigorous building requirements. For example, all commercial development must submit landscaping plans to ensure attractive green areas accompany buildings. The attention to aesthetics extends to all of Addison's major boulevards, which are also landscaped. This approach has made Addison a cosmopolitan "downtown uptown" distinguished from almost any other urban area in the nation.

Addison's reputation for maintaining a high quality of urban life has attracted considerable development over the past few years. Addison is home to nearly 12 million square feet of quality office and warehouse space. Addison also boasts 22 hotels with over 3,600 rooms and over 180 restaurants (an average of 46 restaurants per square mile). Developments such as Addison Circle and Vitruvian Park have not only become a desired location to live but a focal point for some of North Texas' major events such as nationally recognized Addison Kaboom Town!, Oktoberfest, and Taste Addison.



Live, Work, Play

City Services

Addison employees 270 full time and 8 part-time employees, including 59 in the fire department and 71 in the police department. The community is served by two fire stations and participates in a regional public dispatch collaboration with Farmers Branch, Carrollton, and Coppell. Trash is collected twice weekly (recycling once a week) and bulk trash is collected upon request.



Education

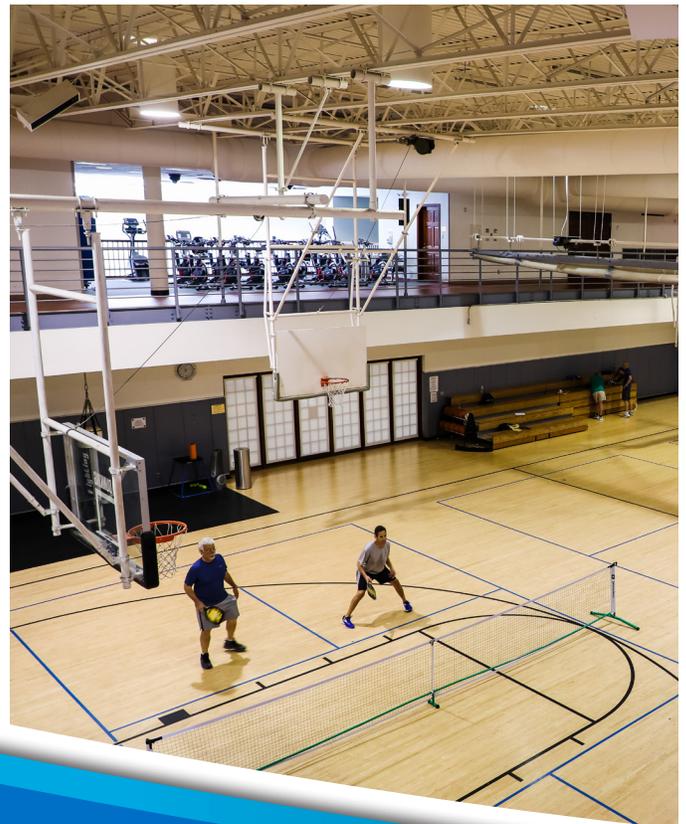
Despite the community's size, Addison is served by two public school districts: Dallas ISD and Carrollton/Farmers Branch ISD. Where you reside within the community determines your school district.

The only public school actually located within Addison's borders is George H. W. Bush Elementary School, which opened its doors in 2012. The school, part of the Dallas Independent School District, serves students from Kindergarten through 5th grade. While Bush Elementary is making headlines, Addison residents have long been proud to be home to a pair of North Texas' finest private schools: Greenhill School and Trinity Christian Academy.



Addison Athletic Club

Touted as the favorite amenity in Town by many residents and promoted as a selling feature by local real estate agents, the Addison Athletic Club provides not only state-of-the-art work out facilities, but also serves as a community center for many of Addison's seniors. Since opening its doors in 1987, the cost to join has remained the same: a \$10 one-time fee.



Special Events

Addison hosts a number of special events throughout the year that appeal to residents and tourists alike. Mark your calendar for these not-to-be-missed Addison festivals:

- **Addison After Dark**
(www.AddisonAfterDark.com):
Addison's specialty entertainment series brings a fresh perspective on outdoor fun in Addison Circle Park. Enjoy free events starting at 7pm on the third Saturday of the month, April through November. Each month focuses on a different theme, offering a variety of activities, live music, food trucks, and unique experiences.
- **Taste Addison**
(www.TasteAddisonTexas.com):
This interactive sampling of the Addison social experience will take place June 4-5, 2021. Choose from dozens of tasty bites from Addison's best restaurants and catch tunes from musical acts including Flo Rida, Hoobastank and Third Eye Blind.
- **Addison Kaboom Town!**
(www.AddisonKaboomTown.com):
This dazzling, nationally ranked fireworks show takes to the skies over Addison on July 3. You can catch the Addison Airport airshow and the fireworks extravaganza (choreographed to music and simulcast on STAR 102.1) from almost anywhere in Addison.
- **Addison Oktoberfest**
(www.AddisonOktoberfest.com):
The third weekend of September, experience Addison Oktoberfest, an authentic German Oktoberfest designed for Texans. Starting at the same time as the celebrated Munich festival, Addison Oktoberfest will take place from Sept. 16-19 and will feature four days of the German food, music and dancing.



Parks and Trails

With 113 acres of lush green space, abundant recreation opportunities, and miles of walking trails, Addison's Parks and Recreation facilities are the perfect way to get out and play. Whether you are looking for a wide-open park like Addison Circle or a quiet neighborhood spot like Celestial Park, Addison has just what you need to enjoy the great outdoors. Find a map of trails, parks and public art on the Town's website (www.addisontexas.net).

Addison TreeHouse

Addison is home to more than 1,200 businesses that bring approximately 100,000 people into Addison every day. While headquarters such as Bottle Rocket and Mary Kay have a large North Dallas Tollway presence, Addison is also home to an entrepreneurial ecosystem that has earned Addison a reputation as one of the top places in Texas to start a business. The hub of entrepreneurial spirit is the Addison TreeHouse. The TreeHouse, which is a partnership between the Town of Addison, the Dallas Entrepreneur Center (DEC), and the North Texas Small Business Development Center, is a coworking space created to help entrepreneurs start, build, and grow companies through education, mentorship, and community.



2019- 2020 Highlights

COVID-19 Response

Virtual Services

As the nation came together to control the pandemic, Addison moved all its services to a virtual format to support residents while keeping them and staff safe. Residents were encouraged to pay utility bills online. Code Enforcement utilized the Addison Fixit App to collect code and environmental concerns. Town Council meetings were moved online through Zoom along with the Addison Municipal Court proceedings. The Public Works Department made all permit applications available for download. Lastly, the Economic Development Department aided Addison businesses by providing online resources and delivering Back-to-Work Safety kits.



Spreading Light on the Community

Addison found creative ways to move many of its events virtually and spread a little joy to residents. The annual Taste Addison festival became short video vignettes that highlighted the best of Addison dining. Staff coordinated a show-stopping firework show and live-streamed it to transport more than seventy thousand viewers to the nationally known Kaboom Town! Festival. The Parks and Recreation Department re-imagined popular community events such as the annual Neighborhood Easter Egg Hunt.



Bond Election

In November 2019, Addison voters approved five bond propositions valued at more than \$70 million to address infrastructure needs in the community. Projects funded through these bonds include improvements to Keller Springs Road, Airport Parkway, Quorum Drive, and Montfort Drive; renovations to the Addison Athletic Club; rehabilitation and expansion of trails; an updated traffic control system; and updates to Town facilities.

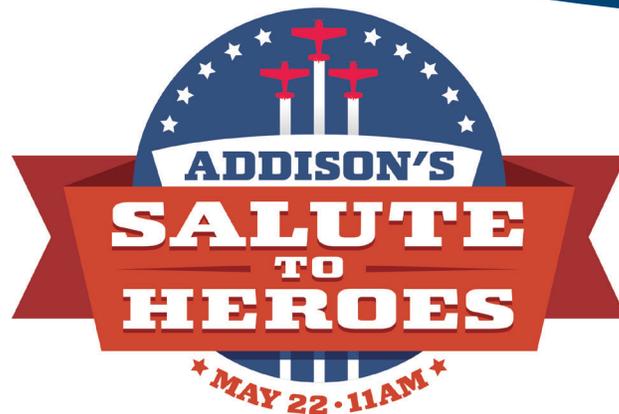
U.S. Customs Building and Airport Offices



Addison Airport held an official groundbreaking ceremony on October 15, 2019 for the new U.S. Customs facility that will also house the airport offices. Construction is slated to be complete in early 2021.

Belt Line 1.5

Addison began construction on the Belt Line Road 1.5 Beautification Project in May 2020. When completed, Addison residents, business owners, and guests will enjoy a unified design that includes shaded bus shelters, improved sidewalk connectivity, additional seating, site furnishings, paving enhancements, and landscape enhancements. As a part of the project, Addison worked with DART to create larger bus shelters and seating.



Salute to Heroes

The Blue Angels flyover of Dallas-Fort Worth in the spring was nothing short of spectacular, but it didn't pass close enough for Addison residents to see. So the Town of Addison and Cavanaugh Flight Museum joined forces for an "Addison's Salute to Heroes" flyover that took to the skies on Friday, May 22, kicking off Memorial Day weekend and recognize first responders, essential workers and veterans.

The flyover consisted of a collection of the historic warplanes from Cavanaugh's extensive collection, including a B-25, P-40 and T-6 formation, as well as a rarely seen privately owned Beechcraft Starship (one of four in the world) and the T-37 Tweet owned by the Service Air Corps.

After passing a cadre of Addison first responders gathered on the ramp at Cavanaugh Flight Museum, the planes gathered in air space north of the town. The formation circled around Addison and flew down Belt Line Road before traveling south over the VA North Texas Health Care System and the Dallas-Fort Worth National Cemetery.



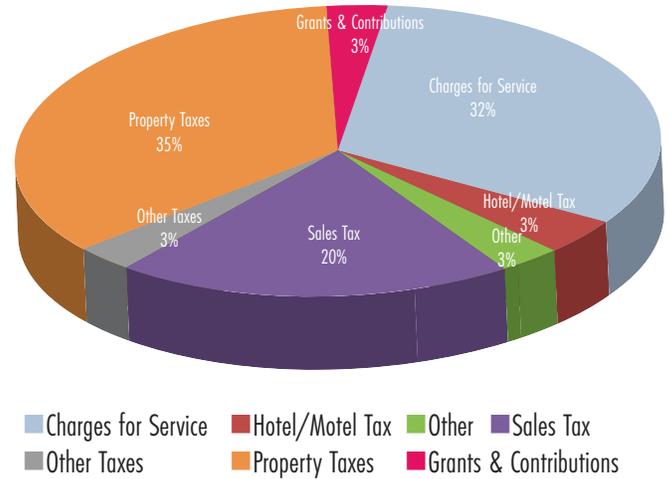
Financial Highlights

The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Addison currently maintains fifteen individual funds, including four major funds: the General Fund, General Obligation Debt Service Fund, Capital Projects Fund, and the Hotel Fund. More information can be found in the Comprehensive Annual Financial Report on the Town's website at www.addisontexas.net.

Changes in Net Position

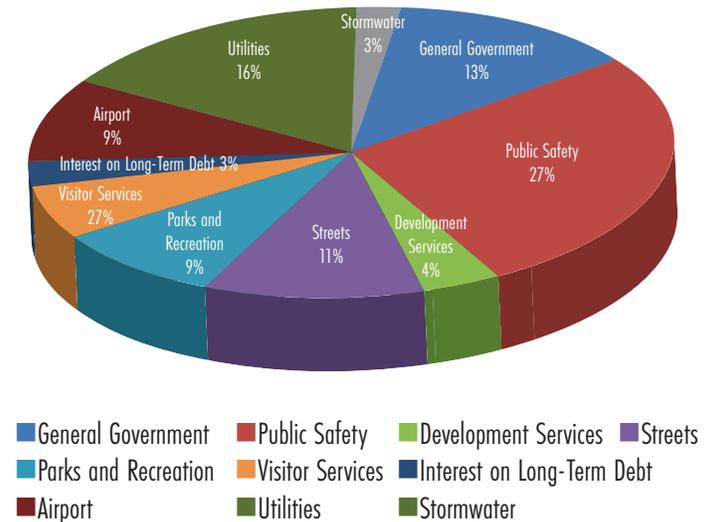
The Statement of Net Position presents information on all the Town's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. In total, the Town's **total net position decreased \$137,750**. Revenue decreased **\$3,009,919** from fiscal year 2019 and can be attributed to decreases in **Charges for Services (\$1,925,088)**, **Sales Tax (\$1,222,469)**, **Hotel/Motel Tax (\$2,203,891)**, **Other Taxes (\$286,047)**, and **Other (\$639,168)**, respectively. These decreases in revenue were a result of the Coronavirus pandemic. The decreases were partially offset by increases in **Property Taxes (\$1,824,908)**, **Capital Grants and Contributions (\$770,899)**, and **Operating Grants and Contributions (\$670,937)**, respectively.

Revenue



Expenses decreased **\$756,979** from fiscal year 2019 and can be attributed to decreases in expenses associated with **Parks and Recreation (\$56,131)**, **Visitor Services (\$2,573,769)**, and **Stormwater (\$65,671)**, offset by increases in **General Government (\$56,764)**, **Public Safety (\$482,077)**, **Development Services (\$183,204)**, **Streets (\$649,165)**, **Airport (\$319,435)**, **Utilities (\$32,112)**, and **Interest on Long-Term Debt (\$215,835)**, respectively.

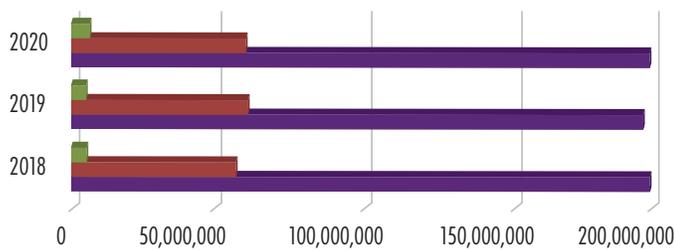
Expenses



Total Net Position

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by **\$251,572,926**, which is the Town's **net position**. The largest portion of the Town's net position, **\$190,501,386** or **75.72%**, is in **capital assets** (land, buildings, infrastructure, equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the Town's net position is **restricted resources of \$4,013,467** or **1.60%**, which are subject to external restrictions on how they may be used. The remaining balance of **unrestricted net position, \$57,058,073** or **22.68%**, may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position by Classification (last three years)



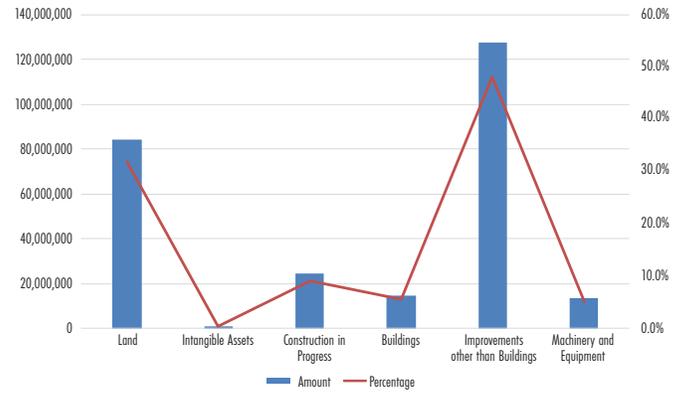
	2018	2019	2020
Restricted	4,992,800	4,145,772	4,013,467
Unrestricted	53,647,771	58,618,343	57,058,073
Investment in Capital Assets	190,954,915	188,946,561	190,501,386

■ Restricted ■ Unrestricted ■ Investment in Capital Assets

Capital Assets

The Town's governmental and business-type activities capital assets at the end of fiscal year 2020 amount to **\$264,969,111** (net of accumulated depreciation). Capital assets include land, intangible assets, construction in progress, buildings, improvements other than buildings, and machinery and equipment. The total increase in the Town's capital assets for the current year was 2.6%.

Capital Assets- Amount and Percentage by Type



Major capital asset events during fiscal year 2020 included the following:

Governmental-type

Completion of Vitruvian Phase 5 Improvements	\$ 4,612,952
Completion of Vitruvian Phase 8 Improvements	\$ 2,563,952
Belt Line Beautification Project	\$ 1,756,732
Completion of Wireless Network Improvements	\$ 600,788
Advanced Traffic Management System Project	\$ 562,659

Business-type

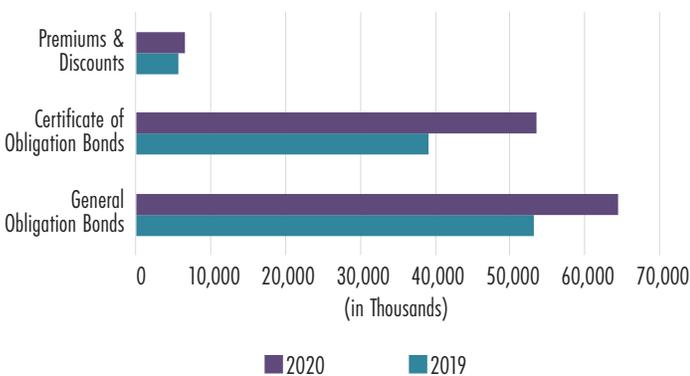
Airport Customs Facility Construction	\$ 5,017,712
Airport Customs Facility Apron Project	\$ 1,178,250
Completion of Surveyor Ground Storage Tank Rehab	\$ 2,818,657
Basin I Sanitary Sewer Reroute Project	\$ 1,488,706
Oaks North Drive Drainage Project	\$ 525,791

Long-Term Debt Obligations

The Town's primary government had total outstanding bonded debt at September 30, 2020 of \$124,663,587. Of this total, \$91,952,110 was associated with governmental activities and \$32,711,477 was associated with business-type activities. The total gross bonded debt includes \$64,465,000 of General Obligation bonds backed by the full faith and credit of the Town; \$53,600,000 of Certificate of Obligation bonds backed by the full faith and credit of the Town; and \$6,598,587 in net premiums and discounts from bond issuances.

During fiscal year 2020, the Town issued \$13,635,000 of General Obligation Bonds, \$13,205,000 of General Obligation Refunding Bonds, and \$16,900,000 of Certificate of Obligation bonds.

Debt Information by Type (Last two years)



Governmental Fund Balance

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2020, the Town's governmental funds reported a combined fund balance of \$75,501,200, an increase of \$29,051,218, or 62.5%, which is due to the cash proceeds from new bonds issued during the fiscal year.

The General Fund is the chief operating fund of the Town. As of the end of the current fiscal year, the total unassigned fund balance was \$20,052,825. Current operating expenditures had savings of \$3,133,592, which allowed monies to be transferred to the Capital Project Fund for self-financing of capital projects. The total fund balance decreased from \$20,588,244 at September 30, 2019, to \$20,134,439 at September 30, 2020. This slight decrease is due to transfers to the Capital Project Fund for planned one-time projects.

The Hotel Fund balance of \$3,149,259, all of which is restricted for the promotion of tourism and the hotel industry, represents a decrease from the prior year of \$299,836. This decrease was due to the Coronavirus pandemic. The pandemic reduced the occupancy of hotels during the year, and hotel tax is a main revenue source of this fund. However, with conservative spending and planning, the Town was able to maintain a fund balance of at least 25% per Town policy.

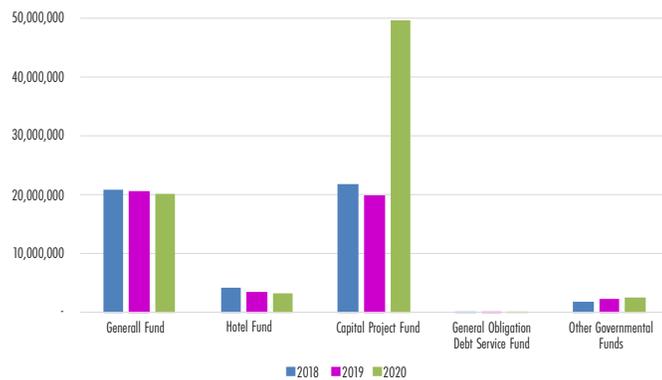
The Capital Project Fund provides information on both bond and cash financed capital projects and had an ending fund balance of \$49,568,345 at September 30, 2020, an increase of \$29,549,053. Revenues and other financing sources totaled \$38,121,977, which included \$285,615 in property

tax revenue, \$160,919 received for reimbursement of Fire Department expenditures, \$109,577 reimbursement from a local business for costs on a joint project, \$592,164 interest earnings, \$33,364,802 proceeds from debt issued, and \$3,608,900 from other funds to cash finance projects. Total expenditures and other uses of \$8,572,924 consisted of \$2,003,200 for improvements along Belt Line Road, \$2,338,486 for street reconstruction, \$563,199 for traffic management projects, \$582,530 for enhanced street maintenance and sidewalk repair, \$444,696 for improvements at Vitruvian, \$566,819 for parks and athletic center improvements, \$201,500 for public safety equipment, \$354,785 for asset replacements pursuant to our asset management plan. The remaining expenditures consisted of one-time projects approved in the annual budget process.

The General Obligation Debt Service Fund had an ending fund balance of \$6,335, all of which is restricted for the payment of debt, represents a decrease of \$11,658 from the prior year. This decrease is mainly due to issuance costs for the General Obligation refunding bonds issued during the fiscal year.

The fund balance of non-major governmental funds increased by \$267,464 primarily due to reduction of spending in the Economic Development fund in response to the Coronavirus pandemic, and the accumulation of unspent PEG fees, which are restricted for governmental public education.

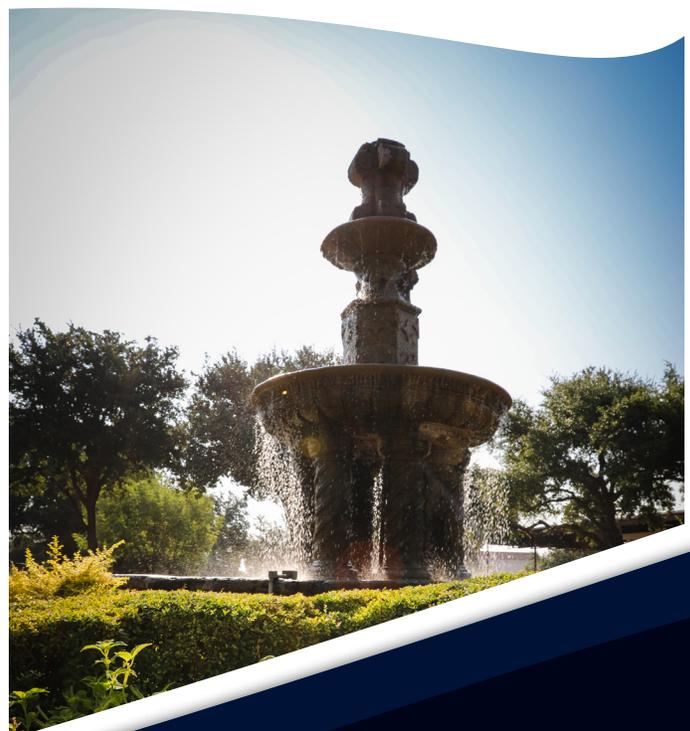
Governmental Fund Balances (last three years)



General Fund Budgetary Highlights

During April and August each year, all department budgets are evaluated to determine whether they are in line with the original budgets. Departments that are anticipated to exceed the budget are revised to meet year-end final estimates. Departments that are under budget may be revised to allocate budget to other departments that are over budget. During the fiscal year ended September 30, 2020, the City Council amended the budget for the General Fund one time.

Budget adjustments made during fiscal year 2019-20 increased the original revenue budget by \$100,000 and increased the expenditure budget by \$100,000. The General Fund's operational fund balance reserve remained at 52%, which far exceeds the Town's financial policy to maintain a 30% reserve over next year's budgeted expenditures.





www.addisontexas.net