



Town of Addison, Texas

Annual Budget 2006/2007



How To Read This Document

Welcome!

You are holding the published Town of Addison budget for the fiscal year beginning October 1, 2006 and ending September 30, 2007. This document has been specially prepared to help you, the reader, learn of the issues affecting the Addison community. Many people believe a city budget is only a financial plan. Although you can learn much of the Town's finances from these pages, the 2006-07 budget document has been designed to serve other functions as well. For example, it is a policy document that presents the major policies which guide how the Town is managed. It is an operations guide which gives the public, elected officials, and Town staff information pertaining to the production and performance of individual Town operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

Budget Format

The document is divided into four major sections: Introductory, Financial/Operational, Town Chronicle, and Appendices. The Introductory section contains the City Manager's letter which is addressed to the Town Council and explains the major policies and issues which affected development of the 2007 fiscal year Town budget. The section also contains a statement of the Town's goals, a synopsis of the Addison 2030 Vision Project, the press release that accompanied the ordinance adopting the budget, the Town's organization and staffing charts, and the summary of all financial statements. Liberal use is made in this section of footnotes, which direct the reader to sections of the document that more fully describe programs or projects.

The Financial/Operational section describes various aspects of the Town's organization. This information is grouped first by fund and then by department. Like many local governments, the Town uses the fund method of accounting. Simply stated, a fund is a unit of the Town which tracks the application of various public resources. For example, the Hotel Fund is established to keep track of the use of the Hotel/Motel Occupancy tax. Most people are particularly interested in the General

Fund which is comprised of most of the Town's operations like Police, Fire, and Parks. Financial statements, including the adopted 2006-07 budget, are presented for every fund. The statements show the fund's financial condition over a number of years. Like the checking account statement you receive from your bank, the statement shows beginning balances, revenues, expenditures, and ending balances for each year. Each fund statement begins with the actual audited amounts from the previous fiscal year, or for this document, the 2004-05 fiscal year. The ending balance of the actual year becomes the beginning balance of the estimated current fiscal year, 2005-06. The estimated column reflects projected amounts compared to the amounts included in the original adopted budget for the current year. The estimated ending balance of the current fiscal year then becomes the beginning balance for the projected 2006-07 budget year. Accompanying the statements are narratives and graphs which describe the major features of that particular fund. Within each fund there may be one or more departments which further describe a component of the Town's organization. Each department is presented with its mission statement, a listing of the unit's accomplishments for the previous fiscal year and operational objectives for the 2007 fiscal year. Selected service levels for each department are presented graphically. The funding for each department, as well as the unit's staffing are summarized, again over a number of years.

The Town Chronicle reports on issues or special projects which affect the Addison community. The Chronicle divides the Town into six sectors and describes the important events which are happening, or are scheduled to happen within each sector. The Chronicle also provides statistical information about the Town of Addison.

Finally, various Appendices are presented towards the back of the document which more fully describe the budget process, the Town's major revenue sources, the long-term financial plans for the General, Hotel, Airport, Utility funds, and a capital project summary. Also included are the Town's financial policies, a glossary of terms, the Town's compensation and merit pay plans, and departmental organization charts.



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Care more than others think wise. Risk more than others think safe. Dream more than others think practical. Expect more than others think possible.

-Howard Schultz



This budget publication is the product of processes used by the city council and city staff to create an environment that cultivates innovation to maintain a dynamic, progressive quality urban atmosphere in which to work, play and live.

November 2, 2006

*Honorable Mayor and City Council
Town of Addison
Addison, Texas 75001*

Dear Mayor and Council Members

I respectfully submit to you the published Town of Addison 2006-07 budget as approved by Council on September 26, 2006. Our objective in developing this budget was to achieve balance; balance between available and future funding and existing operations and future demands. The budget answers the question of how do we best meet the expectations of the community with the resources available to us? Over the past year I have talked to you about rightsizing the organization to promote maximum effectiveness while we begin to explore the next great ideas for the community. In order to pursue these goals we have to achieve a balance between revenues and expenditures that makes sense for Addison.



We are going to be tested to achieve this organization's maximum potential. Creative tension results from the constant demand for more and better service, which we are trying to balance against rising energy costs and other inflationary pressures. We also need to keep a com-

petitive tax rate that recognizes that as values increase, so does the pressure on people's ability and willingness to pay. The 2006-07 budget takes another step in the direction of resolving these competing demands.

In response to my request, department directors evaluated their budgets and responded with potential reductions that reduce operating costs, most of which are incorporated in the adopted budget. The budget also reflects the elimination of five positions in the organization that have become vacant over the past year. All of this is in an effort to get the daily operations side of the equation right, so that we can address some of those other challenges facing the community. The result of this exercise is that the General fund long-term plan now generates surplus fund balances that can be used to support non-recurring capital projects. We have returned the fund to the condition it enjoyed in the 1990's but which had been absent these past few years.

Although the department directors suggested these budget reductions, it was not without some concerns. But as the adage goes, "necessity is the mother of invention" and I wanted our management staff to attempt to accommodate reduced appropriations this coming year while maintaining Addison's hallmark quality of services. It is my expectation that we will achieve efficiencies that might not have been discovered had we continued with status quo funding.

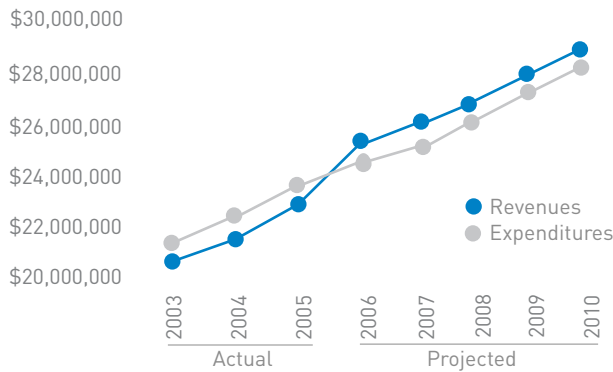
We will continue to perform long-term analyses of department operations. The Financial and Strategic Services Department has led a process at my direction that has caused many of our departments to do a self-analysis of their strategic operations. This has been a very positive collaborative process that was well received by each participating department.

I am excited about the prospect of working with the various citizen committees that council recently appointed to

study a series of issues facing Addison that may require a future bond program. The committees will provide an infusion of new ideas that will help us achieve the goals established in the 2030 Vision¹. In order to begin redeveloping sections of the town and completing other parts that we have been working on for some time, we are going to need to achieve balance between revenues and expenditures. We also have to achieve balance between all the things we would like to do in the future and our ability to pay for those improvements.

The Budget in Brief² The adopted 2006-07 budget was developed in context of the financial policies approved by Council and which can be found in Appendix B of this document. Revenues for all appropriable funds total \$53,754,290, representing a 2% increase over the previous year budget. Revenue from property taxes is expected to increase \$870,100 due to the Town’s appraised values increasing 8.5%. The increased values are a direct result of the resurgence in the region’s economy and the Town’s abundance of premium office and commercial space. These higher values allowed us to reduce the property tax rate from 47.6¢ per \$100 appraised value to 46.4¢. Like taxpayers in other cities, our citizens view the tax rate as the “price tag” of government and one of our objectives in developing the budget is to maintain a stable rate. A more vibrant economy is also apparent in our non-property taxes (e.g. sales, alcoholic beverage, and hotel occupancy) which are expected to increase 7.2%.

GENERAL FUND LONG-TERM PLAN



The budget appropriates \$57,655,890, or 2.4% less than the 2006 budget. The decline is due to a smaller scope of capital projects that we will be managing this year. In accordance with our financial policy of maintaining a compensation plan that will attract and retain high-quality employees, the budget includes a 6% merit based pay increase for employees.

Due to the “balancing” of the General fund mentioned earlier, we have reversed the funding deficit of the past few years and are expected to have revenues exceeding expenditures an average \$800,000 as illustrated below.

In summary, this has been a challenging year and we will continue to be tested for the foreseeable future. But I think we are up to the task! I want to thank the Town’s management staff for working so diligently these past few months to respond to our expectations. We look forward to your continued leadership and will respond to your direction with enthusiasm.

Respectfully submitted,

Ron Whitehead
City Manager

1] The summary of the 2030 Vision Project can be located on page 14 of this document.

2] A more complete summary of the budget can be found in the press release following this letter.

Press Release

The following is a reproduction of the press release accompanying the 2006-2007 fiscal year annual budget of the Town of Addison adopted by the City Council at its September 26, 2006 meeting.

1. Budget appropriates \$57.7 million.

- Appropriations represent a decrease of \$1.4 million or 2.4% less than the FY 2006 budget. The decline is attributed to a smaller scope of capital projects during the 2007 fiscal year.

2. Revenues total \$53.8 million.

- Amount is \$1.0 million or 2.0% more than FY 2006 budget.
- Increase in property tax revenue of \$870,100 or 6.6%.
- Non-property taxes (sales, alcoholic beverage, and hotel occupancy) are expected to grow by \$1,057,470 or 7.2%.
- Conference Centre fee increases are included in the FY 2007 budget.

3. Property tax rate is reduced to 46.4¢ per \$100 appraised value, a reduction of 1.2¢.

4. Appraised values for 2006 total \$3,029,605,430.

- This amount represents an increase of 8.5% from the 2005 certified values.
- Values include new construction of over \$27.1 million.
- With the proposed tax rate, the city property taxes paid by the average homeowner in Addison will increase \$55.79 to \$1,032.16.

5. Total staffing (all funds) is at 260.9 FTEs (full-time equivalents).

- Number is a net decrease of 5.0 FTEs or 1.9% in work force. Reductions in staffing were from vacant positions.
 - Deletion of the senior management analyst position in the Financial and Strategic Services department.
 - Deletion of the assistant chief position in the Police department.
 - Deletion of a recreation supervisor position and a recreation associate position in the Recreation division.
 - Deletion of the project manager position in the Utility department.
 - Reduction of administrative support hours for Visitors Services department.

6. The budget includes a merit based pay increase for employees of 6% effective October 1, 2006.

7. The budget includes an average 10% increase in cost of providing life, health, and medical benefits.

8. The budget envisions over \$5.5 million being spent on capital projects that include:

- Addison Road Widening \$2,050,000
- City-Wide Signalization \$913,000
- Design & Engineering of Belt Line Streetscape \$225,000
- 2007 Airport Paving Project \$960,000
- Removal & Remediation of Old Airport Fuel Farm \$336,500
- Brookhaven Club Water Line Replacement Phase II \$638,000
- 2007 Water Service Line Replacement Program \$124,000

Note: Project amounts reflect anticipated expenditures for the year. Total project budgets are greater than the amounts shown.

MUNICIPAL TAX RATE COMPARISON

FY 2006-07
Tax Rate*

Dallas	\$0.729200
DeSoto	\$0.698350
Duncanville	\$0.696000
Garland	\$0.678600
Grand Prairie	\$0.669998
Coppell	\$0.641460
Cedar Hill	\$0.641400
Seagoville	\$0.635000
Carrollton	\$0.632875
Mesquite	\$0.620000
Richardson	\$0.575160
Irving	\$0.547900
Farmers Branch	\$0.494500
Plano	\$0.473500
ADDISON	\$0.464000
Sunnyvale	\$0.379970
University Park	\$0.292720
Highland Park	\$0.225000

* Tax rate is expressed as cents per \$100 of valuation.

COMPARATIVE TAX LEVIES

For an Average Addison Single-Family Residence

	2006	2007
Dallas County		
Market Value	\$256,400	\$278,059
Homestead Exemptions	20%	20%
Taxable Value	\$205,120	\$222,447
Tax Rate/\$100	0.55480	0.55393
Tax Levy	\$1,138.01	\$1,232.21
Dallas ISD		
Market Value	\$256,400	\$278,059
Homestead Exemptions	15,000+10%	15,000+10%
Taxable Value	\$215,760	\$235,253
Tax Rate/\$100	1.68836	1.50264
Tax Levy	\$3,642.81	\$3,535.01
Town of Addison		
Market Value	\$256,400	\$278,059
Homestead Exemptions	20%	20%
Taxable Value	\$205,120	\$222,447
Tax Rate/\$100	0.4760	0.4640
Tax Levy	\$976.37	\$1,032.16
TOTAL TAX LEVY	\$5,757.19	\$5,799.38

PROPERTY TAX CALCULATION AND DISTRIBUTION

2006 Certified Tax Roll & Levy

Assessed Valuation (100%)	\$3,029,605,430
Rate Per \$100	\$0.4640
Total Tax Levy	\$14,057,370
Percent of Current Collection	99.50%
Estimated Current Tax Collections	\$13,987,100

Summary of Tax Collections

Current Tax	\$13,987,100
Delinquent Tax	15,000
Penalty and Interest	35,000
Total 2006-07 Tax Collections	\$14,037,100

Proposed Distribution:

	Tax Rate	% of Total	Amount
General Fund:			
Current Tax			\$9,374,970
Delinquent Tax			10,050
Penalty and Interest			23,460
Total General Fund	\$0.3110	67.03%	9,408,480
Debt Service Fund:			
Current Tax			4,612,130
Delinquent Tax			4,950
Penalty and Interest			11,540
Total Debt Service Fund	\$0.1530	32.97%	4,628,620
TOTAL DISTRIBUTION	\$0.4640	100.00%	\$14,037,100

Staffing

						Difference
	2003	2004	2005	2006	2007	07-06
GENERAL FUND						
City Manager	9.5	10.0	10.0	10.0	8.5	(1.5)
Financial & Strategic Services	11.5	12.0	12.0	11.0	10.0	(1.0)
General Services	8.4	9.0	9.0	9.0	9.0	-
Municipal Court	4.5	4.7	4.7	4.7	4.7	-
Human Resources	4.3	4.3	4.7	4.7	4.7	-
Information Technology	6.0	6.0	6.0	6.0	6.0	-
Police	84.8	84.8	83.8	81.8	68.3	(13.5)
Emergency Communications	-	-	-	-	12.5	12.5
Fire	55.0	55.0	55.0	55.0	55.0	-
Development Services	6.0	6.0	6.0	6.0	7.0	1.0
Streets	6.4	6.0	6.0	6.0	7.0	1.0
Parks	20.0	20.0	20.0	20.0	20.0	-
Recreation	15.4	17.9	17.9	17.2	15.2	(2.0)
TOTAL GENERAL FUND	231.8	235.7	235.1	231.4	227.9	(3.5)
Hotel Fund	13.0	14.5	13.5	14.5	14.0	(0.5)
Airport Fund	3.2	2.0	2.0	2.0	2.0	-
Public Safety Fund	0.2	-	-	-	-	-
Street Capital Project Fund	2.1	-	-	-	-	-
2002 Capital Project Fund	0.5	-	-	-	-	-
Utilities	15.4	18.0	18.0	18.0	17.0	(1.0)
TOTAL ALL FUNDS	266.2	270.2	268.6	265.9	260.9	(5.0)

All positions are shown as full-time equivalent (FTE). In FY04, staffing was adjusted between funds to more accurately reflect costs. There was no net staffing impact as a result of these changes. Hours worked by staff on other funds will be charged back to the appropriate cost center.

Staff Organizational Chart

Addison Citizens

Mayor & City Council

- Planning & Zoning Board
- City Secretary
- City Attorney
- City Judges
- Other Boards & Commissions

City Manager

— Assistant City Manager

- Public Works
 - Streets / Utilities
- Development Services
 - Environmental Services
 - Building Inspection
- General Services
 - Airport
- Special Events

— Deputy City Manager

- General Government
 - Financial & Strategic Services
 - Municipal Court
 - Human Resources
 - Information Technology
- Public Safety
 - Police / Fire
 - Emergency Communications

— Assistant City Manager

- Parks & Recreation
- Visitor Services
 - Conference Centre
 - Theatre

Fund Summaries

COMBINED SUMMARY OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE

All Funds Subject to Appropriation
 City Council Adopted 2006/2007 Annual Budget
 With Comparisons to 2005/2006 Budget

11 - 2006/2007 Annual Budget

	Special Revenue Funds			Debt Service Funds	
	General Fund	Hotel	Combined Other	General	Occupancy Tax Revenue
BEGINNING BALANCES	\$7,715,900	\$4,206,050	\$269,550	\$1,577,300	\$799,130
REVENUES:					
Ad valorem tax	9,408,480	-	-	4,628,620	-
Non-property taxes	11,148,820	4,672,500	-	-	-
Franchise fees	2,691,660	-	-	-	-
Licenses and permits	524,900	-	-	-	-
Intergovernmental	-	99,000	-	-	-
Service fees	1,201,270	1,122,000	-	-	-
Fines and penalties	893,000	-	45,000	-	-
Rental income	144,000	581,000	-	-	-
Interest & other income	377,500	168,700	40,000	70,000	20,000
TOTAL REVENUES	26,389,630	6,643,200	85,000	4,698,620	20,000
Transfers from other funds	-	-	-	-	706,710
TOTAL AVAILABLE RESOURCES	34,105,530	10,849,250	354,550	6,275,920	1,525,840
EXPENDITURES:					
General Government	5,670,390	-	14,990	-	-
Public Safety	13,481,430	-	70,000	-	-
Urban Development	783,720	-	-	-	-
Streets	1,689,200	-	-	-	-
Parks & Recreation	3,854,440	-	6,000	-	-
Tourism	-	6,050,050	-	-	-
Aviation	-	-	-	-	-
Utilities	-	-	-	-	-
Debt service	-	-	-	4,693,260	707,210
Capital projects	-	-	-	-	-
TOTAL EXPENDITURES	25,479,180	6,050,050	90,990	4,693,260	707,210
Transfers to other funds	-	706,710	-	-	-
ENDING FUND BALANCES	\$8,626,350	\$4,092,490	\$263,560	\$1,582,660	\$818,630

Total Revenues	\$53,754,290
Decrease in Fund Balance	3,901,600
Total Appropriable Funds	\$57,655,890

Total Appropriations \$57,655,890

Capital Project Funds			Proprietary Funds			Total All Funds	
Streets	Parks	Combined Bonds	Airport	Utility	Combined Replacement	2006-07	TOTAL 2005-06
\$3,965,050	\$629,290	\$2,286,910	\$1,842,290	\$2,411,440	\$4,944,880	\$30,647,790	\$31,603,280
-	-	-	-	-	-	14,037,100	13,167,000
-	-	-	-	-	-	15,821,320	14,763,850
-	-	-	-	-	-	2,691,660	2,751,780
-	-	-	-	-	-	524,900	452,160
752,000	-	-	30,000	-	-	881,000	782,000
-	-	-	1,085,000	9,257,500	1,087,340	13,753,110	13,441,800
-	-	-	-	55,000	-	993,000	839,970
-	-	-	3,128,000	-	-	3,853,000	4,023,000
100,000	20,000	70,000	78,000	100,000	155,000	1,199,200	2,468,500
852,000	20,000	70,000	4,321,000	9,412,500	1,242,340	53,754,290	52,690,060
-	-	-	-	-	-	706,710	968,890
4,817,050	649,290	2,356,910	6,163,290	11,823,940	6,187,220	85,108,790	85,262,230
-	-	-	-	-	490,000	6,175,380	6,347,170
-	-	-	-	-	832,000	14,383,430	13,261,540
-	-	-	-	-	-	783,720	637,340
-	-	-	-	-	-	1,689,200	1,398,140
-	-	-	-	-	78,800	3,939,240	3,696,310
-	-	-	-	-	-	6,050,050	5,605,020
-	-	-	3,677,260	-	-	3,677,260	3,656,440
-	-	-	-	6,981,680	-	6,981,680	6,409,660
-	-	-	386,270	2,609,290	-	8,396,030	8,014,200
2,963,000	-	225,000	1,411,500	980,400	-	5,579,900	10,040,790
2,963,000	-	225,000	5,475,030	10,571,370	1,400,800	57,655,890	59,066,610
-	-	-	-	-	-	706,710	968,890
\$1,854,050	\$649,290	\$2,131,910	\$688,260	\$1,252,570	\$4,786,420	\$26,746,190	\$25,226,730

Fund Overview

TOTAL BUDGET - ALL FUNDS

\$57,655,890

Governmental Funds

General Fund	\$ 25,479,180
Special Revenue	
Hotel Fund	\$ 6,050,050
Public Safety Fund	\$ 70,000
Municipal Court Fund	\$ 14,990
Arbor Fund	\$ 6,000
Debt Service	
General Obligation Debt Service	\$ 4,693,260
Hotel Occupancy Debt Service	\$ 707,210
Capital Projects	
Street Capital Project Fund	\$ 2,963,000
2002 Capital Project Fund	\$ 225,000

Proprietary Funds

Enterprise Funds	
Airport Fund	\$ 5,475,030
Utility Fund	\$ 10,571,370
Internal Service Funds	
Information Technology Replacement Fund	\$ 467,500
Capital Equipment Replacement Fund	\$ 933,300

Note: Descriptions of each fund are included in the individual fund pages.

Project 2030 Vision

The Goals for Addison and the 2030 Vision Project represent general guidelines for directing the administration and development of the Town of Addison. The goals and vision are reviewed annually by the Council and were updated in 2006.

Introduction

The Addison 2030 Vision Project serves as guiding tool for future Addison Town Councils to use as they perform their decision making responsibilities. The 2030 Vision also lists visions for specific areas including public safety, transportation, infrastructure, Addison Airport, business development, Addison as a destination, special events, residential and community development, parks and recreation and education.

The following synopsis highlights the major tenets of the Committee's work. The bulleted statements are intended to represent the Committee's recommended vision for Addison in the year 2030.

To effectively meet the challenges of the next century, Addison should...

- Pursue the expansion of DART rail to Addison by pursuing transit-oriented zoning changes now in anticipation of DART expansion.
- Redesign Belt Line Road through an infusion of reinvention and creativity along with design and infrastructure capital to maintain and enhance its reputation as an exciting place to be.
- Make investments now to position Addison for the future.
- Recommit Addison to the promotion and installation of design aesthetics in all public spaces to include landscaping and public art.
- Cultivate Addison's brand assets needed to ensure visitors and residents of all sectors have a clear appreciation for Addison as an exciting, culturally forward and diverse in entertainment offerings where special events occur on a regular basis.
- Reinforce the Town's "business friendly" image and continually look for ways to make it easier to locate and do business in Addison.
- Provide high quality services. From recruitment and hiring of dedicated municipal employees with an intense understanding of customer service, responsiveness and fiscal responsibility; excellence in customer service is essential to Addison's success.
- Consciously plan and explore ways to connect "nodes" in the community. These nodes of connectivity focus on all types of issues to include parks, pedestrian mobility, vehicular mobility, commercial development and transportation nodes.
- Pursue alliances with learning institutions to provide adult education that builds on Addison's attributes and industries that already exist here.
- Encourage a wide variety of residential products to foster a cross-section of residents in the community.
- Pursue a strategic vision and development plan for Addison Airport. This new strategic vision for the Airport should be devised with a "self-funding" revenue philosophy.
- Direct developers to propose more high quality, high-density developments that move to a more urban feel.

Goals for Addison

Town of Addison Mission

The Town of Addison will maintain a dynamic progressive quality atmosphere in which to work, play and live with an emphasis on balanced growth.

In an effort to continually provide a high level of service to citizens, a biannual survey is conducted to gauge the level of satisfaction with services and Addison's overall quality of life. Citizen survey results that correlate with the Goals for Addison are listed below each goal.

Goals for Addison

1. Provide Superior Public Safety, Customer Service, Social and Health Services to the Community

- Maintain a best model reputation in police and fire services; continually explore and develop programs to reduce crime
- Promote proactive programs and agreements to provide public safety (i.e. neighborhood-based crime watch; cooperative inter-agency and inter-governmental approaches; high visibility and community involvement for public safety employees)
- Support social services
- Support strict health and code enforcement
- Uphold commitment to environmental programs

- Administer all functions to assure courteous, effective and efficient service to external and internal customers
- Department operations will be structured to ensure rapid response to customer requests for service or information as well as resolution of customer complaints
- Investments will be made in technology that will optimize customer service
- The quality of customer service will be measured and reported
- **Citizen survey results related to this goal included:**
 - 97.5% of respondents rated the Town's overall level of service as "excellent" (60.5%) or "good" (37.0%)
 - 79.3% of respondents rated Addison as an "excellent" place to live

2. Conduct the Business of the Town in a Fiscally Responsible Manner

- Retain high bond rating and financial reputation
- Retain high financial reserves policy
- Ensure ongoing review of all service and contract providers
- Explore new and innovative revenue sources where appropriate
- Promote and utilize Addison businesses whenever possible in making municipal purchases
- Adopt Town budgets in context of the long-term financial plan which emphasizes funding of capital projects through operating revenues instead of issuing debt
- Consider issuance of general obligation debt only to fund high priority capital projects which shall have the approval of Addison voters
- Explore regional partnerships

3. Promote Quality Transportation Services

- Continue implementation of the Transportation Master Plan

- Advocate the significance of DART rail for Addison's growth and development
- Expand Addison's street system to effectively accommodate vehicular traffic while protecting the integrity of attractive median and right-of-way landscaping
- Pursue infrastructure improvements of intra-city transportation
- Enhance pedestrian-oriented means of travel in Addison and install improved pedestrian crossing systems aimed at enhancing public safety
- Citizen survey results related to this goal included:
 - A majority of survey respondents (93.5%) rated Addison's streets as "excellent" or "good"

4. Employ High-Quality, Service-Oriented Personnel

- Foster a work force made up of friendly, professional and highly qualified employees
- Promote educational standards and reeducation opportunities
- Provide innovative and flexible compensation policies
- Citizen survey results related to this goal included:
 - 37.0% of respondents indicated they had contact with a Town official in the last year
 - Of those respondents contacting the Town, 85.6% reported they were satisfied with the results of the contact and 95.2% reported the person contacted was courteous and helpful

5. Provide For A Diversified Business Climate

- Promote existing and new retail businesses in Addison
- Enhance Addison's reputation as a prime location for small, medium and start-up businesses while continuing to pursue appropriate larger businesses and corporate partners for the community
- Promote office occupancy in Addison
- Enhance open communication between local government, the business community, Town Hall and the residential sector
- Promote the significance of Addison's premier location as a key element to the Town's image and success

- Pursue economic development through the use of an innovative program of work that seeks to emphasize retention and the expansion of existing businesses
- Retain and enforce the Town's commitment to urban landscaping
- Implement programs to ensure the vitality of Addison's restaurant and hospitality community
- Instill "Addison pride" in existing businesses
- Citizen survey results related to this goal included:
 - In an effort to maintain a positive business climate while still keeping in mind the needs of residents, the survey asked citizens their opinion on large mural signs for commercial businesses. When asked if the Town allowed large mural signs would such signs make a sophisticated and refined visual impact, 66.8% of respondents answered "yes"

6. Continue to Attract Visitors

- Enhance Addison Conference Centre's ability to host expanded events which attract visitors to Addison
- Continue to grow and create entertaining special events
- Enlist sponsors to support and enhance Addison's high-quality special events
- Promote the arts and cultural events
- Promote the creation of additional art in public places by investigating and implementing programs that encourage developers to create public art in Addison
- Promote Addison Airport as a tourism and visitor destination through special events and on-site attractions
- Continue to explore and develop innovative uses of the hotel/motel fund which enhance tourism
- Citizen survey results related to this goal included:
 - 52.4% of respondents had attended an event at the Conference Centre in the past year and 97.5% rated the Conference Centre as "excellent" or "good"
 - 31.6% of respondents had attended a Water-Tower Theatre performance in the past year, and of those attending 96.8% rated the WaterTower Theatre as "excellent" or "good"

7. Maintain Diversified Residential Housing Opportunities

- Explore creative means of developing high-quality, high-rise single and multi-family housing opportunities
- Support high-quality, high-density mixed use developments in accordance with the Master Plan for Addison Circle
- Maintain the integrity of residential neighborhoods through the use of buffers, park systems and landscaping
- Citizen survey results related to this goal included:
 - In rating the Town's zoning, 90.6% of respondents rated the Town's zoning as "excellent" (35.2%) or "good" (55.4%)

8. Pursue the Finest Educational Offerings for the Community

- Continue the Town's interlocal agreement for library services with the City of Farmers Branch and the City of Dallas as well as exploring cooperative use agreements with surrounding communities
- Pursue associations with learning institutions to provide continuing education offerings to the Town's resident and business populations
- Continue to pursue enhanced primary and secondary school opportunities for Addison children
- Citizen survey results related to this goal included:
 - When asked how often in the past year citizens had used either Farmers Branch or Dallas libraries through the Town's interlocal agreement, 10.1% responded that they had used one of the libraries weekly, 15.7% responded they had used one library at least once a month, and 14.9% responded they had used one of the libraries every several months

9. Provide Quality Leisure Opportunities

- Review existing and consider new recreational offerings for the residential and business communities on a regular basis to satisfy the growing needs of the community
- Maintain resident-only use of the Athletic Club

- Continue implementation of the Parks Master Plan, related facilities and addition to the plan as deemed appropriate
- Maintain the excellence of the Addison park system
- Citizen survey results related to this goal included:
 - Respondents were asked to evaluate Addison parks. 99.4% reported that Town parks were well kept, 97.2% thought the Town maintained enough parks, and 93.8% thought the Town provided appropriate outdoor opportunities
 - A majority of survey respondents (93.8%) rated the Town's recreational programming as "excellent" or "good"

10. Work to instill a "Sense of Community" in Addison's residents

- Continue to build a sense of community through activities like candidate forums, Town Hall meetings, newsletters and the citizens academy
- Work to find new avenues to involve more residents in the civic process and to serve on boards and commissions with the hope of developing new leaders from a cross-section of the community
- Create avenues that allow residents and members of the business community to have a sense of pride living and working in Addison
- Citizen survey results related to this goal included:
 - When asked if they received enough information about issues and problems facing the Town, 75.9% of respondents indicated they had received enough information

11. Develop and utilize the Addison Airport as an engine to drive economic growth in the community

- Continue to upgrade and improve the Addison Airport facility and its infrastructure through the pursuit of funding from the FAA, Texas Department of Transportation-Aviation Division and profits resulting from the superior management of the facility with the overall goal of making and retaining Addison Airport as the BEST general aviation airport in the region and the country

- Continue to operate the Airport in a manner that allows it to be self-sufficient
- Citizen survey results related to this goal included:
 - When asked if they considered the Addison Airport to be an important asset to the Town, 88.9% of respondents indicated the Addison Airport was an important asset

12. Expand the leadership role of the entire Council by active participation in community groups and professional development

- Council members will actively represent the Town of Addison and participate in community groups, in-

ter-governmental agencies, and professional associations that support the Town's goals; demonstrate the Town's commitment to social and environmental support; and advance Addison's influence at the local, state, and national levels

- Council members will utilize professional development opportunities provided by the Texas Municipal League, National League of Cities, and other professional groups
- Citizen survey results related to this goal included:
 - Of those respondents that contacted the Town in the last fiscal year, 13.3% contacted the Mayor or Council. The Mayor and Council were the second most common group to be contacted

TOWN OF ADDISON GOALS MATRIX

The Town's goals are presented here in a matrix format. When the mission of a department corresponds with a Town goal, it is highlighted in blue on the matrix.

Department	1) Superior Customer Service	2) Fiscally Responsible	3) Quality Transportation Services	4) High Quality Personnel	5) Diversified Business Climate	6) Attract Visitors	7) Diversified Residential Housing	8) Finest Educational Offerings	9) Quality Leisure	10) Sense of Community	11) Upgrade & Improve Addison Airport	12) Council Leadership
City Manager's Office												
Financial & Strategic Services												
General Services												
Municipal Court												
Human Resources												
Information Technology												
Police												
Fire												
Development Services												
Streets												
Parks												
Recreation												
Visitor Services												
Conference Centre												
Special Events												
Airport												
Public Works												

All labor that
uplifts human-
ity has dignity and
importance, and
should be under-
taken with pains-
taking excellence.

-Dr. Martin Luther King Jr.



General Fund

Fund Description

The fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

Fund Narrative

During the budget process, it is the General fund which receives the most scrutiny from Town staff, the council, and the public. The attention is deserved because it is this fund that reflects most of the critical issues affecting the community, from establishing a tax rate to determining employee staffing and benefits.

Concluding Fiscal Year Financial Performance

Revenues are estimated at approximately 3% above the FY 2005-06 budget and over 10% more than actually received during the 2004-05 fiscal year. While most revenue categories performed as anticipated in the budget, there are three primary revenue sources that have contributed to the increase in revenue. First, building and construction permit revenue is anticipated to be approximately \$170,000 more than the budgeted amount due to robust construction activity in the community. Second, court fine revenue is expected to exceed the budgeted amount by approximately \$273,000 due to a higher number of citations being issued by the Police department. Finally, interest earnings are expected to exceed the budgeted amount by \$148,000 due to increases in interest rates.

Expenditures are expected to be \$103,030 or 0.4% less than the adopted budget. Several departments are expected to exceed their original individual budgets in FY 2006. The greatest disparities are expected to occur in the Council Projects and Streets departments. For the Council Projects department, \$102,000 of additional expenditures is expected as a result of unanticipated consulting fees associated with the Cotton Belt rail line. The Streets department is expected to be \$50,000 over the original budget due to higher than anticipated electricity expenses. Council properly recognized all excess expenditures with budget amendments in June and September of 2006. The differences estimated for revenues and expenditures, combined with a higher beginning fund balance, contributed to an estimated ending fund balance of \$7,715,900, which is \$1,431,680 higher than originally budgeted.

2006 / 2007 Budget

Revenues¹

Revenues are projected to total \$26,389,630, which represents a 6.9% increase compared to the previous year's budget. Almost all of the increase can be attributed to increases in ad valorem and sales tax revenue. An increase in the tax rate levied for General fund purposes from 30.60¢ to 31.10¢ is expected to generate another \$955,470 in revenue for the General fund. In addition, FY 2006-07 sales tax revenue is budgeted at \$10,221,820, approximately \$297,720 higher than the sales tax budget for FY 2005-06. Alcoholic beverage taxes and interest earnings are also expected to generate an additional \$250,250 in revenue over the coming year.

Expenditures

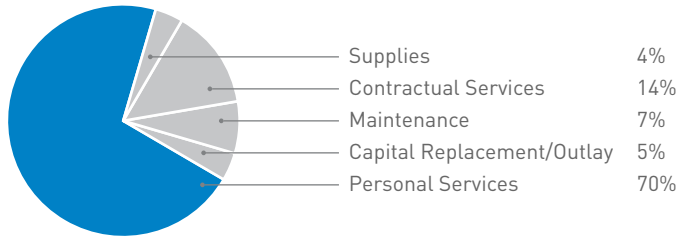
Total fund expenditures for the 2007 fiscal year have been appropriated at \$25,479,180, an increase of approximately \$863,180 or 3.5% compared to the 2005-06 budget. Most of the increase is associated with the personal services portion of the budget. To provide Addison employees with a competitive compensation package, the Council approved a merit pay increase equivalent to 6% of salaries effective October 1, 2006.² The combined cost of this adjustment to the Town's compensation plan is \$705,860 for FY 2006-07. This increase was partially offset by reducing General fund staffing. Staffing for FY 2006-07 is budgeted at 227.9 FTE (full-time equivalent) positions, which is 3.5 FTEs less than the previous year.³ This decrease in staffing is in part the result of deleting the vacant assistant police chief, senior management analyst, recreation supervisor, and recreation associate positions. The FY 2007 General fund budget also includes a new Emergency Communications cost center. This represents existing funding that has been reallocated from the Police, Fire, and Combined Services departments to more accurately track these expenses.

1) For a more extensive discussion of major revenue sources, please refer to Appendix D.

2) For more information pertaining to the Town's pay plan, please refer to Appendix C.

3) Please refer to the Town's organization staffing chart on page 9 for a breakdown of all positions by department.

GENERAL FUND OPERATING EXPENDITURES



City government is a service industry that relies predominantly on its employees to serve the community. A majority of costs are associated with employee salaries and benefits.

BY MAJOR COST CATEGORY

Category	Actual	Budget	Estimated	Budget
	2004-2005	2005-2006	2005-2006	2006-2007
Personal Services	\$15,766,535	\$17,232,300	\$16,749,810	\$17,767,680
Supplies	932,940	1,041,890	1,002,260	976,800
Maintenance	1,696,976	1,762,430	1,661,270	1,790,180
Contractual Services	3,692,458	3,443,860	3,988,880	3,598,210
Capital Replacement/Lease	1,152,161	1,070,520	1,069,750	1,047,310
Capital Outlay	123,726	65,000	41,000	299,000
TOTAL FUND BUDGET	\$23,364,796	\$24,616,000	\$24,512,970	\$25,479,180

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-2005	2005-2006	2005-2006	2006-2007
BEGINNING BALANCE	\$7,299,785	\$6,481,550	\$7,050,510	\$7,715,900
REVENUES:				
Ad Valorem taxes	6,937,895	8,464,500	8,469,500	9,408,480
Non-property taxes	10,556,088	10,773,850	10,824,100	11,148,820
Franchise fees	2,563,797	2,751,780	2,691,240	2,691,660
Licenses and permits	479,239	452,160	621,480	524,900
Intergovernmental	245,789	-	-	-
Service fees	1,145,087	1,180,910	1,216,030	1,201,270
Fines and penalties	812,762	744,970	1,018,000	893,000
Interest earnings	140,149	167,000	315,000	340,000
Rental income	127,956	119,000	119,000	144,000
Other	106,754	27,500	167,010	37,500
TOTAL REVENUES	23,115,516	24,681,670	25,441,360	26,389,630
TOTAL RESOURCES AVAILABLE	30,415,301	31,163,220	32,491,870	34,105,530
EXPENDITURES:				
General Government:				
City Manager	1,215,841	1,269,600	1,288,010	1,118,180
Financial & Strategic Services	957,652	1,014,140	1,004,810	961,610
General Services	661,278	766,950	789,360	753,070
Municipal Court	393,245	429,190	408,290	425,620
Human Resources	361,496	371,570	370,650	387,470
Information Technology	914,143	1,088,010	1,005,440	1,104,710
Combined Services	906,669	782,120	801,520	645,550
Council Projects	389,008	308,590	410,900	274,180
Public Safety:				
Police	6,892,041	7,395,220	7,241,210	6,864,820
Emergency Communications	-	-	-	942,490
Fire	5,349,848	5,590,320	5,518,110	5,674,120
Development Services	553,651	637,340	598,170	783,720
Streets	1,276,489	1,366,140	1,416,490	1,689,200
Parks and Recreation:				
Parks	2,107,075	2,378,830	2,411,880	2,571,550
Recreation	1,386,360	1,217,980	1,248,130	1,282,890
TOTAL EXPENDITURES	23,364,796	24,616,000	24,512,970	25,479,180
OTHER FINANCING SOURCES (USES):				
Transfer to parks capital project fund	-	(263,000)	(263,000)	-
ENDING FUND BALANCE	7,050,505	\$6,284,220	\$7,715,900	\$8,626,350

STATEMENT OF REVENUES BY SOURCE

	Actual	Budget	Estimated	Budget
	2004-2005	2005-2006	2005-2006	2006-2007
Ad Valorem taxes:				
Current taxes	\$6,841,239	\$8,419,500	\$8,419,500	\$9,374,970
Delinquent taxes	45,642	25,710	10,000	10,050
Penalty & interest	51,014	19,290	40,000	23,460
Non-property taxes:				
Sales tax	9,663,892	9,924,100	9,924,100	10,221,820
Alcoholic beverage tax	892,196	849,750	900,000	927,000
Franchise fees:				
Electric franchise	1,572,257	1,619,430	1,619,430	1,668,010
Gas franchise	189,298	194,980	241,380	225,000
Telecommunication access fees	710,651	742,940	700,000	665,000
Cable franchise	85,588	107,430	107,430	110,650
Street rental fees	6,003	7,000	8,000	8,000
Sanitation *	-	80,000	-	-
Wireless network fees	-	-	15,000	15,000
Licenses and permits:				
Business licenses and permits	142,116	149,030	147,570	149,570
Building and construction permits	337,123	303,130	473,910	375,330
Intergovernmental revenue				
Homeland Security Grant	245,789	-	-	-
Service fees:				
General government	623	960	900	900
Public safety	710,049	759,270	707,000	690,460
Urban development	4,324	4,450	8,800	4,690
Streets and sanitation *	193,071	184,680	264,930	271,250
Recreation	64,280	65,150	68,000	68,960
Interfund	172,740	166,400	166,400	165,010
Court fines	812,762	744,970	1,018,000	893,000
Interest earnings	140,149	167,000	315,000	340,000
Rental income	127,956	119,000	119,000	144,000
Other	106,754	27,500	167,010	37,500
TOTAL REVENUES	\$23,115,516	\$24,681,670	\$25,441,360	\$26,389,630

*Sanitation fees were budgeted in FY 06 as franchise fees, but were recorded as street and sanitation service fees beginning in FY 06.

City Manager

Department Mission

To effectively implement and administer the policies established by the Council. The City Manager is responsible for making recommendations to the Council concerning policies and programs and developing methods to insure the efficient operation of city services. The department accounts for all expenditures related to the city manager, his support staff, and the operation and maintenance of Town Hall.

Program Narrative

Accomplishments for FY2006

- Completed the successful public affairs campaign for the Cotton Belt Rail Line.
- Worked towards a successful approval of the Cotton Belt Rail Line on the DART 2030 Transit System Plan.
- Received approval of the Form Based Code Zoning Plan for Belt Line Road Corridor.
- Received approval of the Belt Line Streetscape Plan.
- Began implementation of the comprehensive plan for the re-invention of Belt Line Road.
- Initiated planning and recruitment for the 2006 Citizen Academy Program.

Objectives for FY2007

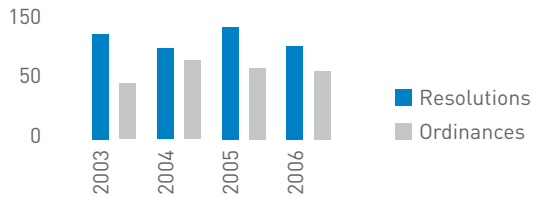
- Complete analysis and implement strategy for the development of Cavanaugh Flight Museum.
- Implement strategies for the reinvigoration and re-design of Belt Line Road. Monitor and provide oversight on a number of new mixed used/multi-family housing projects.
- Implement Citizen Advisory Committees.
- Implementation of Strategic Operations Review recommendations for Development Services, Fire, Parks, Police, Recreation, and Streets.

- Monitor state legislative session.
- Completion of the Addison Road Widening project.
- Completion of the 2006 Citizen Academy Program.

Major Budget Items

- Budget Adjustment Item: termite treatment (\$3,500).
- **Budget Reductions:** relocate Visitor Services to Town Hall (\$33,380), training/travel (\$7,000), reduce intern hours (\$5,400), office supplies (\$3,500), overtime (\$2,000), dues (\$2,000), and other operational expenses (\$6,310).
- Library cards for Addison residents to use at the Farmers Branch library system (\$25,000).
- Library cards for Addison residents to use at the Dallas library system (\$48,420).
- Department's budget includes the General Fund's portion of the annual Town calendar (\$44,880); the remaining portion will be provided by the Hotel Fund.

ORDINANCES PASSED & RESOLUTIONS WRITTEN



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$937,621	\$980,140	\$984,820	\$858,730
Supplies	27,448	28,650	30,110	18,650
Maintenance	21,069	23,840	21,020	23,500
Contractual Services	210,963	223,260	238,350	202,500
Capital Replacement/Lease	18,740	13,710	13,710	14,800
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,215,841	\$1,269,600	\$1,288,010	\$1,118,180

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
City Manager	N/C	1.0	1.0	1.0	1.0
Deputy City Manager	34	1.0	1.0	1.0	1.0
Assistant City Manager	32	1.0	1.0	1.0	2.0
Director-Development Services *	31	1.0	1.0	1.0	0.0
Assistant to the City Manager **	27	1.0	1.0	1.0	0.0
Secretary-Executive	11	1.0	1.0	1.0	1.0
Secretary-Administrative	9	1.0	1.0	1.0	2.0
Secretary-Department	8	1.0	1.0	1.0	0.0
Receptionist ***	6	1.0	1.0	1.0	0.5
Intern	1	1.0	1.0	1.0	1.0
TOTAL		10.0	10.0	10.0	8.5

*Position transferred to Development Services.

**Position has been replaced by a new Assistant City Manager position.

***A portion of this FTE has been moved to the Hotel Fund.

Financial and Strategic Services

Department Mission

To optimally manage the Town's finances through its financial services and strategic services divisions. The Director of Financial & Strategic Services is charged with satisfying this mission by providing general supervision to the divisions as well as the Municipal Court division. The Director develops the Town's comprehensive annual financial report, administers the Town's risk management and treasury functions, and assists the City Manager with development of the Town's annual budget.

Program Narrative

Accomplishments for FY2006

- Completed systematic review of the Town's utility system.
- Implemented new utility rate structure.
- Outsourced the printing and mailing of utility bills to Dataprose, Inc.
- Produced a completely redesigned version of the annual budget document for FY 2006.
- Coordinated the 2006 bond sale.
- Developed strategic plan for the Strategic Services division.
- Published FY 2005 Comprehensive Annual Financial Report.
- Began an audit of Sales and Mixed Beverage tax receipts.
- Completed departmental strategic reviews for Development Services, Fire, Parks, Police, Recreation, and Streets.
- Completed first phase of the Hotel Occupancy tax audit.
- Implemented utility payment portal.
- Created group utility bills for customers that have multiple accounts.

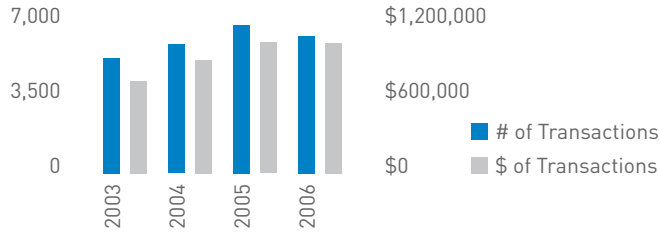
Objectives for FY2007

- Complete strategic reviews for additional operating departments.
- Complete financial audit process and publish Comprehensive Annual Financial Report (CAFR) by February 2007.
- Complete an internal audit of the Town's procurement card and bank transaction processes.
- Evaluate the possibility of automating the Town's fixed asset inventory system.
- Automate the accounts payable process.
- Develop a strategic plan for the department.
- Audit and compare a portion of the utility meters in service to the utility billing system.
- Finalize internal audit plan for the City Manager's Office.

Major Budget Items

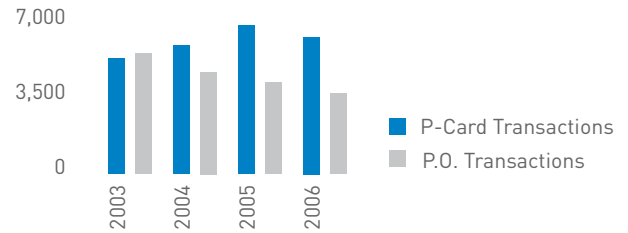
- Budget Adjustment Items: window repairs (\$5,000) and sidewalk repairs (\$7,500).
- **Budget Reductions:** elimination of Senior Management Analyst position (\$87,560), special services (\$5,840), building maintenance (\$4,000), training/travel (\$4,000), office supplies (\$4,000), overtime (\$3,000), audit/legal services (\$2,000), and other operational expenses (\$2,240).
- Professional services including audit (\$19,090), payments to Dallas County Appraisal District allocation (\$61,720), county tax collection (\$7,400) and cash advisory fees (\$18,170).

PROCUREMENT CARD TRANSACTIONS



The increased use of procurement cards has allowed operating departments to reduce the time and clerical work needed to acquire goods and services.

PROCUREMENT TRANSACTIONS BY CATEGORY



The department encourages the use of p-card transactions to make routine purchases more efficient and cost effective.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$635,969	\$776,390	\$713,310	\$712,110
Supplies	51,536	33,270	48,010	35,360
Maintenance	57,413	17,450	16,820	26,040
Contractual Services	193,374	173,320	212,960	172,290
Capital Replacement/Lease	19,360	13,710	13,710	15,810
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$957,652	\$1,014,140	\$1,004,810	\$961,610

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Director-Financial & Strategic Svcs.	31	1.0	1.0	1.0	1.0
Asst. Director-Financial & Strategic Svcs.	29	1.0	1.0	1.0	1.0
Financial Services Manager	26	1.0	1.0	1.0	1.0
Strategic Services Manager	26	1.0	1.0	1.0	1.0
Senior Management Analyst *	22	1.0	1.0	1.0	0.0
Accountant	20	1.0	1.0	1.0	1.0
Management Analyst	20	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Accounting Specialist	7	0.0	0.0	0.0	3.0
Billing Specialist **	7	1.0	1.0	1.0	0.0
Collections Specialist **	7	1.0	1.0	1.0	0.0
A/P Specialist **	5	1.0	1.0	1.0	0.0
Collections Clerk *		1.0	1.0	0.0	0.0
TOTAL		12.0	12.0	11.0	10.0

*Position has been eliminated.

**These positions have been replaced with the Accounting Specialist positions.

General Services

Department Mission

To ensure all Town facilities are maintained to be an attractive and comfortable environment conducive to conducting Town business, and the city's fleet of vehicles is maintained to meet the highest standards of safety and efficiency. Department staff also manages the city's inventory of office and custodial supplies, transports mail and supplies among the eight municipal buildings, and administers hazardous material handling. The Department is the Town's liaison to Addison Airport. Costs associated with operation and maintenance of the Town of Addison Service Center are reflected in the department's budget. The Service Center houses the Parks, Streets, Development Services, Public Works, Information Technology, Special Events, Human Resources, and General Services departments.

Program Narrative

Accomplishments for FY2006

- Continued to work with the Washington Staubach team to accomplish airport priorities.
- Completed construction of the new airport fuel farm facility.
- Amended the ordinance for Fuel Farm License Agreements and entered into agreements with fixed base operators.
- Completed the air traffic control tower project and commissioned tower.
- Completed a development strategy plan for the Airport Land Use Development Plan.
- Coordinated and supervised several Town projects including assisting with the telephone system network, completing roof repairs at several Town facilities, and bid the HVAC Annual Maintenance Contract.
- Developed specifications, purchased, and performed make-ready to seven new fleet vehicles.
- Introduced four new hybrid vehicles to the Town's fleet.

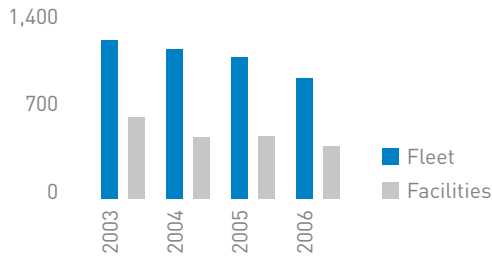
Objectives for FY2007

- Continue to work with the Washington Staubach team to accomplish airport priorities, further enhance airport operations, and accentuate and communicate the positives of Addison Airport.
- Develop a bid for the remediation of the old fuel farm.
- Begin design phase for Runway 15/33 improvements.
- Continue the pavement improvement program at the Addison Airport.
- Coordinate and supervise several Town projects and repairs at Town facilities
- Develop specifications, purchase, and perform make-ready to twenty new fleet vehicles
- Continue to introduce the use of hybrid electric vehicles to the fleet.

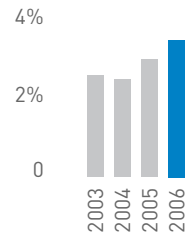
Major Budget Items

- Budget Adjustment Items: postage mailing machine (\$12,770), full termite treatment at the Service Center (\$7,000), and upgrade of Service Center fire alarm system (\$35,000).
- **Budget Reductions:** building maintenance (\$15,000), Capital Replacement fund contribution (\$5,530), training/travel (\$2,450), tools and equipment (\$2,000), and other operational expenses (\$10,200).
- Costs associated with operating the Service Center building including custodial services and HVAC maintenance for the building (\$25,870) and utilities (\$53,400).

WORK ORDERS PROCESSED



FLEET DOWNTIME



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$502,909	\$548,010	\$538,440	\$562,670
Supplies	18,313	25,450	22,250	26,430
Maintenance	41,265	110,560	118,000	76,370
Contractual Services	63,361	58,370	86,110	66,990
Capital Replacement/Lease	35,430	24,560	24,560	20,610
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$661,278	\$766,950	\$789,360	\$753,070

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Director-General Services	31	1.0	1.0	1.0	1.0
Supervisor-Fleet Services	13	1.0	1.0	1.0	1.0
Supervisor-Facilities Services	11	1.0	1.0	1.0	1.0
Technician-Fleet	8	2.0	2.0	2.0	2.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Clerk-Inventory	4	1.0	1.0	1.0	1.0
Mail Carrier	4	1.0	1.0	1.0	1.0
Custodian	2	1.0	1.0	1.0	1.0
TOTAL		9.0	9.0	9.0	9.0

Municipal Court

Division Mission

To provide a fair, impartial, and timely adjudication of misdemeanor fine only offenses committed and filed in the Town of Addison. To properly administer this function, the division must schedule offenders to appear before the court, adjudicate the trial, collect fines from guilty offenders, and issue warrants of arrest.

Program Narrative

Accomplishments for FY2006

- Evaluated new laws passed during the 2005 Texas State Legislative Session to determine their impact on court procedures and implemented necessary changes.
- Secured and implemented electronic ticket devices for input of citation information into court and police software.
- Created Spanish forms for Defensive Driving School and Deferred Disposition.
- Reduced the number of time dated cases from the system.

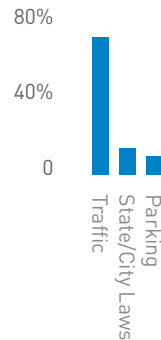
Objectives for FY2007

- Work with the Information Technology department to increase the number of electronic ticket writers for police squad cars.
- Continue working on a program to decrease the number of Scofflaws in the division's system (persons who habitually ignore the law or court and do not pay their fines and court costs) by increased use of Internet resources to track down the individuals.
- Continue working with the Office of Court Administration to develop programs to increase collections.

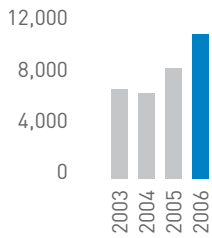
Major Budget Items

- **Budget Reductions:** legal services (\$8,500), office supplies (\$4,700), overtime (\$3,090), and other operational expenses (\$4,400).
- Legal fees associated with prosecuting attorney and associate judges (\$41,500).
- Department's contribution to the Information Technology Fund for the eventual replacement of the existing hardware and software system (\$7,880).

VIOLATIONS BY TYPE

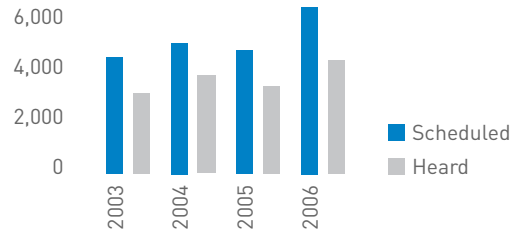


CITATIONS ISSUED



The number of citations issued in 2003 and 2004 were affected by police officer vacancies.

CASES SCHEDULED & HEARD



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$314,128	\$333,040	\$335,340	\$348,780
Supplies	16,090	14,300	14,740	8,070
Maintenance	2,348	2,000	2,600	2,400
Contractual Services	43,029	68,600	44,360	55,910
Capital Replacement/Lease	17,650	11,250	11,250	10,460
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$393,245	\$429,190	\$408,290	\$425,620

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Administrator-Court	24	1.0	1.0	1.0	1.0
Warrant Officer	P2	1.0	1.0	1.0	1.0
Clerk-Court	7	2.0	2.0	2.0	2.0
Municipal Judge	N/C	0.7	0.7	0.7	0.7
TOTAL		4.7	4.7	4.7	4.7

Human Resources

Department Mission

The mission of the Human Resources Department is to assist the Town of Addison in providing an environment that promotes high performance, customer service, accountability, integrity, involvement and diversity by:

- Providing resources for administering employee processing, payroll, benefits and policies.
- Properly balancing the needs of the employees with the needs of the overall organization.
- Hiring and promoting the most qualified employees.
- Retaining our valued employees by providing a competitive salary and benefits package.
- Maintaining compliance with employment laws and governmental regulations.
- Ensuring a discrimination and harassment free environment.

Program Narrative

Accomplishments for FY2006

- Implemented a new pay plan as an outcome of the classification/ compensation study, with adjustments to the minimum pay for assigned grades and across the board pay increases.
- Facilitated an employee focus group to review and recommend plan design changes for the 2006 health insurance plan.
- Developed an in-house wellness program with less cost, better program content and more employee participation than contracting the program out.
- Implemented changes in policy concerning Workers Compensation benefits and retiree health insurance.
- Expanded the Town's contract with ICMA-Retirement Corporation to include employee loans.
- Assisted the Police Department in more aggressive recruiting, including visits to college campuses and off-site testing.

- Began evaluating assignment pay issues as part of the recommendations from the classification/compensation study.

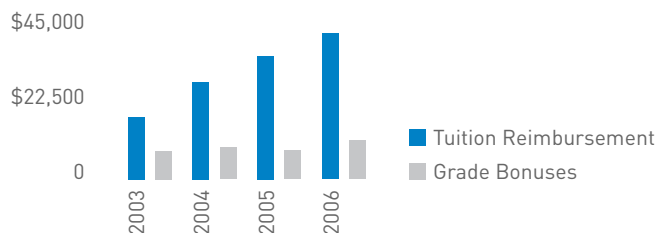
Objectives for FY2007

- Continue the development of a volunteer program.
- Continue exploring the possibility of implementing Retirement Savings Accounts to allow an additional opportunity for employees to prepare for health care costs in retirement.
- Continue to analyze cost-saving options for employee health insurance and other benefits.
- Seek opportunities for cost savings through shared services, such as through an interlocal agreement for recruitment services.
- Coordinate training for all employees regarding harassment and discrimination issues. Continue supervisory training in other areas of employment law.

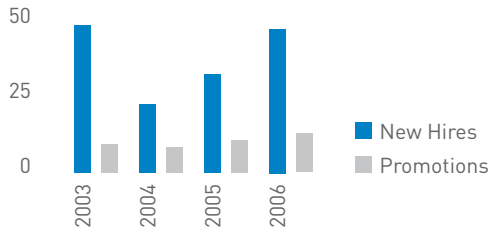
Major Budget Items

- Budget Adjustment Items: training for preventing harassment and discrimination (\$5,000).
- **Budget Reductions:** healthcare consulting services (\$10,000).
- Funds for advertising vacant positions (\$22,000).

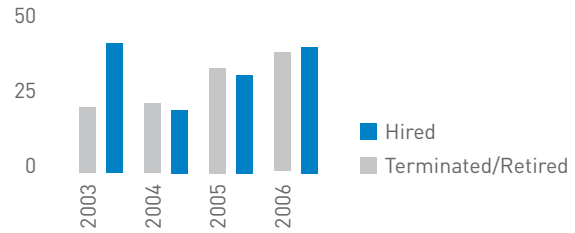
EDUCATIONAL REIMBURSEMENTS



HIRES BY TYPE



EMPLOYEES PROCESSED



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$266,992	\$310,500	\$319,520	\$331,580
Supplies	13,126	10,800	8,810	12,300
Maintenance	323	1,450	760	700
Contractual Services	73,485	42,720	35,460	36,350
Capital Replacement/Lease	7,570	6,100	6,100	6,540
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$361,496	\$371,570	\$370,650	\$387,470

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Director-Human Services	31	1.0	1.0	1.0	1.0
Benefits Specialist	21	1.0	1.0	1.0	1.0
Employment Specialist	21	0.6	1.0	1.0	1.0
Payroll Specialist	10	0.7	0.7	0.7	0.7
Secretary-Department	8	1.0	1.0	1.0	1.0
TOTAL		4.3	4.7	4.7	4.7

Information Technology

Department Mission

To identify, develop and maintain a standard, integrated information services architecture that enhances organization productivity and creates a customer-centered business environment. The department's responsibilities include: design and supervision of the Town's technology infrastructure; maintain a single point of contact for recording, tracking and coordinating problem resolution; provide asset management and support services for the network and desktop environment; and, coordinate all technology training and education.

Program Narrative

Accomplishments for FY2006

- Implemented the Utility Payment Portal for utility customers to access and pay statements online.
- Redesigned the www.ci.addison.tx.us and www.addisontexas.net web sites.
- Implemented a telecommunication billing audit.
- Began upgrade of the Town's phone system.
- Implemented a digital citation system for the Public Safety division.
- Implemented an on-line processing system for restaurant inspection field and reporting.
- Explored the possibility of utilizing wireless technology and/or on-line services for special events.
- Implemented a biometric (fingerprint identification) time clock Town-wide.
- Explored the possibility of utilizing wireless technology for a drive-by meter reading system.

Objectives for FY2007

- Install a video camera monitoring system in the Arts & Events District.
- Install a video camera monitoring system at the Addison Airport and Fuel Farm.

- Expand the digital citation system to fourteen police cruisers.
- Implement wireless technology for special events.
- Replace computer workstations Town-wide.
- Replace the mobile data terminals inside police cruisers.
- Implement a handheld web-enabled permit and inspection system.
- Complete the upgrade of the Town's phone system.
- Move the Town's financial system server to the Emergency Operation Center.

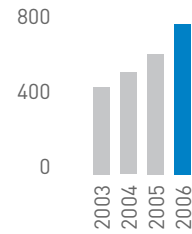
Major Budget Items

- Budget Adjustment Items: expanding digital citation system to police cruisers (\$50,000-funded in Public Safety fund), handheld web-enabled permit and inspection system (\$60,000), and upgrade of Internet service provider (\$12,000).
- **Budget Reductions:** GEMS maintenance (\$27,000), training/travel (\$11,300), computer hardware (\$5,000), tools and equipment (\$5,000), and office supplies (\$4,000).
- Contracts with vendors to maintain the Town's general government information technology systems (\$125,060).
- Contracts with vendors to maintain the Town's public safety information technology systems (\$137,850).
- Telecommunications services related to the system's high-speed data network (\$32,420).

NUMBER OF SERVICE CALLS



UNIQUE WEBSITE VISITORS (in thousands)



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$577,283	\$616,470	\$623,450	\$655,200
Supplies	26,907	66,000	42,040	52,000
Maintenance	233,606	340,120	282,090	330,910
Contractual Services	60,537	54,250	46,690	54,950
Capital Replacement/Lease	15,810	11,170	11,170	11,650
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$914,143	\$1,088,010	\$1,005,440	\$1,104,710

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Director-Information Services	31	1.0	1.0	1.0	1.0
Network Specialist	25	5.0	5.0	5.0	5.0
TOTAL		6.0	6.0	6.0	6.0

Combined Services

Department Function

This department reflects expenditures incurred by the Town, as a single entity, in the conduct of its operations. These expenditures include the Town's membership in various state and local organizations, engineering and attorney fees, insurance premiums, and postage.

Program Narrative

Major Budget Items

- Budget Adjustment Item: additional funds for legal services (\$60,000).
- **Budget Reductions:** training/travel (\$10,000), engineering services (\$10,000), EAC budget (\$2,610), health fair (\$2,000), and dues (\$2,000).
- Expenses related to public safety communications moved to Emergency Communications budget (\$172,500).
- Legal fees (\$240,000).
- Delivery and postage for town mailings (\$78,000).
- Tuition reimbursement program (\$41,100) which compensates employees who take college courses and provides cash bonuses for good grades.
- Employee committee programs (\$13,890) to encourage employees to become involved with improving the Town's levels of service and productivity.
- Includes \$126,070 for fund's share of Town-wide liability insurance.

	Actual	Budget	Estimated	Budget
EXPENDITURES	2004-05	2005-06	2005-06	2006-07
Personal Services	\$67,531	\$50,320	\$72,230	\$78,190
Supplies	90,559	90,200	91,970	108,590
Maintenance	-	-	-	-
Contractual Services	748,579	641,600	637,320	458,770
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$906,669	\$782,120	\$801,520	\$645,550

City Council Projects

Department Function

The department accounts for funds appropriated by the Council for special projects not directly related to Town operations. Also included are expenses incurred by the Mayor and six members of the Council in performing their responsibilities as elected officials of the Town of Addison.

Program Narrative

Major Budget Items

- Budget Adjustment Item: Citizen Advisory Committees expenses (\$20,000).
- **Budget Reductions:** Holiday Open House and Service Appreciation Dinner reductions (\$8,700) and training/travel (\$4,000).
- Council and board member compensation (\$25,350).

- Includes funds for the following nonprofit agencies (\$105,000).
 - Communities in Schools Dallas, Inc. (\$40,000)
 - Metrocrest Social Services Center (\$20,000)
 - Senior Adult Services (\$15,000)
 - Metrocrest Chamber of Commerce (\$10,000)
 - DFW International (\$7,500)
 - The Family Place (\$5,000)
 - Special Care and Career Services (\$5,000)
 - Metrocrest Family Medical Clinic (\$2,500)
- Costs associated with publishing the quarterly Town newsletter (\$45,000).

STAFFING	NAME	PROFESSION	TERM OF OFFICE
Mayor	Joe Chow	Rest. Owner/Ins. Agency Owner	5/05 through 5/07
Mayor Pro Tempore	Gregory S. Hirsch	Sales Manager	5/05 through 5/07
Deputy Mayor Pro Tempore	Tom Braun	General Contractor	5/06 through 5/08
Councilmember	Dennis Kraft	Attorney	5/06 through 5/08
Councilmember	Diane Mallory	Interior Designer	5/05 through 5/07
Councilmember	Roger S. Mellow	Investments	5/06 through 5/08
Councilmember	Jimmy Niemann	Chief Technology Officer	5/05 through 5/07

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$28,549	\$27,410	\$27,660	\$27,410
Supplies	16,348	14,500	17,150	35,580
Maintenance	-	-	-	-
Contractual Services	341,191	264,710	364,120	209,220
Capital Replacement/Lease	2,920	1,970	1,970	1,970
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$389,008	\$308,590	\$410,900	\$274,180

Police

Department Mission

The Addison Police Department is dedicated to a standard of excellence in promoting and maintaining a safe and peaceful community. We serve in a community partnership to preserve order, protect life and property, enforce laws and ordinances, and safeguard individual liberties. We conduct ourselves according to the highest ethical standards and treat others with fairness, dignity, and respect. We pledge to manage our organization with professionalism, leadership, and integrity.

Program Narrative

Accomplishments for FY2006

- Implemented two programs designed to address the unacceptably high number of police officer vacancies:
 - Successfully met the goals of the overfill plan whereby the department was allowed to hire three officers over its authorized strength.
 - Implemented an aggressive recruitment campaign that resulted in the hiring of seven recruit officers.
- Expanded the department's ability to investigate the growing number of computer related crimes by training another investigator in computer forensics.
- Received a federal grant to increase traffic enforcement in high volume traffic corridors.
- Implemented Phase I of converting to a paperless citation system.

Objectives for FY2007

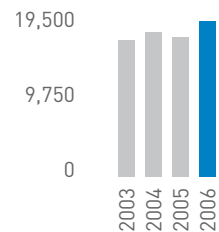
- Develop a long-term strategy to retain police officers in the two to five year experience range.
- Design new strategies to meet changing enforcement needs in the following areas:
 - Vice and narcotics enforcement.

- Computer and technology related crimes.
- Challenges of patrolling a high density urban environment.
- Explore cutting edge technologies that can aid in crime prevention and improve offense clearance rates.

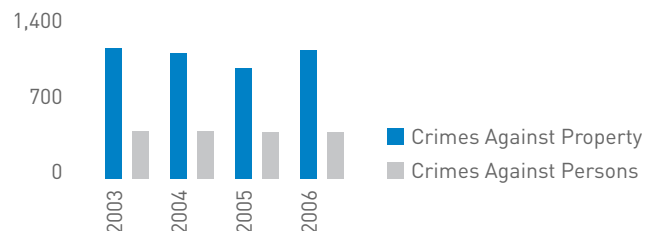
Major Budget Items

- Budget Adjustment Items: increase overfill positions (\$0), two year service enhancement program (\$12,980), raise field training officer pay (\$5,680), internship program (\$14,000), and termite treatment (\$6,500).
- **Budget Reductions:** elimination of Assistant Police Chief position (\$112,990), defer jail maintenance (\$31,000), eliminate LiveScan fingerprint system (\$26,000), and defer replacement of video monitoring system (\$16,000).
- Dispatch staffing expenses and radio operational expenses moved to Emergency Communications budget (\$724,660).
- Overtime (\$165,950).

CALLS FOR SERVICE



PROPERTY & VIOLENT CRIME RATES



	Actual	Budget	Estimated	Budget
EXPENDITURES	2004-05	2005-06	2005-06	2006-07
Personal Services	\$5,570,369	\$6,085,630	\$5,891,160	\$5,654,170
Supplies	268,803	281,050	272,060	241,900
Maintenance	264,577	261,700	262,030	180,000
Contractual Services	291,862	288,380	337,500	305,300
Capital Replacement/Lease	496,430	478,460	478,460	483,450
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$6,892,041	\$7,395,220	\$7,241,210	\$6,864,820

		Budget	Budget	Budget	Budget
STAFFING	Level	2003-04	2004-05	2005-06	2006-07
Director-Police Chief	31	1.0	1.0	1.0	1.0
Assistant Police Chief **	P6	1.0	1.0	1.0	0.0
Captain	P5	2.0	2.0	2.0	2.0
Lieutenant	P4	3.0	2.0	2.0	2.0
Sergeant	P3	6.0	6.0	6.0	6.0
Manager-Public Safety Comm.	22	1.0	1.0	1.0	1.0
Supervisor-Detention	11	1.0	1.0	1.0	1.0
Police Officer *	P2	47.0	47.0	45.0	45.0
Supervisor-Communications ***	11	1.0	1.0	1.0	0.0
Dispatcher ***	D1	11.5	11.5	11.5	0.0
Jailer	7	1.0	1.0	1.0	1.0
Police Administrative Technician	9	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Investigative Specialist	6	1.0	1.0	1.0	1.0
Clerk-Police Records	5	2.0	2.0	2.0	2.0
Public Service Officer	6	1.0	1.0	1.0	1.0
Jailer/Temporary ****		3.3	3.3	3.3	3.3
TOTAL		84.8	83.8	81.8	68.3

* Two vacant police officer positions were eliminated in FY05-06.

**Position has been eliminated.

*** Positions are now reflected in the Emergency Communications budget.

****Includes several part-time, temporary positions equal to 3.3 FTEs.

Emergency Communications

Function

This function reflects expenditures incurred by the Town for emergency communications. These expenditures include the Town's emergency dispatch services, radio maintenance, and other emergency management services related to public safety.

These expenditures were previously budgeted and recorded in the Combined Services, Police, and Fire departments. Beginning in FY 2006-07, these costs have been transferred into a separate Emergency Communications budget to facilitate monitoring of these expenses.

Program Narrative

Major Budget Items

- **Budget Reductions:** weather warning system (\$3,000).
- Staffing for dispatch operations (\$659,160).
- Southwestern Bell fixed 9-1-1 charges (\$75,000).
- Wireless technology expenses (\$47,500).
- Maintenance for Police and Fire portable radios (\$53,330).
- Public relations services (\$24,000).
- Radio system administration (\$24,000).
- Spectrum Centre site lease (\$12,100).

	Actual	Budget	Estimated	Budget
EXPENDITURES	2004-05	2005-06	2005-06	2006-07
Personal Services	\$-	\$-	\$-	\$659,160
Supplies	-	-	-	-
Maintenance	-	-	-	76,130
Contractual Services	-	-	-	207,200
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$-	\$-	\$-	\$942,490

		Budget	Budget	Budget	Budget
STAFFING	Level	2003-04	2004-05	2005-06	2006-07
Supervisor-Communications *	11	0.0	0.0	0.0	1.0
Dispatcher *	D1	0.0	0.0	0.0	11.5
TOTAL		0.0	0.0	0.0	12.5

* Positions were reflected in the Police department budget in prior fiscal years.

Fire

Department Mission

To protect the persons and property in Addison by providing quality and innovative emergency services. To accomplish this mission, the department performs the following functions: 1) fire suppression, including crash/fire rescue for aircraft utilizing Addison Airport; 2) fire inspection, prevention, and investigation; and, 3) emergency medical services with advanced life support capabilities practiced by professionally trained paramedics. These functions are provided by three twenty-four hour shifts, each staffed with sixteen employees who operate out of two fire stations.

Program Narrative

Accomplishments for FY2006

- Continued to apply for various federal grants. The department was awarded an Urban Area Security Initiative Grant in conjunction with the Police department for the installation of a security monitoring system in the Arts & Events District.
- Completed a strategic operations review of various department functions with the assistance of the Financial & Strategic Services department.
- Updated and submitted annexes to the Town's Emergency Operations Plan to the Texas Department of Public Safety.
- Implemented the Town's Emergency Operations Plan when the Town declared an emergency and opened a shelter to accommodate hurricane evacuees.
- Provided live structural fire training for all operational staff at Collin County Community College.
- Implemented a patient reporting system that enables paramedics to more accurately track and monitor the delivery of pre-hospital emergency care.
- Implemented a new mobile weather tracking system that assists in determining potential weather issues during special events.
- Continued to offer CPR classes to Addison residents and employees of Addison based businesses.

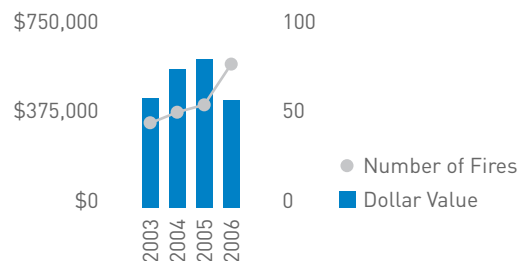
Objectives for FY2007

- Expand on the strategic operations review of various department functions with the assistance of the Financial & Strategic Services department.
- Identify and study various recruitment and retention strategies to ensure qualified employees are recruited and retained.
- Ensure all department employees have access to the succession planning system in place and encourage formal education, training opportunities and mentoring.
- Study possibilities to improve coordination of the mapping systems and databases available to the Town to improve emergency response operations.

Major Budget Items

- Budget Adjustment Items: termite control (\$5,500), replace showers at Fire Station Two (\$12,000), and replace termite damaged window (\$5,000).
- **Budget Reductions:** tools and equipment (\$21,000), wearing apparel/uniform (\$17,010), training/travel (\$16,000), medical supplies (\$4,000), and other operational expenses (\$15,610).
- Expenses related to public safety radios moved to Emergency Communications budget (\$45,230).

NUMBER OF FIRES & CORRESPONDING PROPERTY LOSS



The Fire department staff actively works with insurance adjusters to obtain the information needed to correctly calculate fire losses. In FY06, Addison experienced a larger number of minor fires that caused relatively minimal damage.

EMERGENCY MEDICAL SERVICES	2002-03	2003-04	2004-05	2005-06
Mutual Aid EMS Calls	109	79	111	74
Addison EMS Calls	1,440	1,414	1,440	1,368
TOTAL AVERAGE RESPONSE TIME**	5:22	4:21	4:44	4:28

FIRE				
Calls for Service	1,178	1,133	970	1,063
Fire Incidents With Ignition *	47	50	55	74
TOTAL AVERAGE RESPONSE TIME**	6:16	5:16	4:44	5:13

*Calls in which a fire is in progress at time of arrival by Fire Department.

**Final response time includes alarm processing time, turnout time, and time en route to the scene. For 2004-05 this time is for Fire and EMS combined.

	Actual	Budget	Estimated	Budget
EXPENDITURES	2004-05	2005-06	2005-06	2006-07
Personal Services	\$4,233,411	\$4,612,210	\$4,589,510	\$4,749,340
Supplies	160,996	179,460	166,230	181,510
Maintenance	150,501	203,330	162,870	141,210
Contractual Services	313,681	212,010	216,190	220,580
Capital Replacement/Lease	414,890	383,310	383,310	381,480
Capital Outlay	76,369	-	-	-
TOTAL DEPARTMENT BUDGET	\$5,349,848	\$5,590,320	\$5,518,110	\$5,674,120

		Budget	Budget	Budget	Budget
STAFFING	Level	2003-04	2004-05	2005-06	2006-07
Director-Fire	31	1.0	1.0	1.0	1.0
Chief-Operations	F5	1.0	1.0	1.0	1.0
Chief-Prevention	F5	1.0	1.0	1.0	1.0
Chief-Emergency Medical Services & Training	F5	1.0	1.0	1.0	1.0
Fire Captain	F4	6.0	6.0	6.0	6.0
Fire Prevention Specialist	FP2	1.0	1.0	1.0	1.0
Fire Lieutenant	F3	6.0	6.0	6.0	6.0
Fire Prevention Technician	FP1	1.0	1.0	1.0	1.0
Firefighter/Paramedic FEO	F2	4.0	3.0	3.0	9.0
Firefighter/Paramedic	F2	32.0	33.0	33.0	27.0
Secretary-Department	8	1.0	1.0	1.0	1.0
TOTAL		55.0	55.0	55.0	55.0

Development Services

Department Mission

To manage the planning, development, and growth of the Town in a manner that results in a pleasant, safe, and attractive environment, and an enhanced quality of life, for all of Addison's citizens and visitors.

To protect the public's health and welfare through the enforcement of the Town's building, signage, plumbing, and electrical codes for the construction and maintenance of safe residential and commercial structures, and the inspection of restaurants, swimming pools, apartments, and vacant lots and the control of mosquitoes with spraying programs. The staff is also required to enforce Environmental Protection Agency regulations, and monitor transportation and disposal of liquid wastes.

Program Narrative

Accomplishments for FY2006

- As of May 30, 2006, the department has issued \$61,643,884 in permits for new construction and remodels. This is up from \$28,165,581 at this same time last year.
- Permitted and inspected 109 units of the 183-unit Cityhomes townhome project.
- Completed Belt Line Road portion of Comprehensive Plan amendments and adopted new form-based zoning code for Belt Line Road.
- Regulated food protection and general sanitation at numerous Town-sponsored and third party special events and various restaurants without a single food related complaint
- Organized and managed two Town-sponsored garage sales.
- Regulated compliance with the Texas Department of State Health Services safety enhancements for public and semi-private swimming pools and spas.
- Worked closely with the Cavalia equine circus to address all environmental and public health issues with little advance notice.

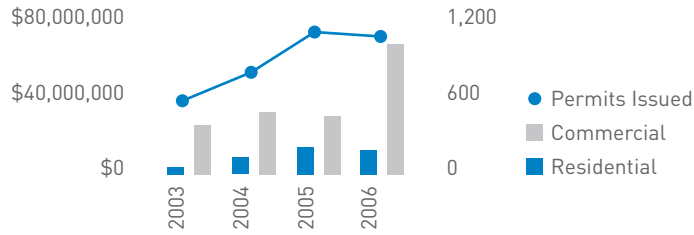
Objectives for FY2007

- Review and approve zoning proposals for Fairfield Residential, Post Properties, SNK Realty, Ashton-Woods Homes, and Woodmont Development.
- Continue to provide "same day response" on calls for Building Inspections.
- Continue Comprehensive Plan work by moving from Belt Line Road to the Brookhaven Club Drive area.
- Complete move of Director from Town Hall to an office in the Service Center.
- Scan boxed records to CD in order to maximize records storage capability.
- Utilize various opportunities to stay current with emerging and ongoing public health issues.
- Provide closer oversight and control of special events held at private businesses including matters relating to noise and TABC.
- Continue assisting the restaurant community in ensuring suitable dining experiences for non-smoking customers.
- Increase the efficiency of field inspectors and provide a better response to contractors by adding hand-held electronic devices that will allow inspectors to download completed inspections directly to a web-based system that can be viewed by contractors.
- Work with other departments to streamline the process for issuing building permits and CO's.

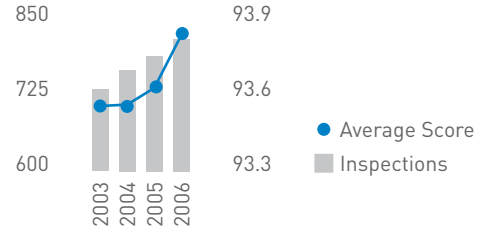
Major Budget Items

- **Budget Reductions:** mowing (\$6,380), planning and zoning special services (\$2,500), training/travel (\$1,180), and other operational expenses (\$8,460).
- Rental of equipment for and management of the Town Garage Sale events (\$23,060).
- Mowing of private lots (\$10,320 is recovered through liens on property).

DOLLAR VALUE OF BUILDING PERMITS ISSUED



NUMBER OF FOOD INSPECTIONS & AVERAGE SCORES



Environmental Services grades each food establishment for sanitary conditions. Any score higher than 80 is acceptable. Establishments with lower scores are given 24 hours to correct any deficiencies depending on their size and grade history. Restaurants are inspected two to six times per year.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$474,108	\$507,560	\$457,240	\$679,590
Supplies	14,262	16,450	20,280	18,600
Maintenance	1,347	4,650	2,730	5,050
Contractual Services	44,754	92,200	101,440	65,950
Capital Replacement/Lease	19,180	16,480	16,480	14,530
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$553,651	\$637,340	\$598,170	\$783,720

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Director-Development Services *	31	0.0	0.0	0.0	1.0
Official-Building	28	1.0	1.0	1.0	1.0
Official-Environmental Services	28	1.0	1.0	1.0	1.0
Inspector-Building	13	2.0	2.0	2.0	2.0
Environmental Health Specialist	12	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	6.0	7.0

* Position transferred from City Manager's Office.

Streets

Department Mission

The department has a multi-faceted mission which is comprised of the following components: 1) maintain the Town's streets at a level so that none of the estimated 150,000 vehicles which traverse the city's streets every day are delayed due to pavement failure; 2) maintain the Town's drainage system to remove storm water at the peak levels for which the system was designed; 3) ensure all traffic signalization is operated to safely and efficiently move vehicular traffic through the community; 4) collect all residential brush within two business days; 5) administer the contract with private waste haulers for the effective collection and recycling of residential waste; 6) humane enforcement of the Town's animal control and leash laws; and 7) supervise and coordinate the placement of all utility lines within Town right-of-ways to minimize the potential for disruption of utility services; 8) administer the contract with a private street sweeping company to maintain clean streets; and 9) oversee the installation, repair and maintenance of street lighting facilities citywide.

Program Narrative

Accomplishments for FY2006

- Assisted Engineering staff with the completion of the Arapaho Road Phase III project, the Centex Development project, the Addison Circle Americans with Disabilities Act ramp modification project, and the Congestion Mitigation Air Quality (CMAQ) project.
- Provided project review and coordination assistance on the Town's WiFi project.
- Contracted major pavement repairs on Midway Road, Quorum Drive, and Lindbergh Drive.
- Contracted the lifting and stabilization of major portions of faulted pavement on Midway Road north of Belt Line Road.
- Relocated a traffic signal pole assembly at the intersection of Midway Road and Belt Line Road.
- Replaced all in-ground wiring at the intersection of Addison Road and Airport Parkway.

- Accomplished a drainage improvement project to repair the Lake Forest Drive bridge apron and channel.
- Continued in the development of a citywide traffic signal equipment upgrade project using funds provided by a grant from the North Central Texas Council of Government.

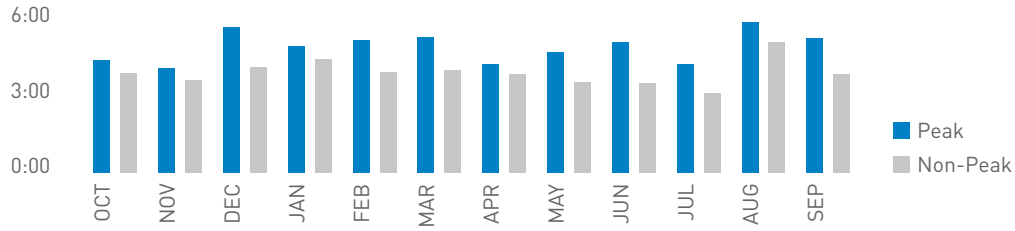
Objectives for FY2007

- Repair major pavement failures Town-wide and seal pavement cracks on asphalt streets.
- Hire and train an additional Traffic Signal Technician to expand preventative maintenance efforts and reduce response time to citizen calls.
- Continue upgrading traffic signals with LED indicators.
- Continue increased efforts to replace worn and missing pavement markings citywide.
- Enhance animal control education efforts.

Major Budget Items

- Budget Adjustment Items: Oaks North lighting strategy (\$140,000), increased electricity budget (\$48,000), traffic signal LED's (\$70,000), Technician – Signs and Signals (\$87,360), and town-wide traffic counts (\$15,000).
- **Budget Reductions:** engineering services (\$38,310) and signs and markings (\$30,000).
- Annual contracted street repair and paving (\$150,440).
- Electricity for street lights and signals (\$258,000).
- Street sign and signal maintenance (\$113,800).
- Contracted out street sweeping (\$53,000).
- Residential garbage collection services (\$218,460).

AVERAGE TRAVEL TIME ON BELTLINE ROAD IN 2006



Belt Line Road is Addison's heaviest traveled thoroughfare handling an average of 51,300 cars per day. To evaluate the effectiveness of traffic signalization and intersection improvements, the Streets Department measures the time it takes to travel between the Town's west and east boundaries (approximately 2 miles). Peak time is lunch when Addison's restaurants are busiest.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$395,064	\$447,940	\$415,540	\$508,120
Supplies	17,585	21,520	16,020	20,520
Maintenance	280,264	285,690	342,210	489,540
Contractual Services	557,816	581,320	613,050	618,570
Capital Replacement/Lease	25,760	29,670	29,670	27,450
Capital Outlay	-	-	-	25,000
TOTAL DEPARTMENT BUDGET	\$1,276,489	\$1,366,140	\$1,416,490	\$1,689,200

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Streets Superintendent	24	1.0	1.0	1.0	1.0
Supervisor-Street Services	11	1.0	1.0	1.0	1.0
Technician-Signals/Signs	11	1.0	1.0	1.0	2.0
Senior Maintenance Worker	5	1.0	1.0	1.0	1.0
Animal Control Officer/Maintenance	8	1.0	1.0	1.0	1.0
Maintenance-II	4	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	6.0	7.0

Parks

Department Mission

To preserve and enhance the Town's exceptional quality of life through the landscaping of the community's public and private properties. To accomplish its mission, the department supervises the construction and meticulous maintenance of parks, boulevard medians, jogging trails, and entrances to the Town. The department is also responsible for the strict enforcement of the landscaping ordinance, which requires all commercial properties to enhance their buildings with landscaped areas.

Program Narrative

Accomplishments for FY2006

- Continued the conceptual design process for the Belt Line Corridor Streetscape Master Plan.
- Completed the Addison Arbor Foundation Comprehensive Streetscape Plan and Town-wide tree inventory.
- Completed approval process for the landscape improvements on the Landmark Boulevard right-of-way, which was fully funded by the adjacent office building development.
- Completed the construction of the new dog park east of the Easement Park.
- Completed various landscape planting projects and park infrastructure repairs and maintenance throughout the Town.
- Implemented a landscape maintenance program for the Arapaho Phase III linear trail and park sites as well as for Parkview Park in the Addison Circle Cityhomes project.
- Completed a strategic operations review process.
- Replaced the waterfall pump at Winnwood Park.
- Completed the first phase of Blueprints pole painting.

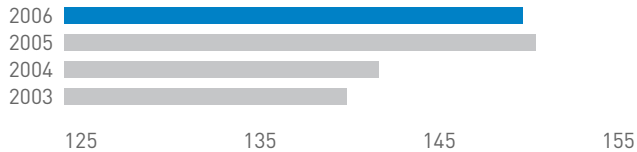
Objectives for FY2007

- Complete the construction of new perimeter residential masonry walls on Les Lacs Drive at the intersection of Beau Park Drive and Chauncey Drive.
- Complete the Addison Arbor Foundation Town-wide tree inventory program.
- Oversee the Town's United Way program.
- Complete the Belt Line Streetscape Master Plan.
- Complete the final benchmarking phase for the department strategic operations review.
- Complete phase II of the Blueprints art panels painting.
- Complete the median landscaping of Midway Road and underneath Arapaho Bridge.

Major Budget Items

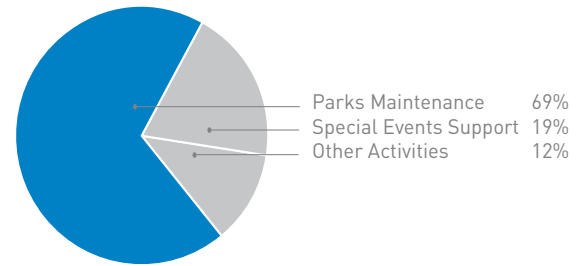
- Budget Adjustment Items: perimeter residential masonry wall replacement – Les Lacs Drive (\$300,000), and Blueprints sculpture painting – phase II (\$90,000).
- **Budget Reductions:** contract landscape renovations (\$29,000), pet waste supplies (\$10,000), tools and equipment (\$10,000), irrigation supplies (\$10,000), color contract (\$10,000), Addison Circle maintenance (\$10,000), engineering services (\$7,000), and other operational expenses (\$17,000).
- The following landscape items are included: color contract for planting (\$58,000), Addison Circle maintenance (\$47,000), and lighting & fountain maintenance (\$46,700).
- Mowing contract (\$142,000).
- Water utility costs (\$289,270).

ACRES MAINTAINED



In FY 2004, Parks staff began maintaining the Arts & Events district property. In FY 2005, Parks staff began maintaining the property associated with Arapaho Road Phase III. The closing of the Trinity Christian Academy facility in FY 2006 reduced the acreage maintained by Parks staff.

TASKS-DISTRIBUTION OF WORK HOURS



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$1,015,537	\$1,147,350	\$1,072,990	\$1,208,020
Supplies	143,198	181,600	180,980	141,600
Maintenance	365,966	438,840	368,840	290,010
Contractual Services	496,386	504,520	707,320	615,790
Capital Replacement/Lease	38,631	41,520	40,750	42,130
Capital Outlay	47,357	65,000	41,000	274,000
TOTAL DEPARTMENT BUDGET	\$2,107,075	\$2,378,830	\$2,411,880	\$2,571,550

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Director-Parks & Recreation	31	1.0	1.0	1.0	1.0
Manager-Parks	26	1.0	1.0	1.0	1.0
Foreman-Parks	20	1.0	1.0	1.0	1.0
Supervisor-Parks	11	2.0	1.0	1.0	1.0
Crew Leader-Irrigation		1.0	0.0	0.0	0.0
Irrigation Technician	10	2.0	3.0	3.0	3.0
Secretary-Administration	9	1.0	1.0	1.0	1.0
Chemical Specialist		1.0	0.0	0.0	0.0
Senior Groundskeeper	9	1.0	2.0	2.0	2.0
Groundskeeper-III	8	2.0	1.0	1.0	2.0
Groundskeeper-II	4	2.0	2.0	2.0	2.0
Groundskeeper-I	3	5.0	7.0	7.0	6.0
TOTAL		20.0	20.0	20.0	20.0

Recreation

Department Mission

To offer and maintain for the Town's residents a wide array of recreation, health, fitness, and athletic programs at the Athletic Club. Facilities at the Club include an indoor, four-lane lap/swim pool with whirlpool, four racquetball courts, a gymnasium, aerobics room, indoor running track, one lighted outdoor tennis court, an expanded 6,500 sq. ft. weight & fitness room & outdoor leisure pool.

Program Narrative

Accomplishments for FY2006

- Updated the aerobics program fee structure and developed new procedures for monitoring and collecting attendance data.
- Successfully completed several special events including the Halloween Bash, Pacesetter Thanksgiving, and Easter Eggstravaganza.
- Coordinated the children's entertainment for Oktoberfest, Taste Addison, and the arts/crafts for the Holiday Open House.
- Completed a membership survey with information regarding customer service, programs, facilities, and equipment.
- Completed a strategic operations review process and reviewed staffing levels.

Objectives for FY2007

- Continue to offer new programs for fitness, senior, children, and adult programs.
- Maintain a high level of cleanliness throughout the entire facility and aquatic areas. Work closely with the locker room contract cleaning crew to ensure specifications are being met.
- Repair all exercise equipment and complete building work orders in a timely manner.

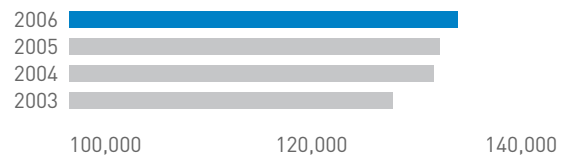
- Implement changes and recommendations resulting from the membership survey, strategic operations review, and staffing review.

Major Budget Items

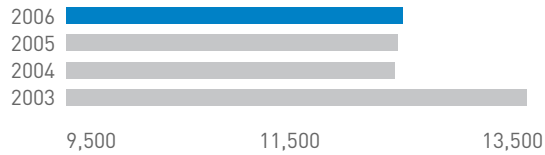
- **Budget Adjustment Items:** increase utilities budget (\$65,800), security camera system (\$50,000), indoor pool deck and ceiling repairs (\$18,000), painting – second floor fitness area (\$11,000), and Pacesetters senior program (\$10,000).
- **Budget Reductions:** elimination of Recreation Supervisor position (\$56,770), elimination of Recreation Associate position (\$43,680), supplies/maintenance (\$3,030), training/travel (\$2,090), rental (\$2,000), tools and equipment (\$1,500), equipment repairs (\$1,500), uniforms (\$1,500), and instructor fees (\$2,000).
- Building maintenance for Addison Athletic Club (\$48,970).
- Instructor fees (\$28,000 - costs recovered through charges to participants).
- Utility costs associated with the operation of the Addison Athletic Club (\$224,640).

ADDISON ATHLETIC CLUB FACILITY USAGE

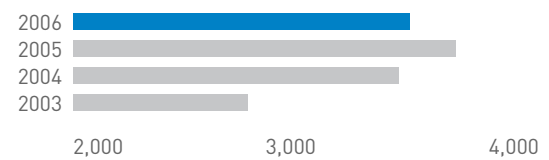
(number of visits)



ATHLETIC CLUB PARTICIPANTS IN SCHEDULED EVENTS



OUTDOOR POOL VISITS



Increase in FY 2003 is attributable to the opening of the Athletic Club expansion.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$747,064	\$789,330	\$708,600	\$734,610
Supplies	67,769	78,640	71,610	75,690
Maintenance	278,297	72,800	81,300	148,320
Contractual Services	253,440	238,600	348,010	307,840
Capital Replacement/Lease	39,790	38,610	38,610	16,430
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,386,360	\$1,217,980	\$1,248,130	\$1,282,890

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Manager-Recreation	27	1.0	1.0	1.0	1.0
Supervisor-Recreation *	11	2.0	2.0	2.0	1.0
Seasonal Pool Supervisor	9	0.2	0.2	0.2	0.2
Coordinator-Recreation	9	2.0	2.0	2.0	2.0
Coordinator-Fitness	9	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
Seasonal Senior Lifeguard	5	0.2	0.2	0.2	0.2
Custodian	2	2.0	2.0	2.0	2.0
Seasonal Lifeguard	2	1.6	1.6	1.6	1.6
Recreation Associate *	5	5.5	5.5	5.0	4.0
Seasonal Camp Counselor	2	0.2	0.2	0.2	0.2
Seasonal Recreation Associate-TCA		0.2	0.2	0.0	0.0
Porter	2	1.0	1.0	1.0	1.0
TOTAL		17.9	17.9	17.2	15.2

* Position has been eliminated.

Time is a gift, given
to you, given to give
you the time you
need, the time you
need to have the
time of your life.

-Norton Juster



Hotel Fund

Fund Description

The Hotel fund accounts for the use of Hotel/Motel Occupancy tax revenue generated by the Town's twenty-two hotels (representing 3,953 rooms) and which is restricted by State legislation to directly enhancing and promoting tourism and the convention and hotel industry.

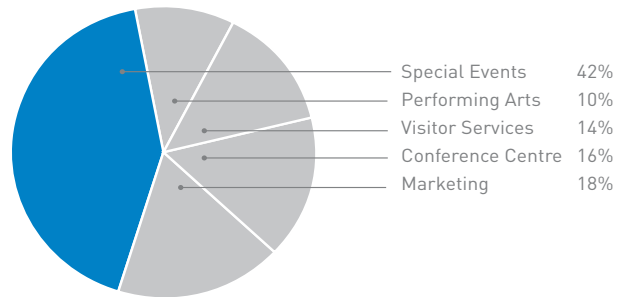
Fund Narrative

The hotels in Addison appear to have fully recovered from the decline in business travel that began in 2001 and was aggravated by the 9/11/01 event. Hotel occupancy tax revenue for fiscal year 2006 is estimated to be 10% greater than received the prior year and 11.5% more than budget. Gains have been experienced by all classes of hotels, with the Town's three major full service hotels enjoying increased business averaging 16%.¹ Total fund revenues are estimated to be \$6,247,600 compared to the budget of \$5,708,000. It appears bookings at the Addison Conference Centre have plateaued with revenue coming in just above last year's rate, but below budget. Expenditures for 2006 are expected to be 6% greater than budget due to additional costs in putting on special events, particularly the Labor Day fireworks show that was put on to compensate for the Kaboom Town Independence Day show being shortened by rain. Ending fund balance is estimated at \$4,206,050, \$365,800 more than budgeted.

The Hotel fund budget for FY 2007 anticipates only a 5% increase in hotel tax. Combined with income from other sources total revenue is budgeted to be \$6,643,200. The budget includes a 20% increase in commercial rental rates at the Conference Centre that is expected to generate an additional \$45,000. Also reflected in revenues is \$99,000 of a Homeland Security Grant that will be used to acquire a camera security system for the Arts & Events District. Operating expenditures are budgeted at \$6,060,050 or 8% more than the FY 2006 budget. The greatest increase is in Special Events, whose budget is \$315,530 greater than the 2006 budget. The increase is attributed to higher utility costs related to Addison Circle Park and the camera monitoring system (\$150,000) mentioned above. Ending fund balance is projected to be \$4,092,490, or 67.6% of fund operating expenditures.

1) Please refer to Appendix D for more discussion of Hotel Occupancy Tax revenues.

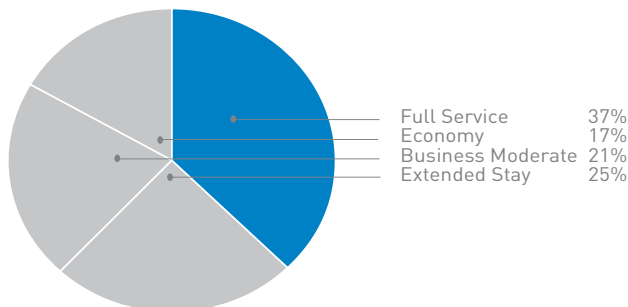
EXPENDITURES BY DEPARTMENT



STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
EXPENDITURES	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$4,699,920	\$4,443,160	\$4,617,540	\$4,206,050
REVENUES:				
Hotel/Motel occupancy taxes	4,038,131	3,990,000	4,450,000	4,672,500
Intergovernmental	-	-	-	99,000
Proceeds from special events	1,012,876	1,049,300	1,093,400	1,122,000
Conference Centre rental	459,332	490,000	455,000	500,000
Theatre Centre rental	80,289	84,000	75,000	81,000
Interest earnings and other	85,994	94,700	174,200	168,700
TOTAL REVENUES	5,676,622	5,708,000	6,247,600	6,643,200
TOTAL AVAILABLE RESOURCES	10,376,542	10,151,160	10,865,140	10,849,250
EXPENDITURES:				
Visitor Services	687,679	799,810	736,200	829,920
Marketing	941,905	996,710	1,003,560	1,077,440
Special Events	2,055,451	2,246,230	2,599,280	2,561,760
Conference Centre	850,326	1,056,260	1,104,230	955,150
Performing Arts	480,394	506,010	497,930	625,780
Capital Projects	38,638	-	12,000	-
TOTAL EXPENDITURES	5,054,393	5,605,020	5,953,200	6,050,050
OTHER FINANCING USES:				
Transfer to debt service fund	(704,610)	(705,890)	(705,890)	(706,710)
TOTAL OTHER FINANCING USES	(704,610)	(705,890)	(705,890)	(706,710)
ENDING FUND BALANCE	\$4,617,539	\$3,840,250	\$4,206,050	\$4,092,490

PERCENTAGE OF ROOMS BY HOTEL CATEGORY



Visitor Services

Department Mission

The mission of the Visitor Services department is to provide quality and innovative services to increase leisure and business travel to the Town of Addison.

Program Narrative

Accomplishments for FY2006

- The efforts of the Visitor Services Department generated \$13,276,753 of economic impact to Addison by assisting in the booking of 61,139 room nights, a 6.4% increase over 2005.
- Continued the "Addison Direct" program to companies and meeting planners in and around Addison.
- Completed direct mail campaign using the department's database of meeting planners.
- Contracted with Hotel Resources to develop new lead generation program for Addison hotels.
- Represented Addison hotels at four trade show booths to increase awareness of Addison as a meeting destination.

Objectives for FY2007

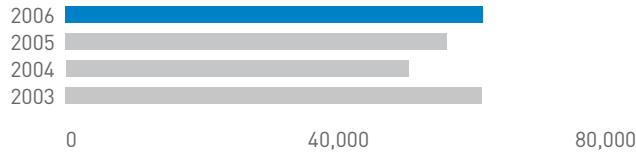
- Generate 66,321 room nights for Addison hotels, an 8% increase over 2006
- Represent Addison hotels at four trade shows to increase awareness of Addison as a meeting destination.
- Continue "Addison Direct" program to companies located in and within a 5-mile radius of Addison as well as area members of Meeting Professionals International.
- Continue direct mail campaign to create awareness of Addison as a meeting destination.
- Reengineer the "Limited Service Hotel Incentive" program.
- Expand program with Hotel Resources to develop new group business leads for Addison hotels.

- Develop an email marketing campaign using department's database of meeting planners.

Major Budget Items

- **Budget Reductions:** elimination of Department Secretary position (\$59,460), special services - lead generation program, MPI sponsorship, and give-aways (\$37,100).
- Funding of the hotel support program in the amount of \$260,000 to provide Addison hotels with incentives of as much as \$5,000 for booking group and conference meetings.

**HOTEL ROOM NIGHTS GENERATED
BY VISITOR SERVICES DEPARTMENT**



Room nights decreased in FY 2004 due to the hotel support program funding being decreased by one third.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$302,556	\$307,750	\$326,310	\$318,100
Supplies	17,563	34,220	13,730	26,920
Maintenance	19,875	21,370	19,700	23,370
Contractual Services	342,565	432,520	372,510	457,400
Capital Replacement/Lease	5,120	3,950	3,950	4,130
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$687,679	\$799,810	\$736,200	\$829,920

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Director-Visitor Services	31	1.0	1.0	1.0	1.0
Sales Manager	22	1.0	1.0	1.0	1.0
Department Secretary *	8	1.0	1.0	1.0	0.0
Receptionist **	6	0.0	0.0	0.0	0.5
TOTAL		3.0	3.0	3.0	2.5

*Position has been eliminated.

**In prior years, this FTE was fully reflected in the City Manager Office.

Conference Centre

Department Mission

The mission of the Conference Centre/Theatre is to increase hotel room bookings by providing additional meeting facilities.

Program Narrative

Accomplishments for FY2006

- Increased Conference Centre revenues by 8%.¹
- Generated 2,015 hotel room nights at Addison hotels.
- Hosted 650 events an increase of 9% over last year.
- Sent 45 full brochures, 1,000 wedding brochures, and 3,000 postcards regarding Addison Conference Centre/Theatre.
- Increased square feet rented by 12%.
- Increased attendance at events by 19%.

Objectives for FY2007

- Increase events hosted by 4%.
- Generate an increase in revenue of 20%.
- Increase Addison hotel room nights generated by events held at the Conference Centre by 4%.
- Increase Wi-Fi high speed wireless Internet use by 5%.

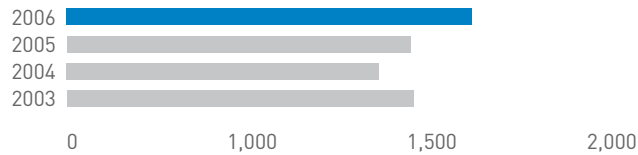
Major Budget Items

- Budget Adjustment Items: replace exterior chairs (\$5,500), improve lighting in public spaces (\$4,000), and HVAC repairs (\$60,000).
- **Budget Reductions:** overtime (\$11,000), building maintenance (\$10,000), tools and equipment (\$9,550), special services (\$6,000), and botanical (\$5,000).

- General facility maintenance, HVAC maintenance and custodial services (\$51,000).
- Utilities related to operation of the facilities (\$148,200).

¹) Conference Centre statistics are based on space reserved, not revenue collected.

SQUARE FOOTAGE RENTED (thousands of square feet)



	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$427,366	\$479,070	\$458,950	\$481,930
Supplies	81,223	75,200	94,620	52,200
Maintenance	129,483	125,290	133,310	178,630
Contractual Services	203,254	219,370	260,020	230,070
Capital Replacement/Lease	9,000	7,330	7,330	6,820
Capital Outlay	-	150,000	150,000	5,500
TOTAL DEPARTMENT BUDGET	\$850,326	\$1,056,260	\$1,104,230	\$955,150

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Manager-Conference Centre	26	1.0	1.0	1.0	1.0
Coordinator-Technical	13	1.0	1.0	1.0	1.0
Coordinator-Conference Centre	11	1.0	1.0	1.0	1.0
Secretary-Division	7	1.0	1.0	1.0	1.0
Houseman	4	3.5	3.5	3.5	3.5
TOTAL		7.5	7.5	7.5	7.5

Marketing

Mission

The goals of the Marketing initiatives are to represent the Town in all forms of communication.

Program Narrative

Accomplishments for FY2006

- Developed a Water Conservation campaign to encourage water conservation within the restaurant industry.
- Continued the summer event series marketing program.
- Continued the Dallas Morning News campaign which highlights the many unique venues and happenings in Addison.
- Continued to refine and enhance the www.addison-texas.net website which showcases Addison restaurants, hotels, and current calendar of events.
- Implemented the "Play in May" campaign which jointly marketed the Addison/Richardson May events.

Objectives for FY2007

- Develop and implement an email newsletter to inform visitors about current and future events in Addison.

- Develop and implement a campaign to further market Addison restaurants so as to increase awareness and usage.
- Continue to build the usage of the www.addison-texas.net website and implement a "preferred customer campaign".
- Continue to showcase Addison, including restaurants, hotels, events, and Addison Circle park, in a prominent way that projects "there is always something happening in Addison".

Major Budget Items

- Department's budget includes the Hotel Fund's portion of the annual Town calendar (\$44,880); the remaining portion will be provided by the General Fund.
- Krause & Associates contract (\$216,000).
- Dallas Morning News Friday Guide (\$145,000).
- Addison/North Dallas Corridor Business Guide (\$111,750).
- Cavanaugh Museum Study (\$40,000).
- Marketing for Special Events (\$95,000).

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$266	\$-	\$130	\$170
Supplies	552	5,500	1,100	5,500
Maintenance	-	-	-	-
Contractual Services	941,087	991,210	1,002,330	1,071,770
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL BUDGET	\$941,905	\$996,710	\$1,003,560	\$1,077,440

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Manager-Public Communications*		1.0	0.0	0.0	0.0

* This position was deleted in FY2004-05.

Special Events

Department Mission

The mission of the Special Events department is to produce special events to attract tourists and enhance the Town's assets.

Program Narrative

Accomplishments for FY2006

- On target to exceed \$1,200,000 in overall revenue.
- Generated \$250,000 in sponsorships, up 14%.
- Booked over 1,795 hotel room nights.
- Utilized Wi-Fi technology to process credit card sales at Taste Addison, which contributed to a 228% increase in the use of credit cards.
- Added the Summer Salsa event to the Summer Event Series and the Texas to Tuscany event.
- Increased Taste Addison attendance by 9% and generated \$561,981 in revenue, an increase of 22%.

Objectives for FY2007

- Increase overall revenue by 5% to \$1,259,500.¹
- Work with sub-committees to improve the events in the areas of: volunteers, technology, marketing/ sponsorship, logistics, and customer experiences.

¹ Revenue is budgeted at the more conservative level of \$1,122,000.

- Seek third-party produced events and develop partnerships that add a variety of events to the calendar.
- Conduct a customer survey that will identify public opinions about Addison events in an effort to continue offering high-quality, family-oriented events.
- Work with Marketing to develop programs that increase tourism and weekend hotel business.
- Add activities to enhance the overall event experience.
- Retain market share for existing events.

Major Budget Items

- Budget Adjustment Item: security cameras at the Arts & Events District (\$150,000) and increase water budget for Addison Circle Park (\$50,000)
- Oktoberfest (\$488,910).
- Taste Addison (\$552,900).
- Kaboom Town (\$177,310).
- Jazz Fest (\$228,100).
- Shakespeare in the Park (\$31,000).
- Texas to Tuscany (\$97,580).

		Actual	Budget	Estimated	Budget
EXPENDITURES		2004-05	2005-06	2005-06	2006-07
Personal Services		\$579,403	\$631,200	\$668,910	\$670,710
Supplies		82,976	84,750	45,190	8,600
Maintenance		121,334	163,700	160,850	159,700
Contractual Services		1,267,448	1,362,910	1,720,660	1,566,290
Capital Replacement/Lease		4,290	3,670	3,670	6,460
Capital Outlay		-	-	-	150,000
TOTAL DEPARTMENT BUDGET		\$2,055,451	\$2,246,230	\$2,599,280	\$2,561,760
		Budget	Budget	Budget	Budget
STAFFING		2003-04	2004-05	2005-06	2006-07
Manager-Special Events	26	1.0	1.0	1.0	1.0
Coordinator-Special Events	11	2.0	2.0	2.0	2.0
Intern	1	0.0	0.0	1.0	1.0
TOTAL		3.0	3.0	4.0	4.0

Performing Arts

Department Mission

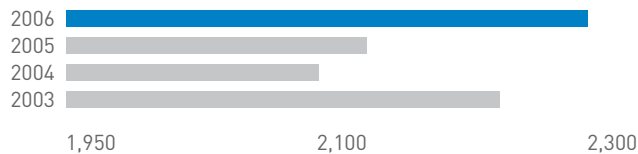
The mission of the department is to provide artistic experiences for the citizens of Addison and the surrounding communities as well as to attract and promote tourism. To meet this mission the Town will provide the highest quality facilities, equipment and staff to effectively support events and performances.

Program Narrative

Accomplishments for FY2006

- The Town contracts with WaterTower Theatre to provide theatrical performances in the theatre portion of the Conference Centre. WaterTower Theatre produced the following performances:
 - The Woman in Black
 - The Winter Wondrettes
 - The Santaland Diaries
 - Urinetown the Musical
 - The Crucible
 - Take Me Out
 - Into the Woods
- Hosted the Out of the Loop performance festival.

NUMBER OF SEASON TICKET HOLDERS



- Hosted 30,000 patrons.
- Hosted 269 performances.
- Increased subscriber base by 10% to 2,300.

Objectives for FY2007

- WaterTower Theatre is planning to produce the following performances:
 - Man of La Mancha
 - Happy Holi-divas!
 - The Santaland Diaries
 - Humble Boy
 - Parade
 - Edward Albee's Who's Afraid of Virginia Woolf?
 - The Sugar Bean Sisters
- Host 33,000 patrons
- Host 275 performance nights

Major Budget Items

- Budget Adjustment Items: replacement of sound console (\$20,000), replace last row of seating element (\$10,000), and theatre study (\$30,000).
- Budget includes funding of several nonprofit performing arts groups (\$473,800).
 - WaterTower Theatre (\$390,000)
 - Richardson Symphony Orchestra (\$30,000)
 - Dance Council (\$6,800)
 - Music Man (\$47,000)

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$8,381	\$8,680	\$13,920	\$8,380
Supplies	10,022	9,220	8,710	8,700
Maintenance	53,386	60,300	54,940	61,100
Contractual Services	405,745	425,370	417,920	513,150
Capital Replacement/Lease	2,860	2,440	2,440	4,450
Capital Outlay	-	-	-	30,000
TOTAL DEPARTMENT BUDGET	\$480,394	\$506,010	\$497,930	\$625,780

Other Special Revenue Funds

Public Safety Fund

Fund Description

In prior years, the Public Safety fund accounted for a variety of revenues including police forfeiture, court technology, and court building security funds. During the Town's 2002 audit, our auditors recommended that the Public Safety fund be used to account only for police forfeiture funds. To comply with this recommendation, the Town created the Municipal Court fund in FY2002-03 to account for court building security and technology fees that were previously recorded in the Public Safety fund. Police forfeiture funds are awards of monies or property by the courts related to cases that involve the Addison Police Department.

According to Chapter 59, Article 6, Paragraph (d) of the Code of Criminal Procedure, "Proceeds awarded under this chapter to a law enforcement agency may be spent by the agency after a budget for the expenditures of the proceeds has been submitted to the governing body of the municipality."

Fund Narrative

The budget includes funds for special response team (SRT) equipment and supplies (\$5,000) and training (\$15,000). In addition, \$50,000 has been budgeted for the purchase of the digital citation system for the Town's patrol vehicles.

STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
BEGINNING BALANCE	\$28,922	\$25,820	\$38,150	\$85,150
REVENUES:				
Court awards	13,133	5,000	55,000	5,000
Interest earnings and other	694	1,000	2,000	1,000
TOTAL REVENUES	13,827	6,000	57,000	6,000
TOTAL AVAILABLE RESOURCES	42,749	31,820	95,150	91,150
EXPENDITURES:				
Supplies	-	5,000	5,000	5,000
Contractual services	4,595	5,000	5,000	15,000
Capital equipment	-	-	-	50,000
TOTAL EXPENDITURES	4,595	10,000	10,000	70,000
ENDING BALANCE	\$38,154	\$21,820	\$85,150	\$21,150

Arbor Fund

Fund Description

The Arbor fund is used to account for transactions related to the Addison Parks Foundation, a Texas non-profit corporation organized to fund public beautification projects to enhance the urban forest through donations and gifts from the public, as well as, recycling revenue recovered from Addison businesses and residents.

Fund Narrative

The Addison Arbor Foundation (AAF) meets annually to determine appropriate projects for Arbor fund donations. For FY 2007, \$6,000 in funding has been reserved for various landscape maintenance projects.

The Foundation will sponsor the sixth annual National Arbor Day Celebration to be held in the Fall of 2007. The AAF will begin the 2007 membership drive by delivering membership applications to residents as part of the Town calendar delivery in December 2006.

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$77,350	\$40,350	\$87,340	\$83,900
REVENUES:				
Recycling proceeds	26,768	12,000	30,000	20,000
Contributions	7,425	5,000	5,500	5,000
Interest earnings and other	1,489	2,000	3,160	2,000
TOTAL REVENUES	35,682	19,000	38,660	27,000
TOTAL AVAILABLE RESOURCES	113,032	59,350	126,000	110,900
EXPENDITURES:				
Maintenance & materials	25,695	25,000	41,100	6,000
Contractual services	-	6,500	1,000	-
TOTAL EXPENDITURES	25,695	31,500	42,100	6,000
ENDING BALANCE	\$87,337	\$27,850	\$83,900	\$104,900

Municipal Court Fund

Fund Description

In prior years, the Public Safety fund accounted for the Town's court building security & technology fees. During the Town's 2002 audit, our auditors recommended that these fees be recorded in a separate fund. To comply with the audit recommendation, the Town created the Municipal Court fund in FY 2002-03. The court building security & technology fees represented in this fund are generated from court citation fines. By law, these funds can only be spent on the Town's municipal court.

Fund Narrative

For FY 2007, the budget anticipates that funds generated by the building security fee will pay a portion of the warrant officer's salary (\$8,990) and courtroom improvements (\$4,000). Funds generated by the court technology fee will be used to for training of court personnel (\$2,000).

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$85,573	\$ 81,070	\$86,520	\$100,500
REVENUES:				
Court security fees	15,821	15,000	20,000	20,000
Court technology fees	21,123	20,000	25,000	25,000
Interest earnings and other	4,401	5,000	10,000	7,000
TOTAL REVENUES	41,345	40,000	55,000	52,000
TOTAL AVAILABLE RESOURCES	126,918	121,070	141,520	152,500
EXPENDITURES:				
Personal services	16,413	20,000	15,000	8,990
Supplies	-	-	1,020	4,000
Contractual services	528	-	-	2,000
Capital outlay	23,460	25,000	25,000	-
TOTAL EXPENDITURES	40,401	45,000	41,020	14,990
ENDING BALANCE	\$86,517	\$76,070	\$100,500	\$137,510

Debt Service Funds

General Obligation Debt Service Fund

Fund Description

The debt service funds, also known as interest and sinking funds, are established by ordinances authorizing the issuance of bonds and providing for the payment of bond principal and interest as they come due. In the General Obligation Debt Service fund, an ad valorem (property) tax rate and tax levy is required to be computed and levied that will be sufficient to produce the money to satisfy annual debt service requirements. General obligation bonds of the Town carry an "Aa3" rating from Moody's Investor's Service and an AA from Standard & Poor's Ratings Service.

Fund Narrative

During FY 2006, the Town issued \$7,855,000 of General Obligation (G.O.) Refunding and Improvement bonds that included \$1.5 million in new debt for the completion of the Arapaho Road extension and the final phase of Midway Road enhancements.¹ Debt service associated with the new issue of \$1.5 million averages approximately \$134,000 over the 15-year life of the bonds. The savings associated with the issuance of bonds to refund existing debt, will average \$25,000 over the next 10 years. The net affect to the Town's annual general obligation debt service was to add approximately \$109,000 for the next 10 years. Use of the new bond proceeds will be accounted for in the 2006 Capital Project fund. With the issuance, the Town's bond ratings (noted above) were affirmed by the rating agencies.

Shown below is the Town's debt position as of the beginning of FY 2007.

Total outstanding general obligation debt	\$63,800,000
less self-supporting debt from the Hotel, Airport & Utility funds	- 27,075,231
NET OUTSTANDING GENERAL OBLIGATION DEBT	<u>\$36,724,769</u>

The Town has adopted two policies to limit debt issued in the future. First, as part of the long-term financial plan² adopted for the General fund, the Town intends to utilize

surplus operating funds to support capital projects. In those instances when debt has to be issued for projects which cannot be delayed, a second policy stipulates that debt will not be issued for any period longer than fifteen years in order to rapidly retire outstanding debt.³

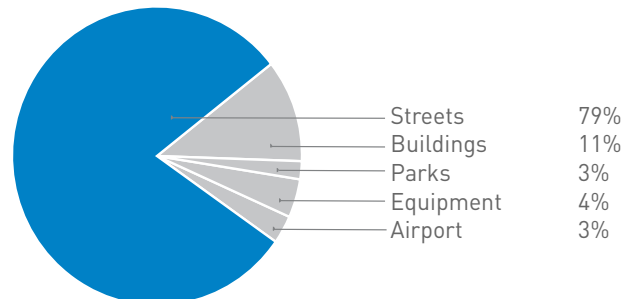
The Town's legal capacity for additional debt is very large. Rules promulgated by the Office of the Attorney General of Texas stipulate that such Office will not approve tax bonds of any city unless the city can demonstrate its ability to pay debt service requirements on all outstanding tax debt, including the issue to be approved, from a tax levy of \$1.50 per \$100 of valuation, based on 90% collection of the tax. Assuming the maximum tax rate for debt service of \$1.50 on the 2006 taxable assessed valuation of \$3,029,605,430 at 98% collection, tax revenue of \$44,535,199 would be produced. This revenue could service the debt of over \$462 million issued as 5% 15-year serial bonds, which is more than \$424 million greater than the Town's outstanding obligations.

1) Please refer to project descriptions in sectors 2 and 4 of the Town Chronicle Section of this document.

2) For more information regarding the long-term financial plan, please refer to Appendix F.

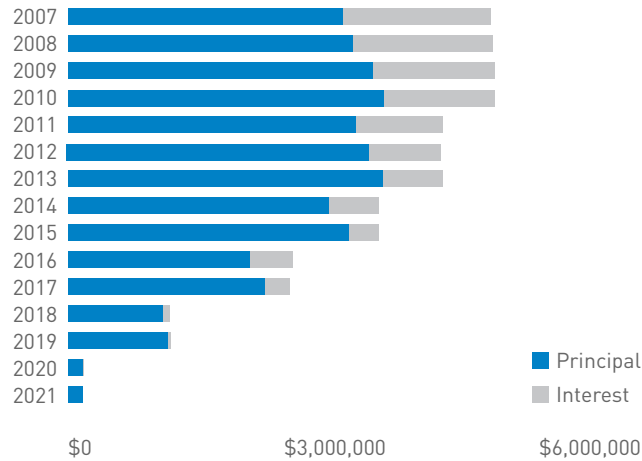
3) The Town's financial policies can be found in Appendix B.

DISTRIBUTION OF 2006-07 DEBT SERVICE BY APPLICATION OF BOND PROCEEDS



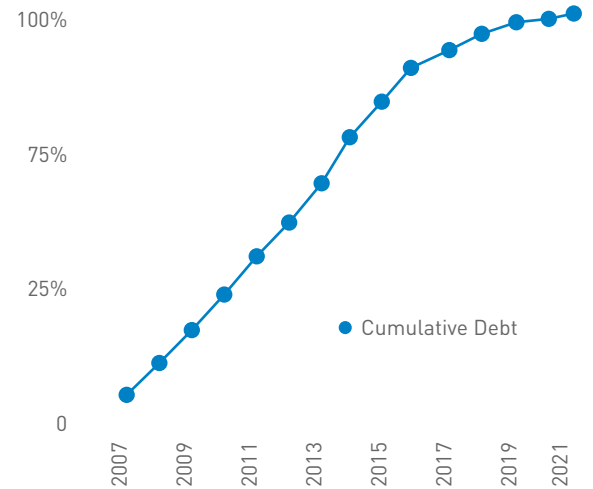
ANNUAL REQUIREMENT TO AMORTIZE GENERAL OBLIGATION DEBT

Net of Self-Supported Debt Paid by Hotel, Airport, and Utility Funds
October 1, 2006 to Maturity



% CUMULATIVE DEBT RETIRED UNTIL MATURITY

The Town's financial policies encourage the rapid retirement of debt. Within ten years the Town will have retired 87% of its outstanding debt.



STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
BEGINNING BALANCE	\$1,574,618	\$1,349,570	\$1,401,990	\$1,577,300
REVENUES:				
Ad valorem taxes	5,827,741	4,702,500	4,702,500	4,628,620
Investment earnings	78,641	60,000	75,000	70,000
TOTAL REVENUES	5,906,382	4,762,500	4,777,500	4,698,620
TOTAL AVAILABLE RESOURCES	7,481,000	6,112,070	6,179,490	6,275,920
EXPENDITURES:				
Debt service-principal	2,728,542	2,980,000	3,105,000	3,255,000
Debt service-interest	3,343,106	1,582,320	1,487,190	1,428,260
Fiscal fees	7,360	10,000	10,000	10,000
TOTAL EXPENDITURES	6,079,008	4,572,320	4,602,190	4,693,260
ENDING BALANCE	\$1,401,992	\$1,539,750	\$1,577,300	\$1,582,660

Hotel Occupancy Tax Debt Service Fund

Fund Description

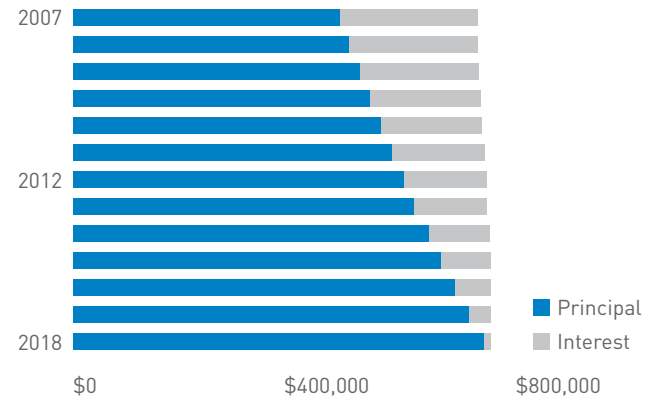
The Occupancy Tax Revenue Debt Service fund receives, as a transfer from the Hotel fund, occupancy taxes to meet the debt service requirements associated with the \$8,000,000 of certificates of obligation issued in 2003 to fund the Arts & Events District. The CO issue carries the Town's Aa3 and AA general obligation ratings.

Fund Narrative

The financial statement for this particular fund is fairly straightforward. Transfers are made to the fund from the Hotel Occupancy fund sufficient for supporting annual debt service requirements. Although the Town pledged its full faith and credit for repayment of debt, including the levying of a property tax rate if needed, there will be sufficient resources in the Hotel fund to pay for the annual debt service and support operating expenditures.

ANNUAL REQUIREMENT TO AMORTIZE OCCUPANCY TAX REVENUE DEBT

October 1, 2006 to Maturity



STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
BEGINNING BALANCE	\$765,623	\$779,120	\$778,630	\$799,130
REVENUES:				
Interest earnings	13,306	12,000	22,000	20,000
Other Financing Sources:				
Transfer from Hotel fund	704,610	705,890	705,890	706,710
TOTAL REVENUES	717,916	717,890	727,890	726,710
TOTAL AVAILABLE RESOURCES	1,483,539	1,497,010	1,506,520	1,525,840
EXPENDITURES:				
Debt service-principal	450,000	465,000	465,000	480,000
Debt service-interest	254,612	240,890	240,890	226,710
Fiscal fees	300	1,500	1,500	500
TOTAL EXPENDITURES	704,912	707,390	707,390	707,210
ENDING BALANCE	\$778,627	\$789,620	\$799,130	\$818,630

Capital Project Funds

Fund Description

Capital project funds are created to account for proceeds from the sale of general obligation or revenue bonds to be used for the acquisition or construction of major capital facilities. Descriptions of the projects, as well as the impact these projects may have on operating budgets, are included in the Town Chronicle Section. Budgets are developed by project that may transcend more than one fiscal year.

Fund Narratives

Street Capital Project Fund

For fiscal year 2006, most of the expenses in this fund were limited to engineering and professional service fees related to Addison Road widening (\$21,000).

The budget for fiscal year 2007 reflects construction related to widening Addison Road (\$2,050,000), and the funding of the Town-wide signalization project (\$913,000) that will be funded with DART LAP/CMS funds and a Tx-DOT grant.

Parks Capital Project Fund

During the 2006 fiscal year, expenditures were related to the completion of Parkview Park (\$35,230) and the design of Fairfield Park (\$28,000). The construction of Fairfield Park has been postponed due to the delay in the construction of the Fairfield Condominiums. No activity is contemplated for the 2007 budget and the fund's remaining balance is reserved for eventual construction of the Fairfield Park.

2000 Capital Project Fund

This capital project fund's resources were exhausted with design fees related to the Belt Line Road Streetscape project and the fund will be closed out.

2002 Capital Project Fund

During the 2006 fiscal year, funds were applied to expenditures related to the final phase of the Arapaho Road extension (\$284,220) and professional services for the Belt Line Road Streetscape project (\$130,000). For 2007, the fund will support the anticipated design of the Belt Line Road Streetscape project (\$225,000).

2004 Capital Project Fund

Fiscal year 2006 witnessed completion and opening of the Arapaho Road Extension project (\$3,778,700). No activity is contemplated for the 2007 budget. The fund's ending balance (\$309,980) is allocated for future design of the Belt Line Road Urban Interchange.

2006 Capital Project Fund

This fund applied bond proceeds and interest earnings to fund the completion of the Arapaho Road Extension (\$1,285,000) and rehabilitation of portions of Midway Road (\$250,000). The fund will be closed out following final payments to the projects' contractors.

STREET CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$7,859,771	\$3,909,770	\$3,844,050	\$3,965,050
REVENUES:				
DART Grants	-	752,000	-	752,000
Interest earnings and other	99,815	85,000	160,000	100,000
TOTAL REVENUES	99,815	837,000	160,000	852,000
TOTAL AVAILABLE RESOURCES	7,959,586	4,746,770	4,004,050	4,817,050
EXPENDITURES:				
Administration:				
Personal services	22,834	50,000	16,000	8,000
Design and engineering:				
Engineering and contractual services	369,071	138,000	23,000	45,000
Construction and equipment	3,723,630	1,298,000	-	2,910,000
TOTAL EXPENDITURES	4,115,535	1,486,000	39,000	2,963,000
ENDING BALANCE	\$3,844,051	\$3,260,770	\$3,965,050	\$1,854,050

PARKS CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
BEGINNING BALANCE	\$700,775	\$378,000	\$411,020	\$629,290
REVENUES:				
Interest earnings and other	12,573	12,000	20,000	20,000
Developer contributions	-	184,000	-	-
TOTAL REVENUES	12,573	196,000	20,000	20,000
TOTAL AVAILABLE RESOURCES	713,348	574,000	431,020	649,290
EXPENDITURES:				
Personal services	8,831	5,000	1,500	-
Engineering and contractual services	37,333	53,000	28,000	-
Construction and equipment	256,168	779,000	35,230	-
TOTAL EXPENDITURES	302,332	837,000	64,730	-
OTHER FINANCING SOURCES:				
Transfer from General fund	-	263,000	263,000	-
TOTAL OTHER FINANCING (USES)	-	263,000	263,000	-
ENDING BALANCE	\$411,016	\$ -	\$629,290	\$649,290

2000 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
BEGINNING BALANCE	\$239,201	\$132,000	\$70,110	\$-
REVENUES:				
Interest earnings and other	4,970	2,000	760	-
TOTAL REVENUES	4,970	2,000	760	-
TOTAL AVAILABLE RESOURCES	244,171	134,000	70,870	-
EXPENDITURES:				
Personal services	7,538	12,000	-	-
Engineering and contractual services	111,519	122,000	70,870	-
Construction and equipment	55,000	-	-	-
TOTAL EXPENDITURES	174,057	134,000	70,870	-
ENDING BALANCE	\$70,114	\$ -	\$-	\$-

2002 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$2,786,251	\$2,425,540	\$2,316,150	\$1,986,930
REVENUES:				
Intergovernmental grants	555,178	-	-	-
Interest earnings and other	48,471	40,000	85,000	60,000
TOTAL REVENUES	603,649	40,000	85,000	60,000
TOTAL AVAILABLE RESOURCES	3,389,900	2,465,540	2,401,150	2,046,930
EXPENDITURES:				
Personal services	88,318	-	40,000	25,000
Engineering and contractual services	414,414	250,000	374,220	200,000
Construction and equipment	571,018	1,205,280	-	-
TOTAL EXPENDITURES	1,073,750	1,455,280	414,220	225,000
ENDING BALANCE	\$2,316,150	\$1,010,260	\$1,986,930	\$1,821,930

2003 CONFERENCE CENTRE & EVENT SITE CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$296,778	\$-	\$-	\$-
REVENUES:				
Interest earnings and other	7,404	-	-	-
TOTAL REVENUES	7,404	-	-	-
TOTAL AVAILABLE RESOURCES	304,182	-	-	-
EXPENDITURES:				
Personal services	4,245	-	-	-
Engineering and contractual services	34,318	-	-	-
Construction and equipment	265,619	-	-	-
TOTAL EXPENDITURES	304,182	-	-	-
ENDING FUND BALANCE	\$-	\$-	\$-	\$-

2004 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$10,531,649	\$1,165,800	\$2,582,980	\$299,980
REVENUES:				
Bond proceeds	-	-	-	-
Intergovernmental grants	1,422,812	-	1,373,000	-
Interest earnings and other	216,118	20,000	122,700	10,000
TOTAL REVENUES	1,638,930	20,000	1,495,700	10,000
TOTAL AVAILABLE RESOURCES	12,170,579	1,185,800	4,078,680	309,980
EXPENDITURES:				
Personal services	12,678	-	1,000	-
Bond sale costs	-	-	-	-
Engineering and contractual services	168,664	-	95,000	-
Construction and equipment	9,406,253	866,810	3,682,700	-
TOTAL EXPENDITURES	9,587,595	866,810	3,778,700	-
ENDING BALANCE	\$2,582,984	\$318,990	\$299,980	\$309,980

2006 CAPITAL PROJECT FUND

STATEMENT OF REVENUES AND EXPENDITURES

	Actual	Budget	Estimated	Budget
	2004-05	2005-06	2005-06	2006-07
BEGINNING BALANCE	\$-	\$-	\$-	\$-
REVENUES:				
Bond proceeds	-	1,500,000	1,500,000	-
Interest earnings and other	-	5,000	35,000	-
TOTAL REVENUES	-	1,505,000	1,535,000	-
TOTAL AVAILABLE RESOURCES	-	1,505,000	1,535,000	-
EXPENDITURES:				
Personal services	-	-	-	-
Bond sale costs	-	12,000	-	-
Engineering and contractual services	-	-	-	-
Construction and equipment	-	1,493,000	1,535,000	-
TOTAL EXPENDITURES	-	1,505,000	1,535,000	-
ENDING BALANCE	\$-	\$-	\$-	\$-



What lies behind
us and what lies
ahead of us are
tiny matters
compared to what
lives within us.

-Anonymous

Airport Fund

Fund Description

The Town of Addison owns a general aviation airport, which the Town considers to be one of the community's greatest assets. The Airport is a single runway facility and is ranked by the Federal Aviation Administration as one of the busiest airports of its kind. The airport is used extensively by corporate executives who wish to conduct business in offices located in the North Dallas area.

The airport's operations are 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. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Airport fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

The Town of Addison is contracted with Washington Staubach Addison Airport Venture (WSAAV) for operation and maintenance of the airport. Under the terms of the agreement WSAAV is responsible for collecting all operating revenue (primarily lease and rent payments and the fuel flowage fee) and remitting the amount to the Town, less operating costs and WSAAV's management fee. The management fee is approximately 20% of collected revenue.

Fund Narrative

For the 2006 fiscal year, operating income is expected to total \$4,257,500, or 4.8% less than budget. The decline is due to delay in opening the airport's new fuel farm, which will bring in higher rental fees from fixed base operators, and the loss of lease income from tenants moving from one of the airport's larger hangars. Operating expenses are expected to be within 1% of budget resulting in net income of \$584,850 (excluding depreciation). Working capital was reduced due to the expenditure of funds for construction of the new fuel farm.

For FY 2007, the budget anticipates operating revenue of

\$4,243,000 and operating expenses of \$3,677,260. Working capital is projected to decline by almost \$1.6 million due to the use of funds for capital projects.

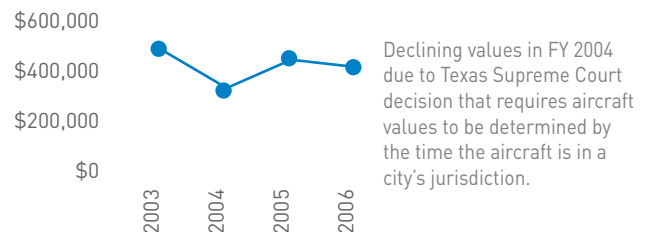
Accomplishments for FY2006

- Continued to work with the Washington Staubach team to accomplish airport priorities.
- Completed construction of new airport fuel farm.
- Amended the ordinance for Fuel Farm License Agreements and entered into agreements with fixed base operators.
- Completed air traffic control tower project and commissioned tower.
- Completed a development strategy plan of the Airport Land Use Development Plan.

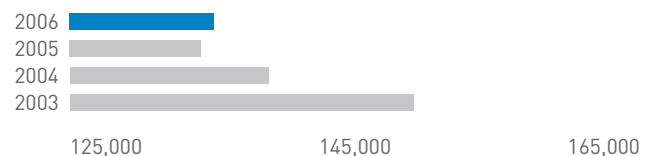
Goals for FY2007

- Continue to work with the Washington Staubach team to accomplish airport priorities, further enhance airport operations and accentuate and communicate the positives on Addison Airport.
- Develop a bid for the remediation of the old fuel farm.
- Begin design phase for Runway 15/33 improvements.
- Continue pavement improvement program.

AVERAGE VALUE OF CORPORATE AIRCRAFT



NUMBER OF TAKEOFFS & LANDINGS



AIRPORT ENTERPRISE FUND
INCOME STATEMENT

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
Operating Revenues:				
Operating grants	\$61,948	\$30,000	\$30,000	\$30,000
Fuel flowage fees	1,064,775	1,065,000	1,042,000	1,050,000
Rental	3,097,322	3,330,000	3,152,500	3,128,000
User fees	43,783	47,000	33,000	35,000
TOTAL OPERATING REVENUES	4,267,828	4,472,000	4,257,500	4,243,000
Operating expenses:				
Town - Administration	753,918	753,780	893,360	765,230
Grant - Maintenance	-	60,000	60,000	60,000
Operator - Operations and maintenance	1,160,750	1,762,660	1,755,630	1,867,330
Operator - Service contract	1,059,209	1,080,000	958,800	984,700
TOTAL OPERATING EXPENSES	2,973,877	3,656,440	3,667,790	3,677,260
NET OPERATING INCOME	1,293,951	815,560	589,710	565,740
Non-operating revenues (expenses):				
Interest earnings and other	116,468	59,000	164,500	78,000
Interest on debt, fiscal fees, and other	(554,487)	(169,360)	(169,360)	(161,270)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(438,019)	(110,360)	(4,860)	(83,270)
NET INCOME (EXCLUDING DEPRECIATION)	855,932	705,200	584,850	482,470
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	855,932	705,200	584,850	482,470
Sources (uses) of working capital:				
Bond proceeds	4,362,640	-	-	-
Retirement of long-term debt	(215,000)	(215,000)	(215,000)	(225,000)
Net additions to fixed assets with grants	-	(70,000)	(22,000)	-
Other net additions to fixed assets	(3,396,963)	(3,097,500)	(1,686,000)	(1,411,500)
Net sources (uses) of working capital	750,677	(3,382,500)	(1,923,000)	(1,636,500)
Net increase (decrease) in working capital	1,606,609	(2,677,300)	(1,338,150)	(1,154,030)
Beginning Fund Balance	1,573,835	4,817,470	3,180,440	1,842,290
ENDING FUND BALANCE	\$3,180,444	\$2,140,170	\$1,842,290	\$688,260

		Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING	Level				
Police Officer	P2	2.0	2.0	2.0	2.0
TOTAL		2.0	2.0	2.0	2.0

Utility Fund

Fund Description

The Town's water and wastewater utilities are 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. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Utility fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

Fund Narrative

Operating revenues for FY 2006 are projected to be \$9,950,000, which represents a 35.8% increase over prior year revenues and 10% more than budget. The increase is due to having increased utility rates last December¹, as well as a 20% increase in consumption due to the drought experienced in the North Texas area. Because many of the fund's operating expenses are directly related to water consumption (e.g. water purchases from Dallas Water Utilities (DWU) and volume of sewer treated by DWU and Trinity River Authority (TRA)), operating expenses were also greater than budgeted. However, net income was \$808,660 greater than budget and contributed to a \$541,970 increase in working capital. Ending working capital of \$2.4 million represents 36% of operating expenses.

Although the 2007 budget includes no changes to utility rates, operating revenue is expected to decline since the budget assumes average year volume of water sold will be less than the drought-generated sales in 2006. FY 2007 operating expenses total \$6,981,680 or 8% more than the 2006 budget. The increase is primarily attributed to the higher rates imposed by DWU in sales of water and fees associated with treatment of the Town's sewage by DWU and TRA. The budget anticipates a decline

in working capital of \$1,158,870, reducing the balance to \$1,242,570. Unless water consumption increases and generates higher than expected revenue, water and sewer rates would again have to be increased an estimated 15% for the 2008 fiscal year.

Capital expenses scheduled for FY 2007 include:

- Replacement of water line service to the Waterview Circle neighborhood (\$124,000).
- Second phase of water main replacement in the Brookhaven Club area (\$638,000).
- Sliplining of deteriorated sections of sewer main serving the Loos Field area (\$158,400).

1) A more extensive discussion of water and sewer revenues can be found in Appendix D.

UTILITY FUND
INCOME STATEMENT

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
Operating revenues:				
Water sales	\$3,430,830	\$4,210,800	\$5,116,900	\$4,696,700
Sewer charges	3,840,540	4,741,400	4,770,000	4,555,800
Tap fees	3,185	1,000	7,500	5,000
Penalties	50,222	60,000	56,000	55,000
TOTAL OPERATING REVENUES	7,324,777	9,013,200	9,950,400	9,312,500
Operating expenses:				
Water purchases	2,234,209	2,469,600	2,587,600	2,594,200
Wastewater treatment	1,783,286	1,814,800	2,019,720	2,148,300
Utility operations	1,719,577	2,125,260	2,005,580	2,239,180
TOTAL OPERATING EXPENSES	5,737,072	6,409,660	6,612,900	6,981,680
NET OPERATING INCOME	1,587,705	2,603,540	3,337,500	2,330,820
Non-Operating revenues (expenses):				
Interest earnings and other	195,378	55,300	130,000	100,000
Interest on bonded debt, fiscal charges, and other	(885,092)	(635,130)	(635,130)	(579,060)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(689,714)	(579,830)	(505,130)	(479,060)
NET INCOME (EXCLUDING DEPRECIATION)	\$897,991	\$2,023,710	\$2,832,370	\$1,851,760
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$897,991	\$2,023,710	\$2,832,370	\$1,851,760
Sources (uses) of working capital:				
Net retirement of long-term debt	(1,594,285)	(1,715,000)	(1,715,000)	(2,030,230)
Net additions to fixed assets	(586,068)	(589,200)	(575,400)	(980,400)
Net sources (uses) of working capital	(2,180,353)	(2,304,200)	(2,290,400)	(3,010,630)
Net increase (decrease) in working capital	(1,282,362)	(280,490)	541,970	(1,158,870)
Beginning Fund Balance	3,151,828	1,841,940	1,869,470	2,411,440
ENDING FUND BALANCE	\$1,869,466	\$1,561,450	\$2,411,440	\$1,252,570

Utility Department

Department Mission

The department's mission is the supplying of safe, uninterrupted water and wastewater services to Addison residents and businesses. The Town purchases water from the City of Dallas and delivers its sewage to treatment facilities in Dallas and to the Trinity River Authority northern region treatment plant. The department staff is responsible for maintaining over 92 miles of water distribution mains, 1,020 fire hydrants, 78 miles of sewer collection lines, and related pumping and storage facilities. Typical duties include meter reading and repairs, responding to customer service orders, cleaning sewer lines, and testing for proper operation: water meters, shut-off valves, and fire hydrants.

Program Narrative

Accomplishments for FY2006

- Assisted Engineering staff with plan review on the Greenhaven Village Apartment Phase I & II Water Line Replacement.
- Completed the Taliskar Apartment sanitary sewer line rehabilitation, sliplined 2,400 feet.
- Replaced 46 copper water service lines on Chatham Court and Lakeway Court.
- Overhauled the # 3 motor at Surveyor Pump Station and the # 5 motor at Celestial Pump Station.
- Inspected and serviced three electrical switchgear units at Celestial Pump Station.
- Reviewed 3,595 water meters for seven key data elements including meter size, meter number, unit of measure, and user type to ensure accuracy.
- Replaced 10 large commercial meters, 30 large irrigation meters, and tested over 60 meters.
- Replaced over 200 one-inch and smaller water meters as part of the department's 15-year change out program.

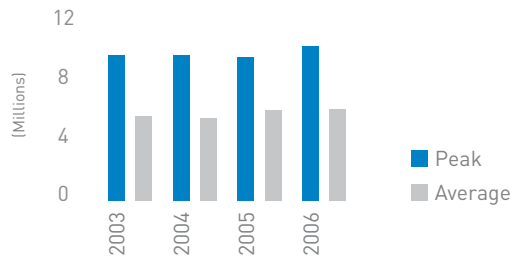
Objectives for FY2007

- Replacement of 38 copper water service lines in Waterview Circle, Wayside Court, and Bentwater Court.
- Rehabilitation of 3,600 feet of sanitary sewer line at Loos Field House and Addison Road from Lindbergh Drive to Belt Line Road.
- Update the water and wastewater maps on the Town's geographic information system (GIS).
- Replace 236 one-inch and smaller water meters in the Waterford Court area.
- Evaluate meter registers and explore upgrading to electric touch-pad meters.
- Reduce unaccounted for water by 1%
- Continue improving the cross connection program to comply with state mandates.
- Complete cleaning of 50,000 ft of sewer lines to prevent problems with stoppages.

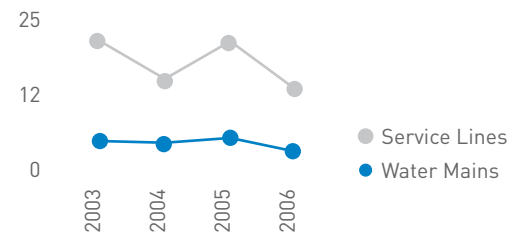
Major Budget Items

- Budget Adjustment Item: purchase of water meters and water meter testing (\$50,000).
- **Budget Reductions:** elimination of Project Manager position (\$86,860).
- Costs associated with maintaining the Town's pump stations (\$85,000).
- Water mains and fire hydrants repair and maintenance (\$25,000).
- Meter and service connections repair and maintenance (\$100,000).
- Utilities for facilities (\$203,800).
- Department's share of liability and property insurance costs (\$56,000).

WATER USAGE



WATER LINE BREAKS



Addison purchases water from the City of Dallas. The payments to Dallas are based on total volume and peak day demand. To minimize the cost of water, the department attempts to satisfy peak demands through optimal management of the Town's elevated and ground storage facilities which have a total capacity of 9 million gallons.

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
EXPENDITURES				
Personal Services	\$1,021,685	\$1,226,820	\$1,111,680	\$1,276,990
Supplies	75,190	99,200	78,190	95,900
Maintenance	212,735	304,000	220,350	359,000
Contractual Services	407,771	477,830	577,950	489,580
Capital Replacement/Lease	-	17,410	17,410	17,710
Capital Outlay	-	-	-	-
TOTAL DEPARTMENT BUDGET	\$1,717,381	\$2,125,260	\$2,005,580	\$2,239,180

	Level	Budget 2003-04	Budget 2004-05	Budget 2005-06	Budget 2006-07
STAFFING					
Director-Public Works	31	1.0	1.0	1.0	1.0
Assistant Public Works Director	29	1.0	1.0	1.0	1.0
Asst. City Engineer	26	1.0	1.0	1.0	1.0
Project Manager *	25	1.0	1.0	1.0	0.0
Utilities Superintendent	24	1.0	1.0	1.0	1.0
Inspector-Public Works	13	1.0	1.0	1.0	1.0
Supervisor-Utilities	13	1.0	1.0	1.0	1.0
Assistant Public Work Inspector	9	1.0	1.0	1.0	1.0
Secretary-Department	8	1.0	1.0	1.0	1.0
Senior Utility Operator	11	2.0	2.0	2.0	2.0
Utility Operator III	8	2.0	2.0	2.0	2.0
Utility Operator II	6	3.0	3.0	3.0	3.0
Utility Operator I	3	2.0	2.0	2.0	2.0
TOTAL		18.0	18.0	18.0	17.0

*Position has been eliminated.

Information Technology Fund

Fund Description

This fund is intended to accumulate sufficient resources to replace existing computer systems (equipment and software) that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments. The charges are calculated using a straight-line amortization of each component of a system based upon the component's expected life. When a component of a system has reached the end of its projected useful life, a decision is made as to whether the component should be replaced. If the component is still working as intended and not requiring excess maintenance expenses, it will be kept in service. However, once the component has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund and sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment.

The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of a private corporation. In addition to the income statement, the fund summary includes a statement of changes in working capital, which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc.). For the Information Technology Replacement fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions; such as, acquisition of fixed assets or retirement of debt which are not included in the income statement.

Fund Narrative

Prior to 2001, the fund accounted for all activities related to the information technology function. However, due to the issuance of GASB Statement 34, the operating and maintenance activities of this function have been transferred to the General fund. The purpose of the fund is now limited to acquiring resources over time to eventually replace all components of the Town's general government and public safety information systems.

For FY 2007, the Information Technology Replacement fund includes funding for the following:

Replace Town personal computers	\$235,000
Replace Mobile Data Terminals	\$130,000
Upgrade of public safety software	\$100,000

INFORMATION TECHNOLOGY FUND

INCOME STATEMENT

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
Operating revenues:				
Department contributions	\$564,410	\$413,730	\$413,730	\$419,520
TOTAL OPERATING REVENUES	564,410	413,730	413,730	419,520
Operating expenses:				
Contractual services	2,115	2,500	2,500	2,500
TOTAL OPERATING EXPENSES	2,115	2,500	2,500	2,500
NET OPERATING INCOME	562,295	411,230	411,230	417,020
Non-Operating revenues (expenses):				
Interest earnings and other	23,231	30,000	35,000	40,000
Proceeds from sale of assets	2,291	-	-	-
NET NON-OPERATING REVENUES (EXPENSES)	25,522	30,000	35,000	40,000
NET INCOME (EXCLUDING DEPRECIATION)	\$587,817	\$441,230	\$446,230	\$457,020
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$587,817	\$441,230	\$446,230	\$457,020
Sources (uses) of working capital:				
Capital hardware/software:				
General government	-	(235,000)	-	(235,000)
Public safety	(86,366)	(202,000)	(72,000)	(230,000)
Net sources (uses) of working capital	(86,366)	(437,000)	(72,000)	(465,000)
Net increase (decrease) in working capital	501,451	4,230	374,230	(7,980)
Beginning Fund Balance	1,184,557	1,468,370	1,686,010	2,060,240
ENDING FUND BALANCE	\$1,686,008	\$1,472,600	\$2,060,240	\$2,052,260

Capital Replacement Fund

Fund Description

This fund was established to accumulate sufficient resources to replace existing equipment (with values in excess of \$5,000) which have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the governmental type funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. When a piece of equipment has reached the end of its projected useful life, a decision is made as to whether the equipment should be replaced. If the costs of retaining the equipment (e.g. maintenance expenditures and length of down-time) do not exceed a predetermined amount, then the equipment will be kept in service. However, once the equipment has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund and the sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment. The fund is also used to finance replacement equipment in those instances in which the cost of replacement far exceeds the original cost of the equipment. In these instances, the fund purchases equipment "on loan" to the user departments at a loan rate equivalent to the yield the fund receives on its invested cash.

The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, the fund summary includes a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For the Capital Replacement fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt which are not included in the income statement.

Fund Narrative

Equipment scheduled to be replaced during FY 2006-07 include:

Police – Patrol vehicles	\$518,000
Fire – Three cardiac monitors	\$84,000
Parks – Two one ton trucks and one utility cart	\$67,800
Recreation – Treadmills	\$11,000
General Government – Telephone system	\$250,000

CAPITAL REPLACEMENT FUND

INCOME STATEMENT

	Actual 2004-05	Budget 2005-06	Estimated 2005-06	Budget 2006-07
Operating revenues:				
Department contributions	\$632,662	\$732,660	\$732,660	\$667,820
TOTAL OPERATING REVENUES	632,662	732,660	732,660	667,820
Operating expenses:				
Other	1,334	2,500	2,500	2,500
TOTAL OPERATING EXPENSES	1,334	2,500	2,500	2,500
NET OPERATING INCOME	631,328	730,160	730,160	665,320
Non-Operating Revenues:				
Interest earnings and other	35,447	60,000	90,000	90,000
Proceeds from sale of assets	87,470	25,000	104,000	25,000
NET NON-OPERATING REVENUES	122,917	85,000	194,000	115,000
NET INCOME (EXCLUDING DEPRECIATION)	\$754,245	\$815,160	\$924,160	\$780,320
CHANGES IN WORKING CAPITAL				
Net income (excluding depreciation)	\$754,245	\$815,160	\$924,160	\$780,320
Sources (uses) of working capital:				
Acquisition of capital equipment:				
General government	(105,716)	(32,000)	(32,000)	(250,000)
Public safety	(300,000)	(64,000)	(64,000)	(602,000)
Streets	(36,216)	(32,000)	(32,000)	-
Park and recreation	(18,503)	(68,000)	(25,000)	(78,800)
Net source (use) of working capital	(460,435)	(196,000)	(153,000)	(930,800)
Net increase (decrease) in working capital	293,810	619,160	771,160	(150,480)
Beginning Fund Balance	1,819,670	2,263,750	2,113,480	2,884,640
ENDING FUND BALANCE	\$2,113,480	\$2,882,910	\$2,884,640	\$2,734,160

When you do the
common things
in life in an
uncommon way,
you will command
the attention of
the world.

-George Washington Carver



Addison Fast Facts*

2006 Population: 14,900

2006 Assessed Value: \$3,029,650,430

Median Age: 31.6 years

Median Household Income: \$48,566

Average Household Income: \$70,808

Number of Households: 7,621

Total Employment in Addison: 45,650

Square Miles: 4.3 square miles

Developable Land Remaining: 6%

Housing Units:

Owner Occupied: 19.8%

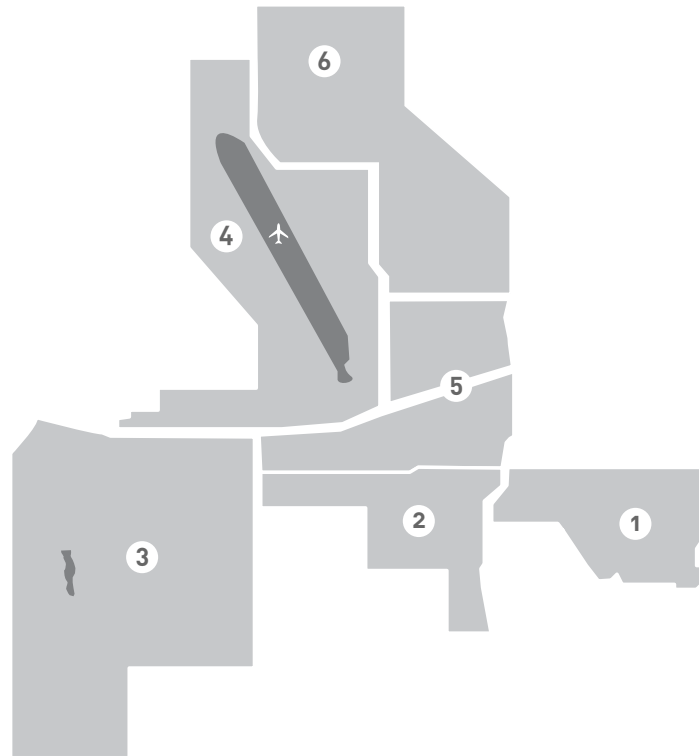
Renter Occupied: 80.2%

Education Level: 44.6% with a Bachelor's degree or higher

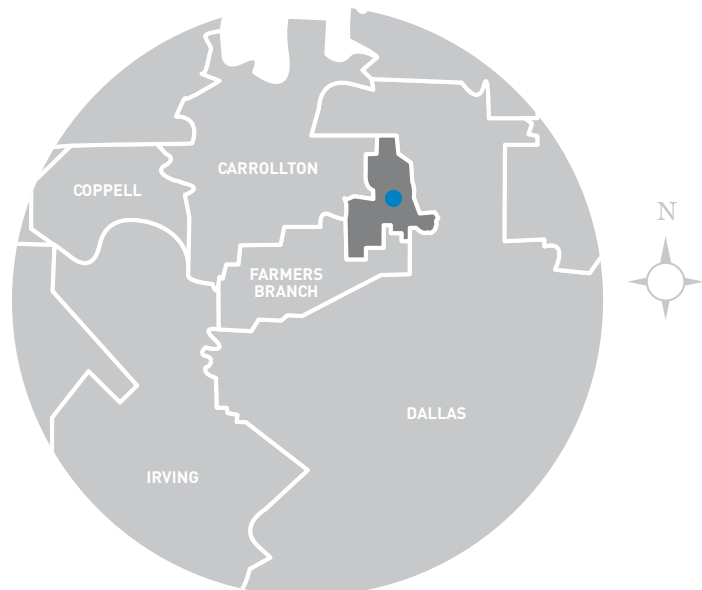
Major Employers in Addison:

- MBNA Information Services Inc.
- Mary Kay Cosmetics
- Home Depot
- Pizza Hut
- Comp USA
- Hotel Intercontinental
- Crowne Plaza Hotel
- Marriott Quorum Hotel

ADDISON PLANNING SECTORS



ADDISON WITHIN THE DALLAS METROPLEX



*Sources: 2000 Census, Dallas Central Appraisal District, and North Central Texas Council of Governments.

Town Chronicle

Town Description

The Town of Addison is located in the Dallas North Parkway area that has been referred to as the “platinum corridor” of the Dallas Metroplex. Besides the Town of Addison, the area encompasses the Dallas suburbs of Carrollton, Farmers Branch, and Plano. The area is home to affluent residential neighborhoods, hundreds of million-dollar companies, scores of quality restaurants, and two spacious malls, including the prestigious Galleria. The area commands a central location in reference to downtown Dallas, DFW airport, the Richardson telecommunications corridor, and the Plano Legacy corporate campus area.

Epitomizing the best features of the area is the Town of Addison. The Town 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 the Town’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. The Town’s blend of residential, retail, and office uses creates an open environment that avoids the confining effect usually associated with densely developed areas.

The Town’s reputation for maintaining a high quality of urban life has attracted considerable development over the past few years. Addison is home to 90 office or commercial buildings providing a total of 11.5 million square feet of office space. As of June 2006 average office occupancy was 80.8%, an increase over the 79.6% recorded last year¹. The rate compares favorably to the 78.1% average of the Dallas central business district office market. Most of Addison’s office buildings are designated “Class A”, due to the amenities they offer. The Town boasts 22 hotels with 3,953 rooms and 168 restaurants, or an average of 38 per square mile.

Town of Addison Proportion of Land Use

Airport	10%
School, Municipal	8%
Office	21%
Commercial	21%
Retail	14%
Residential	26%

Because of its concentration of commercial and retail development, Addison is particularly susceptible to changes in the regional and national economies. Addison’s economy continues to improve, mirroring the expanding economy of the Dallas Metroplex. Taxable appraised values increased for the second consecutive year. Property values in 2006 (upon which the 2007 fiscal year tax levy is based) rose 8.5% compared to the average increase in Dallas County of 8.0%. The amount of income generated by an office building is used by the Dallas Central Appraisal District to determine the building’s taxable value. Continued improvement in the region’s economy will generate additional demand for office space, leading to further recovery in property tax values.

Addison’s hotels cater primarily to business travelers and are also experiencing an increase in bookings. Hotel occupancy tax collected for the 2006 fiscal year is projected to be 10% higher than the previous year. According to industry sources, hotels in the North Dallas area (which includes Addison) revenue per available room increased 13.8% for the five months ended May 31, 2006, just less than the 14.1% increase posted for the Dallas/Ft. Worth region and the 15.6% recorded for Texas².

According to a report issued by the Federal Reserve Bank of Dallas, the regional economy is expected to expand but at a more moderate rate than experienced the past two years. Their Texas Business Cycle Index comprised of output, employment and unemployment reflected a 3.2% increase through mid-2006 compared to a 3.9% re-

¹ Source: Black’s Office Guide Summer/Fall 2006, Greater Dallas Office Guide Summer 2006, and CoStar.

² Source: Trends in The Hotel Industry, May 2006, PKF Consulting

corded the same period in 2005. The Bank's report also noted "The Dallas economy has restructured, making way for renewed growth. The attributes that have served the city well in the past—a central location within Texas and the United States, a large global trade and transportation network, a sophisticated financial sector and a reputation for entrepreneurship— are again spurring impressive growth.³ The report explains the growth in Addison's economy and supports the budget's modest assumptions of revenue growth that is based on the local and regional economies.

For purposes of easily identifying the events affecting the community, the Town has been divided into six planning sectors. The remainder of this Chronicle section focuses on the attributes of each area of the Town and summarizes the issues, programs, and projects related to the sectors.

Sector 1

Sector Description

This sector of the Town is the most topographically attractive of the community. A small creek runs to the east paralleling Belt Line Road and creates several small ponds before it reaches White Rock Creek. Running along the two creeks is a jogging trail that leads to the uniquely landscaped Celestial Park. Perhaps because of these amenities, the area contains the Oaks North, Bellbrook, and Winnwood subdivisions, three of the more affluent residential developments in the Town, if not the entire North Dallas area. The northwest section of Planning Sector 1 contains a mixture of retail and restaurant business establishments.

Capital Projects

Long-term (37 to 60 months)

Belt Line Urban Interchange - The intersection of Belt Line Road and the Dallas Parkway is one of the busiest in the entire Dallas metropolitan area. To expedite movement of traffic the intersection has been redesigned to allow the simultaneous operation of left turns, east/west traffic and north/south traffic with a resulting 15% to 20% increase in traffic efficiency. The project's budget is \$2,200,000. Engineering of the project is scheduled the 2007-08 fiscal year from the 2004 Street Capital Proj-

³ Source: Southwest Economy, July/August 2006, Federal Reserve Bank of Dallas

ect fund with construction scheduled beginning with the 2010 fiscal year. The project is not expected to add to the Town's operating costs.

Sector Community Issues

Village on the Parkway - The owners of this retail center obtained zoning approval of a plan that called for the redevelopment of the center with a high-rise, condominium project on the southeast corner of the center. The luxury project was planned to be 11-stories in height and contain a total of 81 condominium units. The development has been cancelled due to a lack of advance sales and high construction costs. The owners are reevaluating their options for the track.

Prestonwood Town Center - This new development is an exterior mall comprising a Super Wal-Mart, Barnes & Noble Bookstore, Office Depot, Circuit City, and other retailers taking up a total of 340,000 square feet of space. The shops are built on the former Prestonwood Mall location that had been vacant for over five years. The new retail area is complemented by several hundred upscale apartment units. Although the development is not in Addison's jurisdiction, with its proximity to Addison, it is likely the stores will attract shoppers to the area that will also benefit Addison retailers.

Tollway Pedestrian Bridge - If the urban interchange is constructed, pedestrian movement across this intersection will be difficult. To resolve this potential problem, a pedestrian bridge has been contemplated which would span the Tollway south of Belt Line connecting South Quorum and Village on the Parkway.

Sector 2

Sector Description

The most densely developed section of the Town is in Sector 2. Within this area are the Quorum I Office Park, two convention hotels, several motels, and most of the Town's restaurants and retail establishments. The major thoroughfares of Belt Line, Inwood, and Midway roads and the North Dallas Tollway influenced the rapid growth of the area. The area is bisected by the St. Louis and Southwestern Railroad line.

Capital Projects

Accomplished

Arapaho Road Extension -This project was completed following several years of construction and a total estimated cost of almost \$30 million paid with bond proceeds and DART grants. It provides an east/west thoroughfare that will absorb some of the traffic that causes congestion on Belt Line Road. Annual operating expenses associated with landscaping and street sweeping may total as much as \$10,000 for the entire length of street. Maintenance expenditures associated with the additional lane miles of pavement will be minor for the first five years but eventually may add an average \$25,000 in annual pavement repair costs.

Intermediate (13 to 36 months)

Belt Line Road Streetscape – Belt Line Road is Addison’s “Main Street” where most of Addison’s restaurants and retail establishments reside. Although the road was designed for optimal vehicular traffic flow it is not conducive to pedestrian traffic. Included in the Town’s 2000 Bond Capital Improvement Program was \$11 million for relocating sidewalks away from the roadway, moving or burying overhead utilities and adding landscaping to make Belt Line a more pedestrian friendly street between Dallas Parkway and Addison Road. Project may also include architecturally compatible bus shelters at major stops along Belt Line Road. The project is scheduled for conceptual design in FY2007, ROW acquisition in 2008 and construction beginning in 2010. Because any new landscaping along the street would replace existing landscaping, the project is not expected to materially impact operating expenditures.

Long-term (37 to 60 months)

Railroad Quiet Zones – The Cotton Belt Line carries freight through the North Dallas area. Federal law requires train engineers to blow their horns when approaching street crossings. The noise is disruptive to the residents and office workers residing in Sectors 2 and 5. The project would improve the crossings to add signal arms that would totally block automobile traffic from crossing the tracks and directional horns. The improvements would allow engineers to refrain from blowing the engine horns. The project is budgeted at \$426,000 and would be paid from DART LAP/CMS grants and surplus bond funds. The Town is in the process of obtaining state grants to further supplement the funding.

North Quorum Streetscape - The project will duplicate the extensive landscaping and pedestrian features of Quorum Road within Addison Circle to Quorum between Arapaho and Belt Line, providing a link between Addison Circle and the commercial and retail areas along Belt Line. Project has yet to be scheduled pending identification of funding sources for the project’s \$500,000 budget. Once completed, the project will increase Park department annual operating expenditures by an estimated \$5,000.

Arapaho Road/Tollway Overpass Modification – This project would expand the section of Arapaho Road that crosses over the Dallas North Tollway to accommodate a free lane for southbound traffic along Dallas Parkway (access road to the Tollway) to make a U-turn to go northbound. Project has been suspended because the funding that had been identified for the project (\$750,000) had to be transferred to the Arapaho Road Extension project due to the expansion of that project’s scope.

Sector Community Issues

DART Rail – Located near the Addison Circle development and the planned Arts & Events District (discussed in greater detail in the Sector 5 narrative) is the DART transit center that is used by over a dozen bus routes serving Addison and the North Central Dallas corridor. The center is adjacent to the former Cotton Belt railroad line that is now owned by DART. The line extends to the DFW International Airport and represents an opportunity for commuter rail that would serve the area. The Town contracted with a consultant to study the issue. The result of their analysis is that the rail line serves more companies and a greater employment base than all of the Dallas Central Business District. DART has included the project in its long-term 2030 capital plan. Addison staff will work to ensure the project is high on the agency’s priority list and over the next few years obtains the funding needed for project design and engineering.

Addison Beverage Center – When Addison began developing in the early 1980’s it was the first city in the North Dallas area to allow for the sale of packaged (versus restaurant sale) alcoholic beverages. The Town’s charter required that sale of these beverages had to be limited to a 1-mile section of Inwood Road. Several stores located in this area and have enjoyed tremendous success over the years. However, over the past year adja-

cent suburbs have had elections allowing for the sale of packaged wine and beer in their communities, which has siphoned off some of the business from Addison's retailers. In an effort to protect the viability of this area, the Town amended its Comprehensive Plan to provide goals for developing this area as an "Epicurean District" which would offer not only alcohol sales, but all dining and food-related items such as a fruit and vegetable market, a cooking school, restaurant equipment sales, specialty meats, breads, and other items of interest to cooking and dining enthusiasts.

Sector 3

Sector Description

The majority of the Town's population and single-family housing is contained within the boundaries of Planning Sector 3. The sector also includes several apartment complexes. Prominent features of the sector include Fire Station #2, the Addison Athletic Club, Les Lacs Linear Park, the private Greenhill School and the Dallas Independent School District's large Loos Athletic Center.

Capital Projects

Accomplished

Tallisker Apartment Area Sewer Rehabilitation – Project used a process that creates a new plastic pipe, or "slipline" within approximately 2,000 linear feet of deteriorated 8" clay sewer line. The project was completed within the \$105,600 budget and was paid from the Utility fund. The project will save an undetermined amount of operating expenses from treating sewage associated with inflow and infiltration of the lines by storm water.

Immediate (1 to 12 months)

Brookhaven Water Main Replacement Phase I – The Brookhaven area is home to several apartment complexes and has some of the Town's oldest water lines. This project is the first of three phases that will replace deteriorated cast iron pipes with PVC lines. This particular project will construct an 8" water line to connect and finish a water line loop between the Brookhaven and Greenhaven Village Apartments. Project will incorporate approx 1,200 LF of 8" water line and directly affect all residents in both apartment complexes. Project also includes some water line replacement within the Brookhaven Apartment Complex. Project budget has been established at \$315,000 and was scheduled for the

2006 fiscal year. However, a developer has expressed interest in replacing the existing apartments with more upscale housing and the replacement of lines has been suspended until development plans have been submitted and approved. Project is expected to save an estimated \$5,000 a year in unaccounted for water loss and repair of leaks.

Brookhaven Water Main Replacement Phase II – Project would replace 2,200 feet of 8" cast iron water main with 12" PVC pipe. Project budget is \$638,000 to be paid from the Utility fund and is scheduled for the 2007 fiscal year, but like the Phase I project, will be postponed until the Town has approved development plans for renovating the area. Once completed, the project is expected to save an estimated \$10,000 in annual operating expenses associated with unaccounted for water loss.

Intermediate (13 to 36 months)

Brookhaven Club Drive Water Main Replacement – This is the third and final phase of the projects upgrading the water system serving the Brookhaven area. Project will upgrade 1,600 LF of cast iron 8" water line to a 12" PVC waterline. Once completed, the project is expected to save an estimated \$7,000 in annual operating expenses associated with unaccounted for water loss.

Long-term (37 to 60 months)

Loos Field Water Line Replacement Loop – Project will replace a deteriorated 6" water line with a looped 8" line to ensure reliable water service to this multi-purpose athletic facility owned by the Dallas Independent School District. Project cost is established at \$644,000, will be funded from the Utility fund's balance, and is scheduled for the 2009 fiscal year. Project will save in undetermined amount of money from unaccounted for water loss.

Sector Community Issues

A Real Estate Investment Trust (REIT) has purchased two apartment complexes on the south side of Brookhaven Club Drive and has made offers on several of the complexes on the north side of the street. The REIT is planning to demolish the existing apartments and replace them with new multi-family product at a density of approximately 40 units per acre. The Town is currently working with the developer on plans that include extending the jogging trail under the TXU power lines south to this neighborhood. In addition, the developer is planning

to dedicate land to the Town on both sides of the creek that runs through the property. That land could be developed with additional trails and open space.

Sector 4

Sector Description

The distinguishing feature of this area is the Addison Airport, one of the busiest single-runway general aviation airports in the nation. The airport has attracted considerable commercial activity including several hangar/office complexes. The south and western areas of the sector encompass almost all of the Addison's light industrial development. Located within Sector 4 are the Town's police station, central fire station, and service center.

Capital Projects

Accomplished

2006 Airport Paving Rehabilitation - The project repaired Taxiway "Q", Taxiway "R", the north end of the Richard Byrd hangers, and Taxiway "P". Project was completed within the \$732,000 budget and was supported through the Airport fund. Project will not have a material impact on operating expenses.

Midway Road Rehabilitation - This project resolved paving problems on Midway Road from Belt Line north to Keller Springs due to age, heavy truck traffic and a sub-grade soil saturated with water. The project entailed "slab jacking" of the street's concrete panels by injecting a polyurethane base underneath the panels, thereby greatly extending the useful life of the street. The project was completed within its \$250,000 budget and was supported with proceeds from the 2005 bond sale. Project is expected to save an estimated \$50,000 in recurring maintenance costs.

Immediate (1 to 12 months)

Addison Airport Fueling Facility - The existing facility contains seven fuel farms and 29 underground storage tanks that are used by the airport's fixed base operators and major tenants. The facility's tanks and pumping equipment are old and need to be replaced. The budget for the project has been set at \$3.9 million and will be funded with proceeds from the issuance of certificates of obligation. The project is substantially complete and is scheduled to be operational by January 2007. The new

facility should net a savings in costs associated with complying with TCEQ rules and regulations and generate additional lease revenue.

2007 Airport Paving Rehabilitation - The project represents the final phase of a multi-year program to rehabilitate the airport's pavement. Project involves asphalt overlay of Taxiway "S" and concrete replacement and repair to Taxiway "R" and concrete fill-in of Taxiway "U" to provide additional ramp space. Project will save approximately \$5,000 in operating expenses devoted to recurring pavement repair.

Addison Road Widening Phase I - This phase of the project will widen Addison Road from Belt Line Road to the railroad tracks to a 5-lane roadway to accommodate increased traffic flows. Project has been designed and most of the right-of-way has been acquired, allowing construction to take place in FY2007. Total project is designed and the construction budget is \$2.5 million and will be supported by bond proceeds. There will be no material operating expenses associated with the roadway for the five years following completion and because the widening will add only approximately two lane miles, there is expected to be only minimal additional long-term maintenance expenses.

Intermediate (13 to 36 months)

Runway Improvements - This project totally resurfaces the runway. The project would also extend the runway 480 feet to the north, remove the existing ditch at the northwest end of the airport from the runway protection zone, install an underground storm sewer, and add lighting, signage, and a Precision Approach Path Indicator (a visual navigational aid). The project is scheduled for construction during fiscal year 2008 and has a budget of \$5.5 million with the Town supporting \$553,000. The project will result in minor savings to the Airport operating budget due to not having to mow and maintain the existing drainage ditch that will be replaced by the storm sewer.

Taxiway Rehabilitation - Taxiway A would be widened in certain locations to improve aircraft circulation and provide additional areas for aircraft run-up procedures. Existing pavement would be overlaid with an asphalt surface. Project has been scheduled for the 2009 and 2010 fiscal years and would receive \$3.3 million in Tx-

DOT/FAA funding with the Town providing a local match of \$377,200. The project will not have a material effect on the airport's operating budget.

Long-Term (37 to 60 months)

Airport Drainage Improvements – Areas of the airport become flooded during heavy rains. The project will improve the grade of drainage basins, replace storm sewer piping, inlets, and culverts. A master drainage study report and design for improvements must first be commissioned once operating funds are available for the report. The report will identify the project's scope and expense.

Addison Road / Keller Springs Intersection – Project would add two turn lanes on Keller Springs and replace existing traffic signals to accommodate a wider pavement section at the entrance of the Keller Springs Toll Tunnel Project. Cost is estimated to be \$250,000 and funding will be from DART LAP allocations. Project has been delayed due to problems with acquiring right-of-way and is tentatively scheduled to begin in fiscal year 2011. The project will not have a material impact to operating expenditures.

Midway Water Line Rehabilitation – Project would replace 2,000 feet of 12" cast iron pipe. Project is scheduled for fiscal year 2010 with a budget of \$609,000. Project would save approximately \$5,000 annually in water lost through leaks.

Lindbergh/Richard Byrd Sewer Rehabilitation – This project consists of "sliplining" 2,700 feet of the existing 6-inch clay tile line. This line is approximately 30 years old and is a source of inflow and infiltration into the sanitary sewer system. The use of this liner will eliminate ground water from entering the sanitary sewer system and will improve the structural and flow characteristics of the line without the need of any major line construction. Project is scheduled to take place in fiscal year 2010 with a budget of \$108,000. The completed project is expected to save an estimated \$5,000 a year in sewer treatment charges by reducing the volume of storm water infiltration.

Suspended

Terminal Building – The building that had been used by airport administrative staff was demolished in 2004 to make way for a new private hangar. Administrative operations have been moved temporarily to a nearby of-

fice building. The project includes an approximate 7,000 square foot facility with associated ramp and parking areas. Project budget is \$800,000 with the Town contributing 50% and TxDOT paying the remaining portion. Project has been indefinitely suspended until such time as decisions are made concerning development of the south side of the airport, including possible construction of an air museum. Once completed, the Town will save \$65,000 in annual office lease payments.

Maintenance Building – Currently airport operations vehicles and equipment are stored in several hangars. Construction of a new maintenance building would allow for all equipment to be stored in one location and would free the hangars for rent to private aircraft. Total project budget is \$125,000 with design scheduled for the 06 fiscal year and construction of the facility the following year. Like the Terminal Building, this project has been indefinitely suspended pending decisions related to a comprehensive development on the airport's south side. Once completed, the project will allow the airport to gain several hundred dollars a month in rental income from the hangars currently used for equipment storage.

Sector Community Issues

Addison Airport Traffic Control Tower - The Federal Aviation Administration completed construction of a new Air Traffic Control Tower and will be commissioned for operation by December 2006.

Cavanaugh Flight Museum - Currently residing on the airport is the Cavanaugh Flight Museum, which has become a popular tourist attraction. The museum is privately owned and houses an extensive collection of vintage aircraft. The museum is limited to standard aircraft hangars that limit the museum's ability to properly showcase the aircraft. The Town is currently in negotiations with the museum's owner to enter into a joint venture, which may include the Town constructing a new facility specially designed for the museum.

Sector 5

Sector Description

The smallest of the planning sectors, Sector 5 contains Addison's old business district. While the area had been among the least developed in the Town, the Addison Circle development has transformed this sector into a

vibrant nucleus of the Addison community. Addison Circle (Urban Community District) combines extensive park and median greenscape with upscale multi-family housing and small retail shops in the north Quorum area. The sector also includes the Town's Conference Centre and Theatre complex and the Addison Circle Park, which is used extensively for special events such as Oktoberfest and Taste Addison.

Capital Projects

Intermediate (13 to 36 months)

North Quorum Streetscape – Also supporting the Fairfield development would be the addition of street parking and pedestrian walkways along Quorum, north of Goodman Ave. The project will be constructed during the 2006 fiscal year and has a budget of \$426,000. The project will not have a material impact on operating expenditures.

Suspended

Fairfield Park – As part of the Fairfield development (see following discussion) the Town is obligated to construct a park of approximately 1.4 acres with a budget of \$837,000. The park will be funded with surplus park capital project funds, an \$184,000 developer contribution, and a \$263,000 transfer from the General fund. Project has been suspended due to the postponement of the Fairfield development. Annual operating and maintenance costs are estimated to total \$4,000.

Sector Community Issues

Addison Circle Residential Developments – The final residential segments of Addison Circle are in the process of being completed. Fairfield Residential and SNK Realty both have plans in for permitting and expect to break ground during the coming year. Fairfield Residential's project is located on 8.919 acres at the northwest corner of Quorum Drive and Goodman Avenue. Fairfield is planning to construct 414 multi-family units in a 4-story format, similar to the existing Addison Circle development. SNK Realty's tract is 6.53 acres between Spectrum Drive and the Dallas North Tollway. SNK is planning to construct 262 multi-family units that may be sold as condominiums. The SNK units will also be in a 4-story format, but will feature some retail space on the ground floor of the project's Spectrum Drive side. After completion of these projects, there will be two tracts of land available in Addison Circle for development.

Sector 6

Sector Description

Sector 6 is distinguished from the other planning areas by the fact that it has the most footage fronting the North Dallas Tollway, making it conducive for future office development. Located in the sector is the private Trinity Christian Academy.



Drama is like a
dream, it is not real,
but it is really felt.

-Abhinavagupta

(Ninth Century India Philosopher)

Appendix A The Budget Process

May	1	Schedules Distributed to City Council
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1) City manager presents Council with budget schedule. Council reviews city goals and Project 2030 Vision to determine whether these goals should be revised.

May 19	2	Budget Requests Submitted & Reviewed
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2) Deadline for department budgets to be submitted to Financial & Strategic Services. Staff spends the next several weeks reviewing department budgets for presentation to the Council at work sessions conducted during August.

June - July	3	Work Sessions with City Manager
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3) A series of meetings are conducted by the City manager with individual departments. The meetings focus on each department's budget requests.

Jul 25	4	Certified Tax Rolls Received
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4) Certified appraisal rolls from Dallas County Appraisal District are received showing taxable values of \$3,029,605,430.

Jul 31	5	2006-07 City Manager's Proposed Budget
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5) City manager's proposed budget is filed with the city secretary and made available to the public as required by the City Charter. Budget reflects total appropriations of \$57,047,060 and a tax rate of 46.61 cents.

Aug 7	6	Effective Tax Rate Published
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6) Upon receipt of the certified appraisal rolls, the Financial & Strategic Services department performs the net effective tax rate calculation as required by State law. The net effective tax rate is calculated to be 44.9574 cents with a rollback rate of 46.4869 cents.

7) Council attends General, Hotel, Airport and Utility Fund workshops to discuss various aspects of the individual budgets.

Work sessions
with Council

7

Aug

8) Following the required newspaper notices, public hearings are scheduled for regularly scheduled Council meetings.

Public Hearing Held

8

Aug
22 &
Sep
12

9) Council approves ordinances adopting the budget for the fiscal year beginning October 1, 2006 with total appropriations of \$57,655,890 and a tax rate of 46.40 cents.

Council Adopts the
2006/2007 Budget

9

Sep
26

10) Financial & Strategic Services staff works closely to develop final budget document; document is returned from printers and distributed to users.

2006/2007 Budget
Document is Published

10

Nov

11) Typically in June, a work session is conducted with Council to discuss budget adjustments; budget amendments are adopted by ordinance.

Budget is Amended

11

June
2007

Appendix B Financial Policies

Introduction

The Town of Addison, Texas financial policies set forth the basic framework for the fiscal management of the Town. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the Town of Addison City Charter. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

Annual Budget (Charter Requirements*)

1.* The fiscal year of the Town of Addison shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.

2.* The City Manager, prior to August first of each year, shall prepare and submit to the City Secretary, the annual budget covering the next fiscal year, which shall contain the following information:

- a) The City Manager's budget message shall outline the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the Town.
- b) An estimate of all revenue from taxes and other sources, including the present tax structure rates and property valuations for the ensuing year.
- c) A carefully itemized list of proposed expenses by office, department, agency, and project for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.
- d) A description of all outstanding bonded indebtedness of the Town.
- e) A statement proposing any capital expenditure deemed necessary for undertaking during the next budget year and recommended provision for financing.

f) A list of capital projects which should be undertaken within the next five succeeding years.

g) A five-year financial plan for the General, Hotel, Airport, and Utility funds.

3.* The City Manager's budget should assume, for each fund, operating revenues that are equal to, or exceed operating expenditures. The City Manager's budget message shall explain the reasons for any fund that reflects operating expenditures exceeding operating revenues.

4.* At least one public hearing shall be conducted before the Council, allowing interested citizens to express their opinions concerning items of expenditures, giving their reasons for wishing to increase or decrease any items of expense. The notice of hearing shall be published in the official newspaper of the Town not less than 15 days or more than 30 days following date of notice.

5.* Following the public hearing, the Council shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least three days prior to the beginning of the next fiscal year, adopt the budget by a favorable majority vote. If the Council fails to adopt the budget, the City shall continue to operate under the existing budget until such time as the Council adopts a budget for the ensuing fiscal year.

6.* On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the Council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Under conditions which may arise the Council may amend or change the budget to provide for any additional expense.

7. The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than ninety days following the date of the budget's adoption by the Council.

Basis of Accounting and Budgeting

1. The Town's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

a) The accounts of the Town are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project funds.

b) Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General fund and ad valorem tax revenues recorded in the Debt Service fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

c) The Town utilizes encumbrance accounting for its Governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

d) The Town's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

2. The Town's annual budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary fund budgets. All annual appropriations lapse at fiscal year end. Under the Town's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

3. The issuance of Statement 34 by the Governmental Accounting Standards Board has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the Town will continue utilizing the accounting and budgeting processes as described in paragraphs 1. and 2. of this section. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types. Also, the Town will limit the use of internal service funds and incorporate the financial transactions of those funds into other governmental funds.

Budget Administration

1. All expenses of the Town shall be 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.

2. The following represents the Town's 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 Director of Financial & Strategic Services (DFSS). Transfers between operating departments may occur with the approval of the City Manager and DFSS 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.

Financial Reporting

1. Following the conclusion of the fiscal year, the Town's DFSS shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by the Governmental Accounting Standards Board. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

2. The CAFR shall show the status of the city's finances on the basis of generally accepted accounting principles (GAAP). The CAFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. In all but two cases this reporting conforms to the way the city prepares its budget. Compensated absences (accrued but unused sick leave) are not reflected in the budget but are accounted for in the CAFR's long-term debt account group. Depreciation expense is not shown in the budget's proprietary funds, although the full purchase price of equipment and capital improvements is reflected as uses of working capital.

3. Included as part of the Comprehensive Annual Financial Report shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.

4. The DFSS shall within sixty days following the conclusion of each calendar quarter, issue a report to the Council reflecting the Town's financial condition for that quarter. The quarterly report format shall be consistent with the format of the annual budget document.

REVENUES

1. To protect the Town's financial integrity, the Town will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the Town will attempt to reduce its dependence on sales tax revenue.

2. For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service fund. The operation and maintenance levy shall be accounted for in the General fund. The operation and maintenance levy will be established within the eight percent (8%) rollback rate as defined by the State of Texas Property Tax Code. Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

3. The Town will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The Town will not provide tax abatements to encourage development.

4. The Town will establish user charges and fees at a level that attempts to recover the full cost of providing the service.

a) User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.

b) Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.

c) The Town will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, accuracy of water meters).

5. The Town will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and private agencies for the provision of public services or the construction of capital improvements.

6. The Town will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.

7. When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

OPERATING EXPENDITURES

1. Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:

- a. Operating, Recurring Expenditures
 - i. Personal Services
 - ii. Supplies
 - iii. Maintenance
 - iv. Contractual Services
 - v. Capital Replacement / Lease
- b. Operating, Non-Recurring Expenditures
 - i. Capital Equipment

2. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.

3. The Town will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

4. Personal service expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the Town shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.

5. Supply expenditures shall be sufficient for ensuring the optimal productivity of Town employees.

6. Maintenance expenditures shall be sufficient for addressing the deterioration of the Town's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.

7. The Town will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the Town. The Town will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the Town.

8. Capital equipment is defined as equipment that exceeds \$5,000 and has a useful life of at least one year. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General fund operations will be amortized by charges to the departments using the equipment. The amortization charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The amortization charges and application of those funds will be accounted for in the Capital Replacement Fund.

9. Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.

10. To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the Director of Financial & Strategic Services. Projected expenditures that exceed the ceiling must be submitted as separate Budget Adjustment requests. The City Manager will recommend the adjustment requests in the recommended budget to the Council.

Fund Balance

1. The annual budget shall be presented to Council with each fund reflecting an ending fund balance which is no less than 25% of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25% minimum.
2. Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.
3. The Town will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to arrest the future use of fund balance for operating expenditures.

FUND TRANSFERS

1. With the exceptions noted below, there will be no operating transfers between funds. Any costs incurred by one fund to support the operations of another shall be charged directly to the fund. (For example, actual hours worked by General fund employees for Hotel fund events.)
2. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.

Debt Expenditures

1. The Town will issue debt only to fund capital projects that cannot be supported by current, annual revenues.
2. To minimize interest payments on issued debt, the Town will maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding fifteen (15) years. Retirement of debt principal will be structured to ensure constant annual debt payments.
3. The Town will attempt to maintain base bond ratings (prior to insurance) of A1 (Moody's Investors Service) and A+ (Standard & Poor's) on its general obligation debt.

4. When needed to minimize annual debt payments, the Town will obtain insurance for new debt issues.

CAPITAL PROJECTS EXPENDITURES

1. The Town will develop a multi-year plan for capital projects, which identifies all projects likely to be constructed within a five-year horizon. The multi-year plan will reflect for each project the likely source of funding and attempt to quantify the project's impact to future operating expenditures.
2. Capital projects will be constructed to:
 - a) Protect or improve the community's quality of life.
 - b) Protect or enhance the community's economic vitality.
 - c) Support and service new development.

3. To minimize the issuance of debt, the Town will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. "pay-as-you-go").

UTILITY CAPITAL EXPENDITURES

1. The Town will design utility rates sufficient for funding a depreciation reserve which will accumulate resources to replace or rehabilitate aging infrastructure which no longer can be serviced by regular maintenance. Attempts should be made to fund the reserve at a level approximate to annual depreciation of assets as reported in the Town's annual Comprehensive Annual Financial Report.

LONG-TERM FINANCIAL PLANS

1. The Town will adopt every annual budget in context of a long-term financial plan for the General Fund. Financial plans for other funds may be developed as needed.
2. The General fund long-term plan will establish assumptions for revenues, expenditures and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.

Appendix C Compensation Plan

N = Non-Exempt (hourly) Position. Eligible for overtime pay when overtime is requested or approved by the supervisor in excess of 40 hours in any work week.

E = Exempt (salaried) Position. Not eligible for overtime wages.

P = Police, Non-Exempt (hourly) Position. Biweekly wages are calculated on hours worked in two 40-hour work weeks. Overtime wages are paid on hours worked in excess of 40 hours in any work week. Non-exempt (salaried) employees accumulate up 2,080 hours per year. Dispatcher hourly wages are based on a 38.75-hour work week, or 2,015 hours per year. Overtime wages are paid on hours worked in excess of 38.75 hours in any work week.

F = Fire, Non-Exempt (hourly) Position. Hourly wages are based on a 56-hour work week, 2,912 hours per year or 168 hours per 21-day work period. Half time overtime applies on the first nine hours worked over 159 hours each 21-day work period. Regular time plus one-half applies on all hours worked over 168 hours each 21-day work period.

Merit and Market Pay Plan

The purpose of the merit and market pay plan is threefold: to encourage excellence in service by tying salary increases to job performance rather than tenure; to reward employees for their efforts and job performance; and to remain competitive with other Metroplex cities in regards to our compensation program.

Performance evaluations for all employees are completed during the month of September, regardless of the anniversary date of an employee's employment. All compensation increases are awarded during the month of October. There is no set time interval employees can expect to reach the top salary of their range.

For the 2006-2007 budget year, Council approved compensation increases with every operating department receiving six percent merit increases of employee salaries. The merit adjustments will allow the Town to continue to offer a competitive compensation package to all employees.

Promotions generally result in an immediate salary increase of at least five percent without regard to the date of the last increase. New employees who have yet complete their initial trial periods by October 1 will be eligible for a merit increase at the completion of their trial periods, which lasts a minimum of six months.

WAGE AND SALARY SCALE (Effective 10/01/05)

Level	Base Salary	Top Salary
1	\$20,363	\$30,555
2	21,611	32,406
3	22,922	34,382
4	24,336	36,483
5	25,813	38,709
6	27,394	41,059
7	29,058	43,576
8	30,826	46,239
9	32,698	49,046
10	34,694	52,042
11	36,816	55,224
12	39,062	58,594
13	41,434	62,150
20	39,458	59,176
21	42,494	63,731
22	45,760	68,619
23	49,275	73,902
24	53,061	79,581
25	57,138	85,717
26	61,547	92,310
27	66,269	99,403
28	71,386	107,058
29	76,877	115,294
30	82,784	124,176
31	89,149	133,723
32	96,013	144,019
33	103,397	155,085
34	111,342	167,024
Police Department		
D1	34,698	52,047
P1	40,019	
P2-1	42,016	
P2-2	45,531	
P2-3	47,819	62,067
P3	62,795	71,656
P4	69,909	80,933
P5	78,978	90,126
P6	87,942	109,574
Fire Department		
F1	40,111	
F2-1	42,428	
F2-2	43,709	
F2-3	45,020	58,822
F3	62,957	69,393
F4	67,704	74,635
F5	72,821	94,848
FP1	42,411	58,822
FP1	67,638	74,630

Appendix D Major Revenue Sources

The revenue sources described in this section account for \$42,384,930, or 78.8% of the Town's total operating revenues (excludes interfund transfers/charges).

Property Taxes

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The Town's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the Town. Assessed values are established by the 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, 2006, upon which the fiscal year 2007 levy is based, is \$3,029,605,430. This amount is net of approximately \$293,642,826 (representing 9.7% of taxable value) of agricultural, homestead, over-65, disabled veteran, and other exemptions. The 2006 tax roll is 8.5% more than the 2005 certified roll. The increase in values continues the reversal of declining values experienced during FY 2003-05. Despite this increase, FY 2007 appraised values are still below the peak experienced in FY 2002. Over the last several years, the local economy has continued to improve. Occupancy rates for both hotels and office buildings have remained strong over the last several quarters. As such, we believe future appraisals of commercial properties should remain strong since these valuations are influenced by the income that these properties generate.

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 ending September 30, 2007 is 46.40¢ per \$100 of which 31.10¢ is allocated for general government operation and maintenance and 15.30¢ is allocated for retirement of general obligation long-term debt.

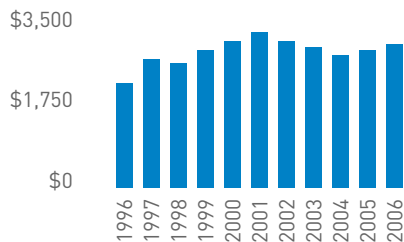
In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be

reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraised values. The Town may challenge appraised values established by the district through various appeals and, if necessary, legal action. Under this arrangement the Town continues to set tax rates on property. However, if the tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. The tax rate that equates to an 8% increase above the prior year rate is known as the "rollback rate." The FY 2007 tax levy adopted by the Town is less than the calculated 46.49¢ rollback rate.

Taxes are due January 31st following the October 1st levy date and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2007 are estimated to be 99.5% of levy and will generate \$13,987,100 in revenues. Delinquent taxes and penalties are expected to produce an additional \$50,000.

ASSESSED VALUATION OF TAXABLE PROPERTY

(As of January 1)



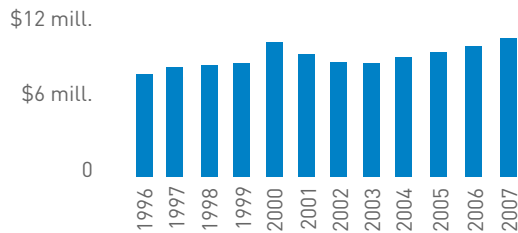
Sales Tax

The sales tax in Addison is 8.25% of goods or services sold within the Town's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly, and in some cases, a quarterly basis. Of the 8.25% tax, the State retains 6.25% and distributes 1% to the Town of Addison and 1% to the Dallas Area Rapid Transit mass

transportation authority. The State distributes tax proceeds to local entities within forty days following the period for which the tax is collected by the businesses.

For the year ending September 30, 2007, the Town of Addison expects to receive \$10,221,820 in sales and use tax revenue. This amount represents a 3.0% increase over the FY 2006 collections. Monthly collections during FY 2006 averaged about 3.0% above what was collected in FY 2005. In contrast, Dallas County experienced a 9.4% increase and the State of Texas experienced a 13.8% increase over FY 2005. The increase in Town sales tax collections assumed in the budget is conservative and derived from the experience from the past year. Economic forecasts predict between an average 3% to 4% expansion in the State and regional economies for the next five years. For this reason, sales tax collections should surpass the budgeted assumption. Sales tax collections, however, are notoriously unpredictable and Addison's collections can vary significantly from one month to the next.

SALES TAX REVENUES



Another sales tax levied by the state is the alcoholic beverage tax which is applied against all mixed drinks and package liquor sold in the city. The tax is 14% of sales price and, like the general sales tax, is collected by the State. The Town's share of the dollar revenues generated by the tax is 10.7%, which is expected to produce \$927,000 for the 2007 fiscal year. Although Addison has less than 15,000 residents, its concentration of hotels and restaurants makes it the eight highest city in Texas for alcoholic beverage sales, surpassing Irving with a population of 202,000 and Plano with a population of 253,000.

DISTRIBUTION OF SALES TAX REVENUE

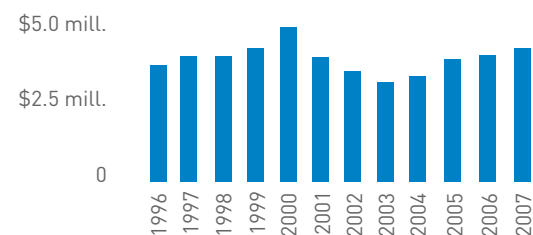
	Addison	Dallas County
Construction	8.22%	3.91%
Retail	49.88%	45.23%
Services	22.72%	13.28%
Wholesale	12.25%	8.61%
Transportation/Communications	3.92%	21.38%
Manufacturing & Other	3.01%	7.59%

Hotel/Motel Occupancy Tax

The occupancy tax is levied by both the Town and the State against a hotel or motel's gross occupancy receipts on a monthly basis. The Town's tax is 7%, the maximum allowed by law, and is levied with the State's 6% rate. Revenue generated by the tax is restricted by State law to directly enhance and promote the tourism, convention and hotel industries. According to state law, individuals renting rooms for more than 30 consecutive days are exempt from paying the tax.

Due to the tragic terrorist attacks of September 11, 2001 and an overall slowdown in the economy, hotel occupancy taxes declined from a high of \$4,957,988 in FY 2000 to \$3,346,197 in FY 2003. Collections have increased in each of the last three fiscal years though, and for the year ending September 30, 2007, the Town expects to receive \$4,672,500 in occupancy tax receipts. The 2007 budget projection assumes more revenue generated per room. The Hotel fund's long-term financial plan (located in Appendix F) reflects the average revenue per room assumptions for the next five years. The chart on the following page details the number of hotel rooms in the Town. Addison's collection of hotel occupancy tax ranks it 19th in the State of Texas, just behind Richardson, a city with a population of 97,300.

HOTEL OCCUPANCY TAX REVENUES



HOTEL OCCUPANCY TAX FY 2006 COLLECTIONS

Establishment	Number of Rooms	Percentage of Revenue
Full Service		
Marriott Quorum	535	18%
Intercontinental	532	21%
Crown Plaza	429	10%
Extended Stay		
Budget Suites	344	1%
Best Western	70	1%
Marriott Residence	150	4%
Summerfield Suites	132	3%
Homewood Suites	128	3%
Springhill Suites	159	5%
Business Moderate		
Marriott Courtyard Quorum	176	7%
LaQuinta Inn	152	4%
Marriott Courtyard Proton	145	3%
Holiday Inn Express	102	2%
Hilton Garden Inn	96	3%
Holiday Inn-Arapaho	101	3%
Comfort Inn	86	1%
Economy		
Motel 6	126	2%
Hampton Inn	159	4%
Quality Inn	115	1%
Comfort Suites	78	2%
Super 8	78	1%
Best Value	60	1%
TOTAL	3,953	100%

recover a greater portion of its fixed expenses through a relatively constant revenue stream.

In FY 2006, the Town Council approved an adjustment in water and sewer rates in order to support increased operating expenses, debt service associated with capital projects of previous years, and future capital projects needed to maintain the Town's water and sewer systems. Under these rates, each customer will pay a minimum monthly bill depending upon how their account is classified. For example, a single-family customer will pay a minimum bill of \$7.28 for water which includes 2,000 gallons. At the other end of the scale, an industrial customer with a meter greater than 2" in size pays a minimum bill of \$150.80 with an allowance of 80,000 gallons. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The exceptions to this rule are single-family residential customers who cease paying sewage fees once water consumption exceeds 8,000 gallons. The combined monthly water and sewer bill for a single-family residence which consumes 10,000 gallons is \$57.84.

The Town's rate schedule includes a conservation water rate that was first implemented in 2003. This rate applies to all customers with irrigation meters and single-family customers who consume more than 15,000 gallons in a month. The conservation rate is \$3.68 per 1,000 gallons compared to the base water rate of \$1.84 per 1,000 gallons.

On the following page a distribution of customers by classification (as of 9/30/06) and the approximate percentage of contribution each classification makes to water and sewer operating revenues is presented. For the 2006-07 budget year, the Town's Utility Fund anticipates receiving \$4,696,700 from the sale of water and \$4,555,800 from sewer fees. The total utility fees represent a modest 3.1% increase over the previous year budget.

Franchise Fees

Effective January 1, 2002, the method of collecting franchise payments changed with the partial deregulation of electric power in Texas. In the past, the Town received franchise fee payments once each year based on 4% of TXU's total electric sales within Addison. Under deregulation, the franchise fee payment has been replaced by a per kilowatt hour fee. The fee is calculated by taking the total franchise amount paid by TXU to Addison in

Utility Fees

The Town of Addison charges fees for the provision of water and sewer services to residents and businesses located within the Town. The Town utilizes a comprehensive utility rate structure which is based upon charging minimum bills for customer classifications depending upon the demand each classification places upon the utility system. This structure allows the fund to equitably

FY 2006-07 Customer Classification	WATER		SEWER	
	Number of Accounts	Percent of Revenues	Number of Accounts	Percent of Revenues
Single Family	1,633	12.3	1,628	11.0
Multi-Family	135	15.3	136	37.0
Municipal/School	30	1.0	30	2.5
Irrigation	581	48.0	0	0.0
Hotel/Motel	31	5.6	30	9.9
Commercial	649	16.4	642	39.3
Fire Meter	297	1.2	0	0.0
Industrial	12	0.2	12	0.3
TOTAL	3,368	100%	2,478	100%

1998 and dividing the amount by the number of kilowatt hours sold that same year. That fee was calculated to be 0.25441 cents or \$0.0025441. Competing retail electric providers (REPs) will collect a per kilowatt charge from their customers, and then remit the fee to TXU's regulated transmission and distribution company. TXU will then pay the Town the fee revenue collected from the REPs. The Town expects to receive \$1,668,010 as an electric franchise fee payment in FY 2007.

Deregulation of the telecommunications industry and Federal laws governing the treatment of telecommunication companies by cities caused the Texas State Legislature to review the methods by which cities are compensated by telecommunication companies for use of public right-of-ways. A law was passed in 1999 that required cities to be compensated based on the number and type of telecommunication access lines each company has in a particular jurisdiction. This method of compensation is different from the percentage of gross receipts formula historically used by most cities. The law was passed with the goal of maintaining the cities' revenue base. Using guidelines promulgated by the Texas State Public Utilities Commission, cities across the state developed access line fees that were implemented July 1, 2000. In Addison, the computed fees that are added to telecommunication customer monthly bills are as follows:

Category 1 (Residential lines)	\$0.98
Category 2 (Non-residential or business lines)	\$2.37
Category 3 (Point-to-point or dedicated lines)	\$4.72

The FY 2007 budget anticipates \$665,000 from telecommunication access line fees. This is a modest decline compared to the \$700,000 that is estimated to be received in FY 2006. It is anticipated that this revenue source will continue to decline as the wireless telecommunications industry continues to gain market share from traditional telephone companies.

Intergovernmental Revenue

The Town anticipates receiving \$881,000 in intergovernmental revenue in FY 2007. The Airport fund is expected to receive \$30,000 from the Texas Department of Transportation (TxDOT) for minor maintenance projects at Addison Airport. The Streets Capital Project fund anticipates receiving \$752,000 in grant funding from the Dallas Area Rapid Transit (DART) Local Assistance Program (LAP) and TxDOT. These funds will be used to partially fund the Town-wide signalization. The Hotel fund reflects \$99,000 from the Department of Homeland Security for the purchase of a video camera monitoring system at Addison Circle Park.

Appendix E Major Budget Items Summary

The table below is a summary of the major budget items over \$40,000 that are included in each fund. The summary does not include most recurring items such as insurance, legal fees, or other annual contracts.

GENERAL FUND

City Manager	Library Cards	\$73,420
Financial & Strategic Svcs.	Dallas Central Appraisal District Fee	\$61,720
Information Technology	Annual Licensing Fees for Public Safety Computer System	\$125,060
Information Technology	Annual Licensing Fees for General Government Computer System	\$137,850
Police	Fuel	\$85,000
Fire	Uniforms and Protective Clothing	\$49,290
Streets	Street Concrete Repairs	\$150,440
Streets	Traffic Signal LED's	\$70,000
Parks	Perimeter Residential Wall Replacement	\$300,000
Parks	Color Contract	\$58,000
Parks	Addison Circle Area Maintenance	\$47,000
Parks	Mowing Contract	\$142,000

HOTEL FUND

Visitor Services	Hotel Support Program	\$260,000
Marketing	Dallas Morning News Friday Guide	\$145,000
Special Events	Special Events District Maintenance	\$140,000

AIRPORT FUND

Projects	2007 Paving Rehabilitation Project	\$960,000
Projects	Removal of Old Fuel Farm	\$336,500

UTILITY FUND

Utilities	Water Service Line Replacement Program	\$124,000
Utilities	Brookhaven Club Areas Utilities Rehabilitation	\$638,000
Utilities	Loos Field Utility Service Replacement	\$158,400

INFORMATION TECHNOLOGY REPLACEMENT FUND

General Government	Replacement of PC's	\$235,000
Police	Mobile Data Terminals	\$130,000
Police	Upgrade of Public Safety Computer System	\$100,000

CAPITAL REPLACEMENT FUND

General Government	Telephone System	\$250,000
Police	Patrol Vehicles (14)	\$518,000
Fire	Cardiac Monitors (3)	\$84,000
Parks	One Ton Trucks (2)	\$50,000

Appendix F Long Term Financial Plan Narrative

In accordance with the Town's financial policies, the 2006-07 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. Plans have been developed for all the Town's major operating funds: General, Hotel, Airport, and Utility. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget for fiscal year 2007 and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on staff. The plans establish funding ceilings on recurring operating expenditures. Department heads may only exceed these ceilings by presenting to the city manager and council budget adjustment requests. Operating budgets are increased only when Council votes to approve each request.

General Fund Long-Term Plan

The plan reflects the following assumptions based on historic trends and knowledge of economic conditions present when the budget was developed:

- Non-property taxes have posted modest gains the past two years averaging 3% annual increases. The projected years assume only a 3% annual increase.
- Property tax revenue is dependent on two variables, appraised value and the tax rate. Property values this year increased 8.5%, the second consecutive year of increased valuations. The 2007 budget includes a property tax rate of 46.4¢ per \$100 appraised values. This is a 1.2¢ reduction from the rate associated with the 2006 budget. The General fund long-term plan assumes that for fiscal years 2008-2011 property values continue to recover and increase an average 3%, plus approximately \$50 million over the next three years in new construction. The plan assumes a tax rate will be levied to generate additional 5% revenue each year.
- All other revenues during the planning horizon are expected to increase 3% per year.

- The majority of the General fund's expenditures are associated with employee compensation; almost 70% of the 2007 budget is allocated for this area. The base year reflects an increase of 6% over estimated 2006 due primarily to the merit increase approved for the 2007 budget. The increase in personal services is mitigated by the reduction in staffing of 3.5 FTEs. Future years project average annual increases of 5% with staffing remaining constant at 227.9 FTEs.
- Other expenditures are expected to increase as follows: supplies 2% per year, maintenance 3%, contractual services 3%, and capital replacement contributions remaining constant. Within the category of "other uses" are major maintenance projects that are outside routine maintenance and upkeep.
- Through a cost reduction program that was introduced at the beginning of this year's budget process, operating expenditures outside personal services remained constant. The result is that from fiscal year 2007 through 2011, operating revenues are projected to exceed operating expenditures by an average \$813,470. Fund balance above the 25% minimum established by formal financial policy, is available for non-recurring capital projects.

Hotel Fund Long-Term Plan

Addison's hotels cater to the business traveler and were significantly impacted following the 9/11/01 event. However, there has been a significant recovery in hotel occupancy tax over the past two years; tax revenue in 2006 is 29% greater than in 2004. Despite this increase, the plan assumes only modest revenue projections. The plan reflects the following assumptions:

- Hotel occupancy tax revenue is expected to increase 5% in 2007 and generate almost \$4.7 million. For the 2008-11 planning period, revenues from the tax are expected to increase an annual average 3%. The inventory of hotel rooms is assumed to remain constant at 3,953.
- Proceeds from special events are expected to remain constant pending any decision to add events or increase admission fees.
- Rental of the Addison Conference Centre and Theatre is expected to increase 4% per year.
- Operating expenditures are forecasted to increase 6% for employee compensation, 3% for supplies, 4% for maintenance and, depending upon the department, between 0% and 5% for contractual services.
- The fund also reflects an average annual debt service of \$713,200 for retirement of certificates of obligation that were sold to finance construction of the Arts & Events District.
- The plan reflects expenditures exceeding revenue an average of \$330,600 from fiscal year 2007 through 2011 with fund balance remaining above the 25% minimum. Unlike other funds where expenditures are directly related to critical public services, much of the Hotel fund's budget is associated with marketing and the production of special events which can be reduced if the funding disparity is not resolved over the planning horizon or hotel occupancy taxes decline in future years.

Airport Fund Long-Term Plan

The goal of the Airport's plan is to generate sufficient revenues to support operating expenses as well as funding capital projects to minimize issuance of debt.

- Operating revenue is expected to be flat for the 2007 budget. For fiscal years 2008 through 2011, revenue is expected to increase only 2% per year assuming no rate increases during the planning period.
- Operating expenses are projected to increase 6% for employee compensation 3% for supplies, and 5% for maintenance. The Town has a contract with a company to operate and maintain the airport. Operator maintenance expenses are budgeted to increase in 2007 to support major pavement and hangar maintenance programs, but are expected to return to amounts averaging \$1,775,000 the following four years.
- The plan recognizes the debt service associated with the issuance of \$4.4 million in certificates of obligation in 2005 to fund the new fuel farm and drainage improvements.
- Sufficient net income is generated during the planning horizon to support all scheduled capital projects including those eligible for TxDOT matching funding.
- Primarily due to funding capital projects on a pay-as-you-go basis, ending working capital (fund balance for an enterprise fund) declines to 19% of operating expenses in 2007 but returns above the minimum in 2008.

Utility Fund Long-Term Plan

Like the Airport fund, the Utility fund's plan is to generate sufficient revenues to support operating expenses as well as funding capital projects to avoid issuance of debt until existing debt is retired in fiscal year 2013. Below are other features of the plan.

- Operating revenues are determined by the water and sewer rates as well as the volume of water sold and sewer treated. These revenues are highly influenced by weather patterns. Hot, dry summers result in high water sales, which to a certain extent, also generate higher sewer revenues. Following several years of drought conditions in the late 1990's, fiscal years 2001 through 2005 had summer months marked by relatively cool temperatures and extensive rainfall. However, this changed in 2006 when Texas experienced drought conditions. Revenue for fiscal year 2006 increased almost 36% over 2005 as a result of rate increases imposed early in the year and a 20% increase in volume of water sold. For the 2007 budget, it is assumed only an average amount of water will be sold, resulting in operating revenue that is 6.4% less than 2006 estimates. Fiscal year 2008 assumes an average increase in water and sewer rates of 15% in order to support capital projects from fund balance.
- Operating expenses, dominated by payments to other governments for the purchase of water and the treatment of sewage, are expected to increase an average 7% per year for water purchase and 5% for sewer services. These assumptions are based on historic trends of the last five years.
- From 2007 through 2011, net income is expected to average \$2.9 million, which is needed to retire debt principal and fund capital projects.

Capital Project Long-Term Plan

Included in Appendix G is a chart that summarizes the Town's capital improvement program over the five year planning horizon. The statement reports the timing of the projects as well as source of funding.

GENERAL FUND LONG-TERM FINANCIAL PLAN

	Actual 2004-2005	Estimated 2005-2006
BEGINNING FUND BALANCE	\$7,299,785	\$7,050,510
REVENUES:		
Ad valorem taxes	6,937,895	8,469,500
Non-property taxes	10,556,088	10,824,100
Franchise fees	2,563,797	2,691,240
Licenses and permits	479,239	621,480
Intergovernmental	245,789	-
Service fees	1,145,087	1,216,030
Fines and penalties	812,762	1,018,000
Interest income	140,149	315,000
Rental income	127,956	119,000
Miscellaneous	106,754	167,010
TOTAL REVENUES	23,115,516	25,441,360
EXPENDITURES:		
Operating:		
Personal services	15,766,534	16,749,810
Supplies	932,939	1,002,260
Maintenance	1,696,976	1,661,270
Contractual services	3,692,459	3,988,880
Capital replacement/lease	1,152,161	1,069,750
Capital outlay	123,726	41,000
Other uses	-	263,000
TOTAL EXPENDITURES	23,364,796	24,775,970
ENDING FUND BALANCE	\$7,050,505	\$7,715,900
Amount greater (less) than 25% minimum balance	1,209,307	1,521,908
Debt issuance variable:		
Beginning debt outstanding	\$40,583,310	\$37,854,768
Principal retired	2,728,542	3,105,000
Principal issued	-	1,975,001
Ending debt outstanding	37,854,768	36,724,769
Tax rate variables:		
Taxable values (thousands)	\$2,662,402	\$2,824,629
General fund rate	0.2597	0.3060
Debt service fund rate	0.2163	0.1700
TOTAL	\$0.4760	\$0.4760
Staffing variable:		
Full-time equivalent positions	235.1	231.4
Average cost per FTE	\$67,063	\$72,385

Base Year	Year 1	Year 2	Year 3	Year 4
Budget 2006-2007	Projected 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011
\$7,715,900	\$8,626,350	\$9,468,480	\$10,327,480	\$11,101,610
9,408,480	9,900,440	10,511,810	11,057,740	11,634,450
11,148,820	11,483,300	11,827,800	12,182,600	12,548,100
2,691,660	2,772,400	2,855,600	2,941,300	3,029,500
524,900	540,600	556,800	573,500	590,700
-	-	-	-	-
1,201,270	1,237,300	1,274,400	1,312,600	1,352,000
893,000	919,800	947,400	975,800	1,005,100
340,000	350,200	360,700	371,500	382,600
144,000	148,300	152,700	157,300	162,000
37,500	38,600	39,800	41,000	42,200
26,389,630	27,390,940	28,527,010	29,613,340	30,746,650
17,767,680	18,656,100	19,588,900	20,568,300	21,596,700
976,800	996,300	1,016,200	1,036,500	1,057,200
1,790,180	1,843,900	1,899,200	1,956,200	2,014,900
3,598,210	3,706,200	3,817,400	3,931,900	4,049,900
1,047,310	1,047,310	1,047,310	1,047,310	1,047,310
299,000	299,000	299,000	299,000	299,000
-	-	-	-	-
25,479,180	26,548,810	27,668,010	28,839,210	30,065,010
\$8,626,350	\$9,468,480	\$10,327,480	\$11,101,610	\$11,783,250
2,256,555	2,831,278	3,410,478	3,891,808	4,266,998
\$36,724,769	\$33,469,769	\$34,049,999	\$30,302,544	\$26,381,428
3,255,000	3,419,770	3,747,455	3,921,116	3,549,623
-	4,000,000	-	-	-
33,469,769	34,049,999	30,302,544	26,381,428	22,831,805
\$3,029,605	\$3,120,494	\$3,214,109	\$3,310,532	\$3,409,848
0.3110	0.3205	0.3304	0.3374	0.3446
0.1530	0.1521	0.1477	0.1434	0.1392
\$0.4640	\$0.4726	\$0.4781	\$0.4808	\$0.4838
227.9	227.9	227.9	227.9	227.9
\$77,963	\$81,861	\$85,954	\$90,251	\$94,764

HOTEL SPECIAL REVENUE FUND LONG-TERM FINANCIAL PLAN

	Actual 2004-2005	Estimated 2005-2006
BEGINNING FUND BALANCE	\$4,699,920	\$4,617,540
REVENUES:		
Hotel/Motel occupancy taxes	4,038,131	4,450,000
Intergovernmental	-	-
Proceeds from special events	1,012,876	1,093,400
Conference Centre rental	459,332	455,000
Theatre rental	80,289	75,000
Interest and miscellaneous	85,994	174,200
TOTAL REVENUES	5,676,622	6,247,600
EXPENDITURES:		
Visitor Services	687,679	736,200
Marketing	941,905	1,003,560
Special Events	2,055,451	2,599,280
Conference Centre	850,326	1,104,230
Performing Arts	480,394	497,930
Capital projects/expanded levels of service	38,638	12,000
Transfers to other funds/debt service	704,610	705,890
TOTAL EXPENDITURES	5,759,003	6,659,090
ENDING FUND BALANCE	\$4,617,539	\$4,206,050
Amount greater (less) than 25% minimum balance	3,363,600	2,720,750
Hotel Occupancy Tax Variables:		
Number of rooms	3,953	3,953
Average revenue per room	\$1,022	\$1,126

Base Year	Year 1	Year 2	Year 3	Year 4
Budget 2006-2007	Projected 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011
\$4,206,050	\$4,092,490	\$3,284,850	\$3,029,450	\$2,778,230
4,672,500	4,812,680	4,957,060	5,105,770	5,258,940
99,000	-	-	-	-
1,122,000	1,166,880	1,213,560	1,262,100	1,312,580
500,000	520,000	540,800	562,430	584,930
81,000	84,240	87,610	91,110	94,750
168,700	172,070	175,510	179,020	182,600
6,643,200	6,755,870	6,974,540	7,200,430	7,433,800
829,920	809,070	839,580	871,560	905,060
1,077,440	1,099,060	1,121,100	1,143,590	1,166,530
2,561,760	2,696,780	2,820,680	2,950,530	3,086,660
955,150	1,126,970	1,058,740	1,113,300	1,170,810
625,780	639,620	603,050	606,630	610,370
-	480,000	75,000	50,000	-
706,710	712,010	711,790	716,040	719,690
6,756,760	7,563,510	7,229,940	7,451,650	7,659,120
\$4,092,490	\$3,284,850	\$3,029,450	\$2,778,230	\$2,552,910
2,579,978	1,691,975	1,418,663	1,106,828	818,053
3,953	3,953	3,953	3,953	3,953
\$1,182	\$1,217	\$1,254	\$1,292	\$1,330

AIRPORT FUND LONG-TERM FINANCIAL PLAN

	Actual 2004-2005	Estimated 2005-2006
BEGINNING WORKING CAPITAL	\$1,573,835	\$3,180,440
NET INCOME		
Revenues:		
Operating grants	61,948	30,000
Fuel flowage fees	1,064,775	1,042,000
Rental	3,097,322	3,152,500
User fees	43,783	33,000
TOTAL REVENUES	4,267,828	4,257,500
Expenses:		
Administration	753,918	893,360
Grant - Maintenance	-	60,000
Operator - Operations and maintenance	1,160,750	1,755,630
Operator - Service contract	1,059,209	958,800
TOTAL EXPENSES	2,973,877	3,667,790
Net operating income	1,293,951	589,710
Non-operating revenues (expenses):		
Interest earnings and other	116,468	164,500
Interest on debt, fiscal fees, and other	(554,487)	(169,360)
Net non-operating revenues (expenses)	(438,019)	(4,860)
Net income (excluding depreciation)	855,932	584,850
Sources (uses) of working capital:		
Bond proceeds	4,362,640	-
Retirement of long-term debt	(215,000)	(215,000)
Net additions to fixed assets with grants	-	(22,000)
Other net additions to fixed assets	(3,396,963)	(1,686,000)
Net sources (uses) of working capital	750,677	(1,923,000)
ENDING WORKING CAPITAL	\$3,180,444	\$1,842,290
CAPITAL PROGRAM		
Capital (Town's share):		
Automated weather system	-	22,000
Runway 15/33 overlay and enhancement	-	-
Taxiway rehabilitation	-	-
Runway 15/33 extension	-	-
Overlay alpha taxiway	-	-
TOTAL	\$-	\$22,000
Other projects:		
Operating & Maintenance Equipment	68,479	54,000
Fuel Truck Access Road	110,698	-
2006 Paving Rehabilitation Project	64,259	732,000
New Fuel Farm	3,153,527	900,000
Removal of Old Fuel Farm	-	-
2007 Paving Rehabilitation Project	-	-
TOTAL	\$3,396,963	\$1,686,000

Budget 2006-2007	Projected 2007-2008	Projected 2008-2009	Projected 2009-2010	Projected 2010-2011
\$1,842,290	\$688,260	\$1,213,740	\$815,840	\$801,550
30,000	30,000	30,000	30,000	30,000
1,050,000	1,071,000	1,092,400	1,114,200	1,136,500
3,128,000	3,190,560	3,254,370	3,319,460	3,385,850
35,000	35,700	36,410	37,140	37,880
4,243,000	4,327,260	4,413,180	4,500,800	4,590,230
765,230	792,940	821,940	852,290	884,060
60,000	60,000	60,000	60,000	60,000
1,867,330	1,599,830	1,711,820	1,831,650	1,959,870
984,700	1,002,400	1,020,500	1,038,900	1,057,600
3,677,260	3,455,170	3,614,260	3,782,840	3,961,530
565,740	872,090	798,920	717,960	628,700
78,000	79,560	81,150	82,770	84,430
(161,270)	(151,170)	(142,770)	(134,020)	(124,920)
(83,270)	(71,610)	(61,620)	(51,250)	(40,490)
482,470	800,480	737,300	666,710	588,210
-	-	-	-	-
(225,000)	(235,000)	(245,000)	(255,000)	(265,000)
-	(40,000)	(890,200)	(426,000)	-
(1,411,500)	-	-	-	-
(1,636,500)	(275,000)	(1,135,200)	(681,000)	(265,000)
\$688,260	\$1,213,740	\$815,840	\$801,550	\$1,124,760
-	-	-	-	-
-	40,000	513,000	-	-
-	-	177,200	-	-
-	-	-	426,000	-
-	-	200,000	-	-
\$-	\$40,000	\$890,200	\$426,000	\$-
15,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
100,000	-	-	-	-
336,500	-	-	-	-
960,000	-	-	-	-
\$1,411,500	\$-	\$-	\$-	\$-

UTILITY FUND LONG-TERM FINANCIAL PLAN

	Actual 2004-2005	Estimated 2005-2006
BEGINNING WORKING CAPITAL	\$3,151,828	\$1,869,470
NET INCOME		
Revenues:		
Water sales	3,430,830	5,116,900
Sewer charges	3,840,540	4,770,000
Tap fees	3,185	7,500
Penalties	50,222	56,000
TOTAL REVENUES	7,324,777	9,950,400
Expenses:		
Water purchases	2,234,209	2,587,600
Wastewater treatment	1,783,286	2,019,720
Utility operations	1,719,577	2,005,580
TOTAL EXPENSES	5,737,072	6,612,900
Net operating income	1,587,705	3,337,500
Non-operating revenues (expenses):		
Interest earnings and other	195,378	130,000
Interest on debt and fiscal fees	(885,092)	(635,130)
Net non-operating revenues (expenses)	(689,714)	(505,130)
Net income (excluding depreciation)	897,991	2,832,370
Sources (uses) of working capital:		
Net retirement of long-term debt	(1,594,285)	(1,715,000)
Net additions to fixed assets	(586,068)	(575,400)
Net sources (uses) of working capital	(2,180,353)	(2,290,400)
ENDING WORKING CAPITAL	\$1,869,466	\$2,411,440
CAPITAL PROGRAM		
Equipment:		
Meters and computer hardware	87,715	23,600
Motor vehicles and heavy equipment	44,685	21,200
Capital projects:		
Water service line replacement program	74,519	110,000
Utilities rehabilitation projects	26,790	315,000
Sewer rehabilitation projects	150,314	-
Utilities replacement projects	202,045	105,600
Midway Road water line rehabilitation	-	-
Unspecified capital project	-	-
TOTAL	\$586,068	\$575,400

Base Year Budget 2006-2007	Year 1 Projected 2007-2008	Year 2 Projected 2008-2009	Year 3 Projected 2009-2010	Year 4 Projected 2010-2011
\$2,411,440	\$1,252,570	\$1,531,370	\$1,643,680	\$1,502,170
4,696,700	5,563,200	5,730,100	5,902,000	6,079,100
4,555,800	5,396,300	5,558,200	5,724,900	5,896,600
5,000	2,000	2,000	2,000	2,000
55,000	55,000	55,000	55,000	55,000
9,312,500	11,016,500	11,345,300	11,683,900	12,032,700
2,594,200	2,775,800	2,970,100	3,178,000	3,400,500
2,148,300	2,255,700	2,368,500	2,486,900	2,611,200
2,239,180	2,328,700	2,421,800	2,518,700	2,619,400
6,981,680	7,360,200	7,760,400	8,183,600	8,631,100
2,330,820	3,656,300	3,584,900	3,500,300	3,401,600
100,000	50,100	61,300	65,700	60,100
(579,060)	(512,800)	(435,490)	(353,110)	(248,640)
(479,060)	(462,700)	(374,190)	(287,410)	(188,540)
1,851,760	3,193,600	3,210,710	3,212,890	3,213,060
(2,030,230)	(2,110,000)	(2,190,000)	(2,485,000)	(2,590,000)
(980,400)	(804,800)	(908,400)	(869,400)	(665,400)
(3,010,630)	(2,914,800)	(3,098,400)	(3,354,400)	(3,255,400)
\$1,252,570	\$1,531,370	\$1,643,680	\$1,502,170	\$1,459,830
30,000	25,800	35,400	35,400	35,400
30,000	30,000	30,000	30,000	30,000
124,000	124,000	103,000	87,000	-
638,000	487,000	-	-	-
-	138,000	96,000	108,000	-
158,400	-	644,000	-	-
-	-	-	609,000	-
-	-	-	-	600,000
\$980,400	\$804,800	\$908,400	\$869,400	\$665,400

Appendix G Capital Project Funding Summary

	Estimated 2005-06	Budget 2006-07
Parks Capital Project Fund		
Fairfield Park	\$70,870	\$-
Street Capital Project Fund		
Addison Road Widening	21,000	100,000
Arapaho Road Extension	3,610,000	2,050,000
Spectrum Drive	-	-
Railroad Improvements/Quiet Zones	170	-
TXDOT Signalization	2,000	913,000
North Quorum Streetscape	1,000	-
Keller Springs/Addison Road Intersection	-	-
2000 Capital Project Fund*		
Belt Line Road Streetscape	70,870	-
2002 Capital Project Fund*		
Arapaho Road Extension	284,220	-
Belt Line Road Streetscape	130,000	225,000
2004 Capital Project Fund*		
Arapaho Road Extension	3,778,700	-
Belt Line Road Interchange	-	-
2006 Capital Project Fund*		
Arapaho Road Extension	1,285,000	-
Midway Road Rehabilitation	250,000	-
Future Capital Project Funds*		
Belt Line Road Streetscape	-	-
Belt Line Road Interchange	-	-
Airport Enterprise Fund		
Paving Rehabilitation	732,000	960,000
Taxiway Rehabilitation (local share)	-	-
Fuel Farm (certificate of obligation proceeds)	900,000	100,000
Removal of Old Fuel Farm	-	336,500
Runway Overlay (local share)	-	-
Runway Extension (local share)	-	-
Taxiway Alpha Overlay (local share)	-	-
Utility Enterprise Fund		
Water Service Line Replacement	110,000	124,000
Brookhaven Club Area Rehabilitation	315,000	638,000
Tallisker Utility Replacement/Rehabilitation	105,600	-
Loos Field Utilities Rehabilitation	-	158,400
Marsh Lane Sewer Rehabilitation	-	-
Wright Brothers/Wiley Post Sewer Rehabilitation	-	-
W. Lindbergh/Richard Byrd Sewer Rehabilitation	-	-
Midway Road Water Line Rehabilitation	-	-
TOTAL CAPITAL PROGRAM	\$11,666,430	\$5,604,900

*Capital project funds are related to the \$48 million bond package approved by voters in 2000.

Projected 2007-08	Projected 2008-09	Projected 2009-10	Projected 2010-11
\$-	\$-	\$-	\$-
-	-	-	-
-	-	-	-
-	300,000	-	-
-	-	-	-
-	394,000	-	-
-	-	250,000	-
-	-	-	-
-	-	-	-
825,000	1,000,000	-	-
-	-	-	-
300,000	-	-	-
-	-	-	-
-	-	-	-
-	2,000,000	6,625,000	-
-	1,000,000	1,200,000	-
-	-	-	-
-	177,200	-	-
-	-	-	-
-	-	-	-
40,000	513,000	-	-
-	-	426,000	-
-	200,000	-	-
124,000	103,000	87,000	-
487,000	-	-	-
-	-	-	-
-	644,000	-	-
138,000	-	-	-
-	96,000	-	-
-	-	180,888	-
-	-	609,000	-
\$1,914,000	\$6,427,200	\$9,377,888	\$-

Appendix H Glossary of Terms

A

Accounts Payable – A liability account reflecting amount of open accounts owing to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments)

Accounts Receivable – An asset account reflecting amounts owing to open accounts from private person or organizations for goods or services furnished by a government.

Accrual Accounting – Recognition of the financial effects of transactions, events and circumstances in the period(s) when they occur regardless of when the cash is received or paid.

Ad Valorem – Latin for “value of”. Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.

Amortization – Payment of principal plus interest over a fixed period of time.

Appropriation – A legal authorization granted by a legislative body (Town Council) to make expenditures and incur obligation for designated purposes.

Arbitrage – The interest earnings derived from invested bond proceeds or debt service fund balances.

Assessed Valuation – A valuation set upon real estate or other property by a government as a basis for levying taxes.

B

Balance Sheet – The basic financial statement, which discloses the assets, liability and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

Balanced Budget – Annual financial plan in which expenses do not exceed revenues.

Bond – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s).

Budget – A plan of financial operation embodying an estimate of proposed expenditures for any given period and the proposed means of financing them.

Budget Adjustment – A request submitted for additional funding in departmental budgets for new or existing programs or services.

C

Capital Outlays – Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.

Certificate of Obligations (CO's) – Similar to general obligation bonds except the certificates require no voter approval.

Contractual Services – The costs related to services performed for the Town by individuals, business or utilities.

Cost – The amount of money or other consideration exchanged for property or services. Costs may be incurred even before the money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

Current Assets – Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and taxes receivables which will be collected within one year.

Current Liabilities – Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

D

DART – Acronym for Dallas Area Rapid Transit, a mass transit authority serving the Dallas Metroplex which is funded through a 1% sales tax levied in participating cities.

Debt Service/Lease – A cost category which typically reflects the repayment of short-term (less than 5 years) debt associated with the acquisition of capital equipment. Category also includes department contribution to the Capital Replacement Fund.

Delinquent Taxes – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

Depreciation – Change in the value of assets (equipment, buildings, etc. with a useful life of 5 years or more) due to use of the assets.

E

Encumbrances – Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

Exempt – Personnel not eligible to receive overtime pay and who are expected to put in whatever hours are necessary to complete their job assignments. Compensatory time-off, as partial compensation for overtime hours worked, may be allowed by the respective department head.

Expanded Level of Service – A request for additional funding for a service or program that will increase operational efficiency or significantly increase the quality or scope of a service.

Expenditures – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

F

FAA – Federal Aviation Administration

Fiscal Year – A 12-month period to which the annual operating budget applies and at the end of which government determines its financial position and the results of its operations. The Town of Addison's fiscal year begins October 1st and ends the following September 30th. The term FY 2007 denotes the fiscal year beginning October 1, 2006 and ending September 30, 2007.

FTE – Acronym for full time equivalent, a measurement of staffing. One FTE is a 40 hours per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would be a ½ FTE.

Fixed Assets – Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

Franchise – A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Fund – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Fund Balance – The difference between governmental fund assets and liabilities, also referred to as fund equity.

G

GASB – Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Obligation Bonds – Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the Town of Addison pledges to levy whatever property tax is

needed to repay the bonds for a particular year. Bonds can not be issued without voter approval and are usually issued with maturities of between 15 and 30 years.

Governmental Funds – Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

L

LAP – Acronym for Local Assistant Program, a grant program funded by DART for local transportation capital improvements.

LED – Acronym for Light Emitting Diode, a bulb that is used in traffic signal systems that has a longer life and is more energy efficient than other types of bulbs.

M

Maintenance – The upkeep of physical properties in condition for use of occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

Maintenance Project – A project that needs additional funding in order to maintain the upkeep of physical property.

Modified Accrual Accounting – Accounting system in which revenues are recognized and recorded in the accounts when they are measurable, available and collectible in the fiscal year.

N

Non-Exempt – Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

O

Operating Expenditure – Expenditure on an existing item of property or equipment that is not a capital expenditure.

Ordinance – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, usually require ordinances.

P

PVC – Acronym for polyvinyl chloride, a plastic compound used for water and sewer pipes.

Personal Services – The costs associated with compensating employees for their labor.

P-Card – Acronym for procurement card. A town-issued credit card which allows employees to make small purchases in a cost effective manner.

Project 2030 – Visioning process to identify specific goals in the areas of public safety, transportation, infrastructure, aviation, business development, special events, residential and community, parks and recreation, and education to be achieved by 2030.

Proprietary Fund – Operation that operates like a private commercial operation, in which services are financed through user charges and expenditures include the full cost of operations.

Purchase Order (PO) – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

R

Revenues – In governmental fund type net current assets for other than expenditures refunds and residual equity transfers.

ROW – Acronym for right-of-way.

S

Slipline – The process of restoring deteriorated sewer (wastewater) lines. The process involves inserting a “sock” of special material through the length of line, which, when filled with hot water, cures to produce a hard, seamless pipe.

Special Assessment – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Streetscape – The amenities of a street including landscaping, lighting, hardscape elements such as plazas, fountains, pedestrian walkways/trails/crosswalks, decorative paving and enhanced signage found within or near the street.

Supplies – A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations.

T

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TCEQ – Acronym for Texas Commission on Environmental Quality. A state agency for enforcing federal and state environmental laws.

TxDOT – Acronym for Texas Department of Transportation, a state agency responsible for administering Addison Airport’s FAA Capital Grants.

W

WSAAV – Acronym for Washington Staubach Addison Airport Venture, a company that the Town has contracted to operate and maintain the airport under the direction of the Town.

Working Capital – The amount of current assets which exceeds current liabilities.

Appendix I Organization Charts

CITY MANAGER'S DEPARTMENT

City Manager



* Position shared with Visitor Services Department.

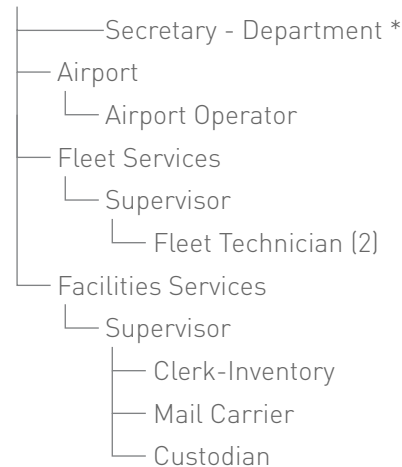
FINANCIAL & STRATEGIC SERVICES

Director



GENERAL SERVICES

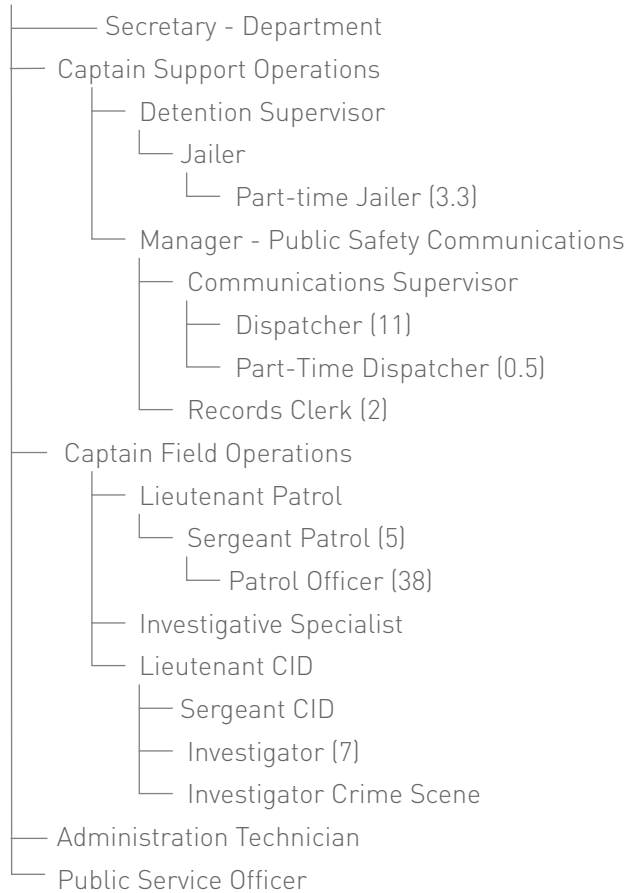
General Services Director



* Position shared with Information Technology Department

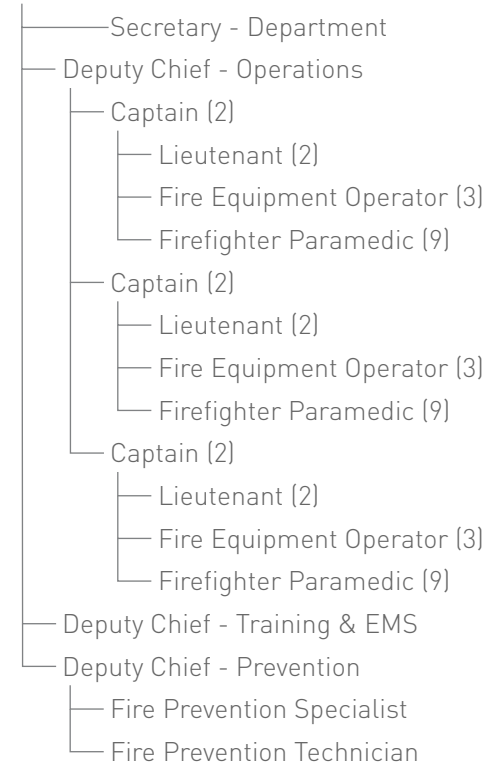
POLICE DEPARTMENT

Chief of Police



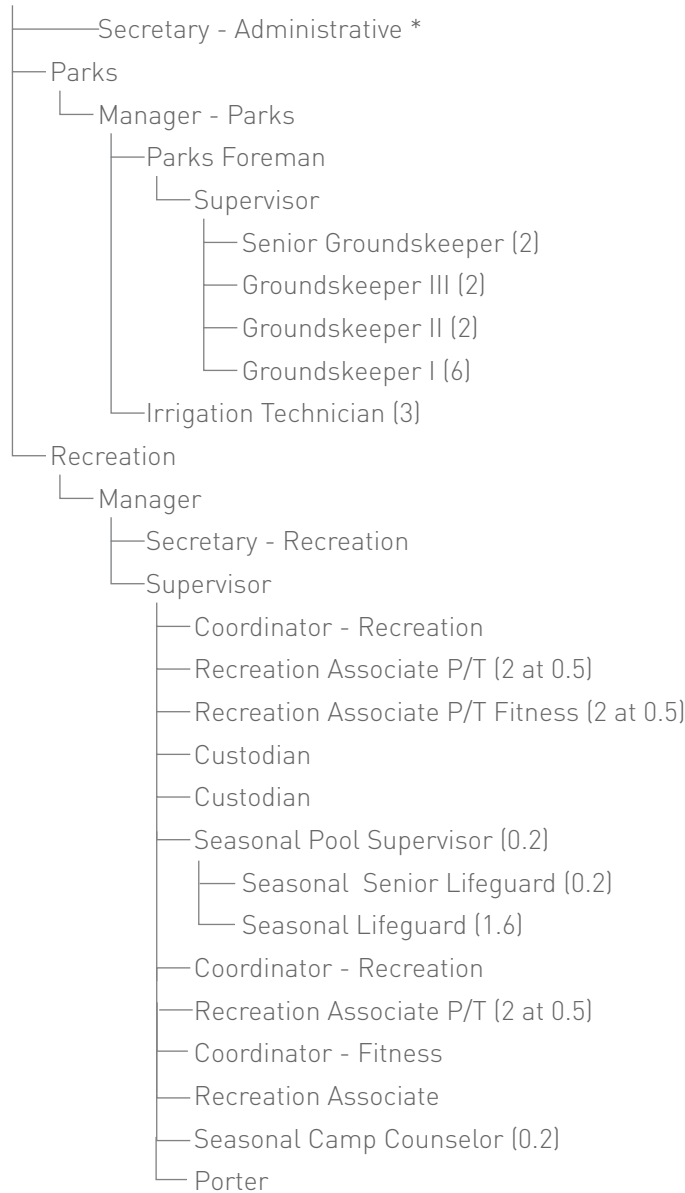
FIRE DEPARTMENT

Fire Chief



PARKS & RECREATION DEPARTMENT

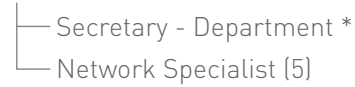
Parks & Recreation Director



* Position shared with Special Events & City Manager's Office

INFORMATION TECHNOLOGY

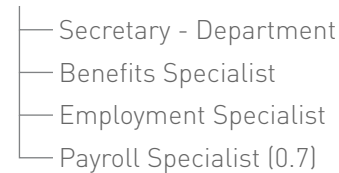
Director - Information Technology



* Position shared with General Services Department

HUMAN RESOURCES

Director - Human Resources



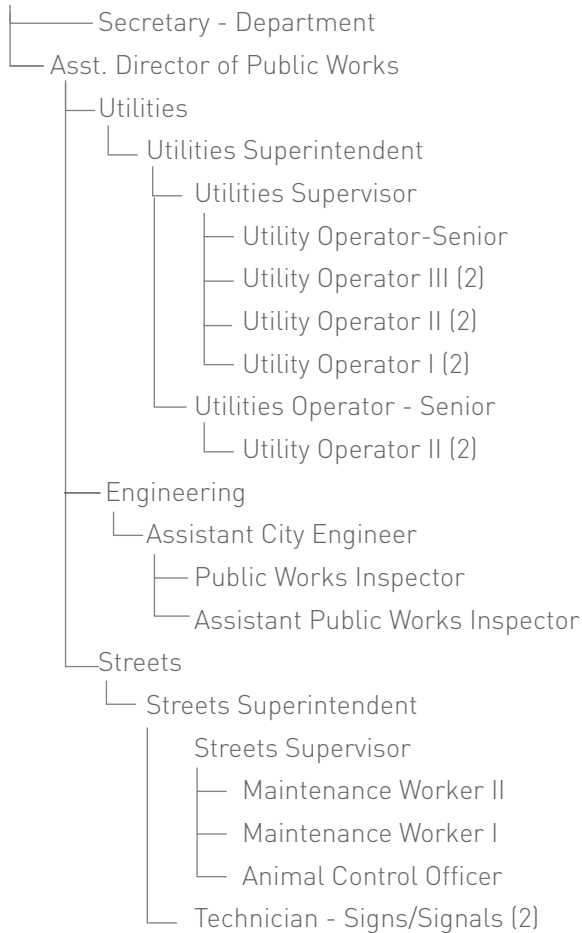
DEVELOPMENT SERVICES

Director - Development Services



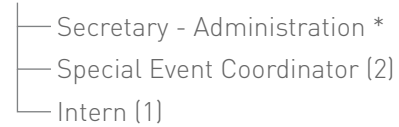
PUBLIC WORKS DEPARTMENT

Director - Public Works (City Engineer)



SPECIAL EVENTS DEPARTMENT

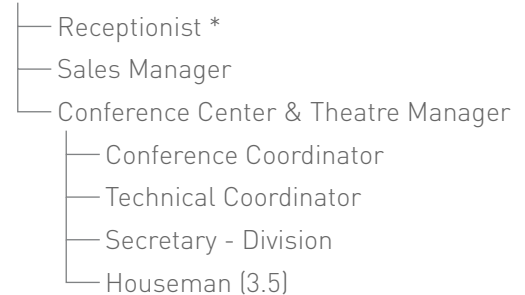
Special Event Manager



* Position shared with Parks & Recreation and City Manager's Office

VISITOR SERVICES DEPARTMENT

Visitor Services Director



* Position shared with City Manager's Office.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Addison
Texas**

For the Fiscal Year Beginning

October 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Addison, Texas, for its annual budget for the fiscal year beginning October 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

The Town was also awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2005. The certificate is the highest form of recognition for excellence in state and local government financial reporting.

Together, the award and the certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, city administrators and the general public.

Town Staff

Mayor & City Council	Joe Chow, Mayor	972/ 450/ 7026
	City Council	972/ 450/ 7027
City Manager	Ron Whitehead, City Manager	972/ 450/ 7027
	Lea Dunn, Deputy City Manager	972/ 450/ 7037
	Chris Terry, Asst. City Manager	972/ 450/ 7010
	Mario Canizares, Asst. City Manager	972/ 450/ 7017
Financial & Strategic Services	Randolph C. Moravec, Director	972/ 450/ 7050
General Services	Mark Acevedo, Director	972/ 450/ 2848
Human Resources	Judy Stafford, Director	972/ 450/ 2819
Information Technology	Hamid Khaleghipour, Director	972/ 450/ 2868
Police	Ron Davis, Chief	972/ 450/ 7168
Fire	Noel Padden, Chief	972/ 450/ 7203
Development Services	Carmen Moran, Director	972/ 450/ 7018
Public Works	Nancy S. Cline, Director	972/ 450/ 2878
Parks & Recreation	Slade Strickland, Director	972/ 450/ 2869
Visitor Services	Bob Phillips, Director	972/ 450/ 6202

Consultants

Auditors	Weaver & Tidwell LLP - Jerry Gaither	972/ 490/ 1970
Bond Counsel	Vinson & Elkins - Ben Brooks	214/ 220/ 7700
City Attorney	Cowles & Thompson - Kenneth C. Dippel	214/ 672/ 2158
Financial Advisors	First Southwest Co. - David Medanich	817/ 332/ 9710
Risk Management	RWL & Associates - Robert Lazarus	972/ 907/ 9095