

Department of Financial & Strategic Services
Quarterly Review

For the Period and Year Ended March 31, 2009

*Town of Addison
May 2009*

Quarter Ended 03/31/09

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First Southwest Portfolio Report	Attached

Executive Dashboard – 2nd Quarter, 2009 Fiscal Year

Financial Indicators

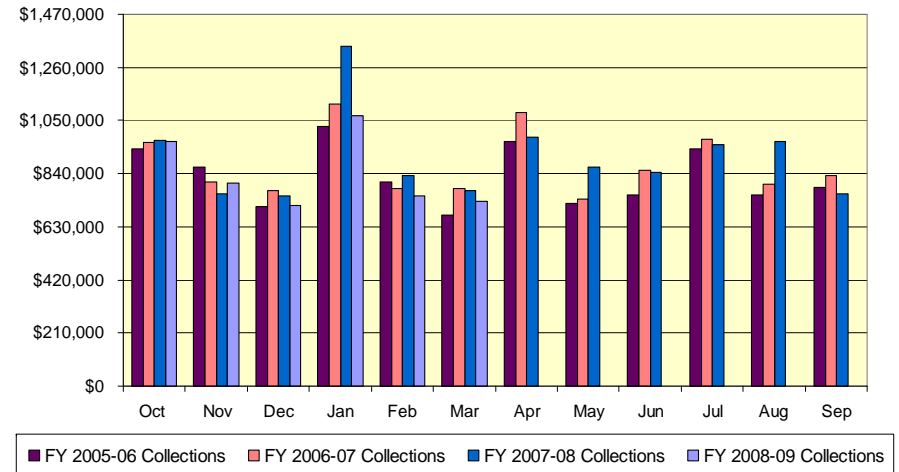
Key Revenue Sources:

	FY09 Budget	FY09 to FY08 Q2 Variance	FY09 Projection*	Outlook / Variance
Ad Valorem Taxes	\$10,270,470	(\$369,596)	\$9,900,000	(\$370,470)
Sales Taxes	\$11,124,500	(\$393,748)	\$9,994,500	(\$1,130,000)
Franchise Fees	\$2,559,680	\$189,035	\$2,910,170	\$350,490
Licenses and Permits	\$658,560	(\$109,376)	\$350,940	(\$307,620)
Court Fines	\$1,300,000	(\$30,927)	\$1,145,000	(\$155,000)
Hotel Tax	\$5,200,000	(\$394,747)	\$4,200,000	(\$1,000,000)
Fuel Flowage Fees	\$800,000	(\$85,947)	\$650,000	(\$150,000)
Water and Sewer Charges	\$9,542,000	(\$13,380)	\$8,950,000	(\$592,000)

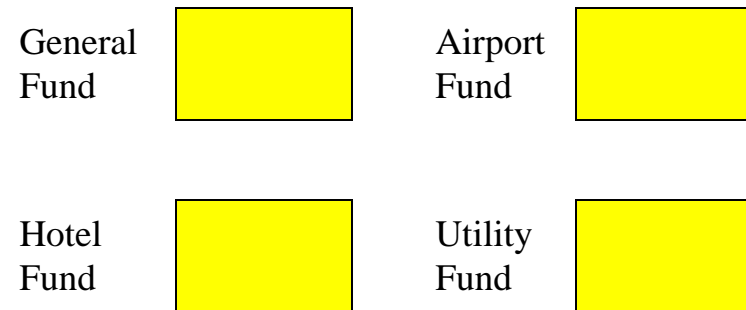
Key Expenditures:

	FY09 Budget	FY09 to FY08 Q2 Variance	FY09 Projection*	Outlook/ Variance
General Fund	\$28,981,820	\$841,574	\$28,550,000	\$431,820
Hotel Fund	\$7,033,610	\$66,627	\$6,961,560	\$72,050
Airport Operations	\$3,048,640	(\$406,611)	\$2,552,020	\$496,620
Utility Dept.	\$2,544,310	\$94,082	\$2,450,000	\$94,310

Addison Sales Tax Collections



Overall Fund Outlook:



*Using data through March 31, 2009

Executive Dashboard – 2nd Quarter, 2009 Fiscal Year



Economic Indicators

Office Occupancy Indicators:

North Dallas / Addison  Down from 83.01% to 82.95% Dallas/Fort Worth Metroplex  Down from 80.92% to 77.97%



Source: Blacks Guide, Spring/Summer 2008 vs. Spring/Summer 2009

Hotel Indicators:

Hotel Occupancy  2009 down 13.7% from 2008 RevPAR  2009 down \$10.33 from 2008

Source: STR Report – March 2008 vs. March 2009

Area Economic Indicators:

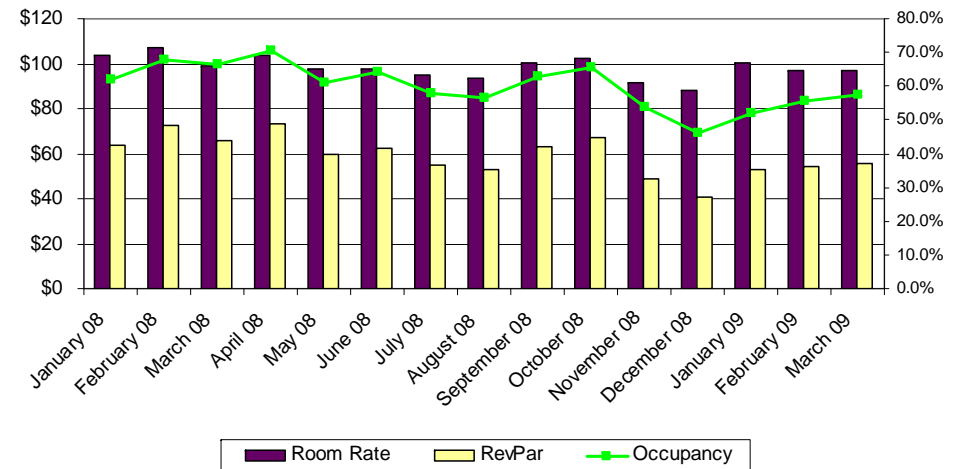
Area Employment  2009 down 2.6% from 2008 Texas Leading Indicators Index  2009 down 18.31% from 2008

Source: Dallas Federal Reserve

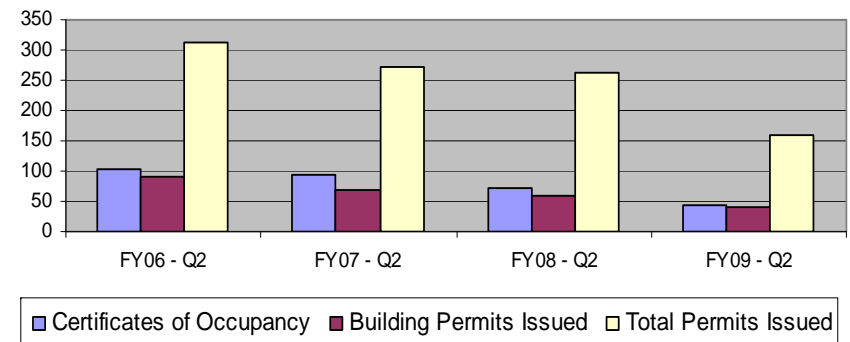
Building Permit Activity:

	FY 2008 (thru March 31st)	FY 2009 (thru March 31st)
Certificates of Occupancy	73	45
Building Permits Issued	58	40
Total Permits Issued	263	159
Total Valuation	\$47,891,800	\$14,373,174

Hotel Industry Statistics



Comparison of Permit Activity








Contract Summary Dashboard - 2nd Quarter, 2009 Fiscal Year

For the period ended March 31, 2009


Status of Current Contracts

Type of Service






Key Maintenance Contracts

<u>Contract</u>	<u>Vendor/Contractor</u>	<u>Project Manager</u>	<u>Contract Amount</u>	<u>Paid Amount YTD</u>	<u>% of Contract</u>	<u>Status</u>	<u>Comments</u>
General Services - HVAC Maintenance	Brothers A/C & Heating	Mark Acevedo	\$89,652	\$58,462	65%		Includes heater replacement
General Services - Janitorial Services	Jani-King of Dallas	Mark Acevedo	\$102,480	\$55,241	54%		
Parks Mowing *	Blade Turner	Slade Strickland	\$164,302	\$40,851	25%		Majority of mowing in summer
Street Sweeping	Sweeping Services of Texas	Robin Jones	\$53,000	\$18,466	35%		
Solid Waste Pick-Up	Waste Management	Robin Jones	\$224,160	\$96,860	43%		

Key Construction Contracts

<u>Contract</u>	<u>Vendor/Contractor</u>		<u>Contract Amount**</u>	<u>Paid Amount YTD</u>	<u>% of Contract</u>	<u>Status</u>	<u>Comments</u>
Spruill Park Construction	Ratliff Hardscape, Ltd	Slade Strickland	\$471,080	\$111,247	24%		

Key Service Contracts





<u>Contract</u>	<u>Vendor/Contractor</u>		<u>Contract Amount***</u>	<u>Paid Amount YTD</u>	<u>% of Contract</u>	<u>Status</u>	<u>Comments</u>
Legal Services	Cowles and Thompson	Ron Whitehead	\$466,500	\$191,768	41%		
Investment Services	First Southwest	Jason Cooley	\$49,000	\$28,630	58%		
Advertising Services	Krause	Lea Dunn	\$948,430	\$336,027	35%		
Sponsorship Services	PPI and Cavanaugh	Lea Dunn	\$86,000	\$54,484	63%		
Airport Management+	Washington Staubach	Mark Acevedo	\$2,415,520	\$888,970	37%		

* Paid amount higher due to four more weeks of mowing season

** Includes all change orders

*** Because contract amounts are based on different variables (hourly rate, percentage of funds invested, etc), contract amount represents amount budgeted for 2009 fiscal year

+ based on a percentage of gross receipts

Completed	
No issues	
Some issues	
Major issues	

Department of Financial & Strategic Services

To: Ron Whitehead, City Manager

**From: Randy Moravec, Director
Jason L. Cooley, Strategic Services Manager**

Re: Second Quarter FY 2009 Financial Report

Date: May 19, 2009

GENERAL FUND

- Revenues for the first half of the fiscal year 2009 totaled \$18.2 million, which is roughly \$1 million, or 10.8% less than received this time a year ago. The decline is attributed to several causes.
 - Property tax collections of \$9.8 million are down approximately \$369k from this time last year, a decline of 3.6%. Taxes that are not paid by February 1 are considered delinquent and start accruing penalty and interest. Like many other local governments in the Dallas area, we use the firm of the law firm of Linebarger, Goggan, Blair & Sampson. We had a meeting with the firm at their offices last month to discuss their collection process and were told that the slow collections this year were typical of all their clients. We came away from that meeting impressed with the professional systems the firm has in place to aggressively pursue delinquent tax payers.
 - The negative amounts reflected in delinquent and penalty/interest revenue categories reflect refunds the Town has had to issue to tax payers who had appealed their appraised values, but paid the taxes based on their original assessment. If the appeals are successful, the Town is obligated to refund the tax associated with the different values.
 - Through six months, sales tax of \$5 million is 7.2% less than collected this time last year. Comparably, Dallas County experienced a 2% decrease while the State of Texas enjoyed a 2.7% year-to-date increase.
 - One other revenue source that is down significantly from last year is building and construction permits. Revenues of \$127k are half of what they were last year and are a reflection of the downturn in the economy. However, there are projects on the horizon, such as the Baylor spinal hospital that will result in higher revenues by year end.
- Through the first half of the fiscal year, operating expenditures total approximately \$13.2 million, which is \$841k more than spent this time last year, but only 45.5% of budget.

HOTEL FUND

- Revenues through the first quarter totaled \$2.8 million, a decline of \$452k from last year. The lower level of revenue is due to a decline in hotel occupancy taxes (HOT) caused by an anemic business travel market. HOT revenues were down 22% for the quarter ended March 31st, and are down 17% for the year-to-date. As reflected on the HOT statement on page 13 of this report, the decline in business travel has impacted all market segments.
- Operating expenditures amounted to \$2.6 million or 34% of budget, an increase of \$67k, from last year.

AIRPORT FUND

- Operating revenue through the first half of the fiscal year totaled \$1.7 million, down \$42k from last year. The decline is primarily due to sluggish fuel sales that are down 24% from last year because of current economic conditions.
- Year-to-date operating expenses amounted to \$1.2 million, or \$188k less than this time last year. Net income of \$391k is \$108k more than last year.

UTILITY FUND

- Operating revenues through the first half of the fiscal year total \$3.4 million, slightly greater than the amount recorded last year despite an 11% increase in water and sewer rates. The decline in revenues is due to a 7% reduction in water sold to Addison residents and businesses and a \$200k loss in billings to the Brookhaven Club apartments that were demolished to make way for the Vitruvian Park development.
- Operating expenses of \$2.7 million are down slightly from last year, contributing to net income of \$407k. Because of debt service payments and capital project expenses, working capital declined \$856k.

CASH AND INVESTMENT REPORT

- Cash for all funds as of March 31, 2009 totaled \$75.7 million, a net increase of \$2.3 million from last quarter.
- The Town's average investment yield to maturity as of 03/31/09 was 2.163%, down significantly from the 2.443%, of the previous quarter and 5.234% same time last year. The average weighted maturity increased 24 days to 195 days. During the quarter, the Town invested heavily in federal agencies to take advantage of (relatively) favorable yields. However, it was discovered that the last series of purchases exceeded the 70% the Town had established in its investment policy that requires a diversified portfolio. The Town subsequently sold \$6 million of agencies at a gain of approximately \$15k to bring the portfolio back in line with adopted policies.
- Despite the decline in interest rates, the Town's return is still significantly above the benchmark Texpool return due to the long-term investments made before the decline in interest rates. We concur with the investment strategy recommended by First Southwest and will move money out of the investment pools and place the funds in longer-term instruments, such as collateralized bank certificates of deposit.

TOWN OF ADDISON

EXECUTIVE SUMMARY OF MAJOR OPERATING FUNDS FOR THE QUARTER ENDED MARCH 31, 2009 UNAUDITED ACTUAL AMOUNTS COMPARED TO THE 2009 ADOPTED BUDGET AND PREVIOUS YEAR ACTUAL FOR SAME PERIOD

All Amounts Expressed in Thousands of Dollars

	General Fund			Hotel Fund			Airport Fund			Utility Fund			Total Major Operating Funds*		
	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual	Budget	Actual	PY Actual
RESOURCES															
Ad Valorem Tax	10,295	9,759	10,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,295	\$ 9,759	\$ 10,187
Non-Property Tax	12,130	5,278	5,675	5,200	2,157	2,593	-	-	-	-	-	-	17,330	7,435	8,268
Franchise Fees	2,560	1,553	1,365	-	-	-	-	-	-	-	-	-	2,560	1,553	1,365
Service/Permitting/License Fees	1,943	817	941	1,475	251	208	837	284	369	9,612	3,441	3,432	13,867	4,792	4,950
Rental, Interest and Other Income	2,063	838	1,033	1,005	361	420	3,370	1,404	1,403	351	105	124	6,789	2,708	2,980
Transfers and Other Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	28,991	18,244	19,201	7,680	2,769	3,221	4,207	1,688	1,773	9,963	3,546	3,555	50,841	26,247	27,750
APPLICATION OF RESOURCES															
Personal Services	19,289	9,006	8,376	1,620	564	708	286	111	197	1,404	551	667	22,599	10,232	9,948
Supplies and Materials	1,351	581	592	123	52	55	26	6	8	128	44	51	1,628	682	707
Maintenance	2,714	1,142	910	657	196	178	1,615	494	527	312	246	139	5,299	2,078	1,754
Contractual Services	4,594	1,978	1,885	4,521	1,428	1,199	1,481	614	681	5,185	1,893	1,934	15,781	5,913	5,698
Capital Equipment Amortization	862	429	539	61	30	30	-	-	-	18	9	9	941	468	578
Capital Equipment/Projects	172	39	30	52	17	51	200	(104)	469	1,748	165	-	2,171	117	550
Transfers and Other Uses**	-	-	-	700	350	350	390	195	194	2,987	1,493	1,311	4,077	2,038	1,856
Total Application of Resources	28,982	13,174	12,332	7,734	2,638	2,571	3,999	1,315	2,076	11,781	4,402	4,111	52,495	21,529	21,091
Net Change in Fund Balances	\$ 9	\$ 5,070	6,869	\$ (54)	\$ 131	\$ 649	\$ 208	\$ 373	\$ (303)	\$ (1,818)	\$ (856)	(556)	\$ (1,655)	\$ 4,717	6,659

Notes:

* Totals may not exactly match due to rounding.

** Transfers and other uses includes interfund transfers and retirement of debt in the Airport and Utility funds.

TOWN OF ADDISON

GENERAL FUND

FY 2009 QUARTERLY STATEMENT OF REVENUES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Advalorem taxes:						
Current taxes	\$ 10,270,470	\$ 8,696,944	\$ 9,788,527	95.3%	\$ 10,158,127	99.2%
Delinquent taxes	3,120	17,718	-18,344	-587.9%	13,657	395.9%
Penalty & interest	21,830	-6,985	-11,496	-52.7%	15,332	63.5%
Non-property taxes:						
Sales tax	11,124,500	2,553,816	5,039,569	45.3%	5,433,316	50.6%
Alcoholic beverage tax	1,005,060	238,376	238,376	23.7%	241,906	25.0%
Franchise / right-of-way use fees:						
Electric franchise	1,550,000	344,447	787,743	50.8%	816,683	51.0%
Gas franchise	301,680	315,756	329,144	109.1%	241,907	107.5%
Telecommunication access fees	575,000	182,017	355,119	61.8%	230,703	36.5%
Cable franchise	125,000	40,991	77,077	61.7%	63,723	57.6%
Wireless network fees	1,000	0	400	40.0%	8,000	53.3%
Street rental fees	7,000	1,250	3,500	50.0%	3,500	46.7%
Licenses and permits:						
Business licenses and permits	158,560	23,521	58,783	37.1%	45,933	31.3%
Building and construction permits	500,000	40,931	126,677	25.3%	248,904	60.5%
Intergovernmental revenue	-	-	-	0.0%	-	0.0%
Service fees:						
General government	600	96	219	36.5%	129	21.5%
Public safety	713,000	214,844	349,864	49.1%	372,035	51.3%
Urban development	5,000	550	1,770	35.4%	5,415	117.7%
Streets and sanitation	310,250	86,523	158,129	51.0%	146,656	49.4%
Recreation	74,100	16,542	30,364	41.0%	31,006	53.1%
Interfund	181,650	45,414	90,828	50.0%	90,828	50.0%
Court fines	1,300,000	317,651	573,444	44.1%	604,368	52.9%
Interest earnings	552,500	69,544	137,080	24.8%	297,688	53.1%
Rental income	156,500	30,765	73,250	46.8%	85,458	58.3%
Other	54,000	46,167	53,966	99.9%	45,786	93.4%
Total Revenues	\$ 28,990,820	\$ 13,276,877	\$ 18,243,989	62.9%	\$ 19,201,060	67.9%

TOWN OF ADDISON

GENERAL FUND

FY 2009 QUARTERLY STATEMENT OF EXPENDITURES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
General Government:						
City manager	1,504,200	361,531	687,538	45.7%	\$ 602,666	43.7%
Financial & strategic services	1,052,050	268,433	491,109	46.7%	327,462	31.7%
General services	880,370	240,252	418,492	47.5%	318,909	34.2%
Municipal court	520,570	139,433	237,439	45.6%	201,478	44.1%
Human resources	572,960	127,623	212,555	37.1%	130,531	29.0%
Information technology	1,272,440	361,491	632,314	49.7%	552,027	35.1%
Combined services	794,020	203,014	371,316	46.8%	357,404	39.2%
Council projects	249,340	34,011	204,945	82.2%	203,905	71.7%
Public safety:						
Police	7,392,850	1,887,435	3,430,661	46.4%	3,395,209	45.7%
Emergency communications	1,150,000	250,466	536,574	46.7%	525,372	49.7%
Fire	6,115,870	1,610,138	2,866,695	46.9%	2,845,832	46.4%
Development services	975,160	224,242	407,752	41.8%	457,917	48.8%
Streets	2,308,180	678,224	1,062,118	46.0%	812,392	38.9%
Parks and Recreation:						
Parks	2,766,050	546,838	998,208	36.1%	1,012,459	38.4%
Recreation	1,427,760	348,434	616,116	43.2%	588,884	35.3%
Total Expenditures	\$ 28,981,820	\$ 7,281,565	\$ 13,173,832	45.5%	\$ 12,332,446	40.5%

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON

HOTEL FUND

FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Hotel/Motel occupancy taxes	\$ 5,200,000	\$ 1,076,995	\$ 2,157,022	41.5%	\$ 2,592,567	48.0%
Intergovernmental	-	-	-	0.0%	-	0.0%
Proceeds from special events	1,474,600	172,080	250,957	17.0%	208,447	14.3%
Conference centre rental	640,000	114,723	253,055	39.5%	239,950	46.5%
Theatre centre rental	90,000	20,544	40,175	44.6%	44,419	50.5%
Interest and miscellaneous	275,000	27,332	67,534	24.6%	135,288	54.1%
Total Revenues	7,679,600	1,411,674	2,768,743	36.1%	3,220,671	41.8%
Expenditures and other uses:						
Visitor services	1,292,700	172,230	347,170	26.9%	398,708	36.1%
Marketing	1,178,980	246,017	428,345	36.3%	409,751	33.7%
Special events	2,961,750	237,578	610,344	20.6%	599,582	22.6%
Conference centre	1,038,910	236,761	436,742	42.0%	479,408	43.7%
Performing arts	561,270	175,707	465,549	82.9%	333,874	48.4%
Capital projects	-	-	-	0.0%	-	0.0%
Other financing uses:						
Transfer to debt service fund	699,800	174,950	349,900	50.0%	350,000	50.0%
Total Expenditures and Other	\$ 7,733,410	\$ 1,243,244	\$ 2,638,050	34.1%	\$ 2,571,323	32.3%

NOTES:

- 1) N/A - Not Applicable
- 2) Amounts spent by special project:

Public Relations	\$ 716,770	\$ 122,784	\$ 226,150	31.6%	\$ 247,692	34.6%
Oktoberfest	544,080	423	20,456	3.8%	31,268	6.0%
Kaboom Town	249,350	-	-	0.0%	192	0.1%
Calendar	50,000	28,872	48,283	96.6%	44,030	88.1%
Hotel Support Program	260,000	45,574	89,848	34.6%	76,615	29.5%
Taste Addison	670,950	41,118	42,618	6.4%	79,063	12.5%
Jazz Festival	198,340	802	9,685	4.9%	55,045	27.8%
Shakespeare Festival	34,500	15,500	35,475	102.8%	18,762	60.5%
Summer Jazz Festival	47,750	-	280	0.6%	214	0.5%
Cinema in the Circle	24,580	-	6,485	26.4%	1,140	5.7%
WorldFest (formerly International Fest.)	180,000	1,486	172,472	95.8%	-	0.0%
Urbanato	100,000	-	17,374	17.4%	-	0.0%
Book Fair	1,530	-	907	59.3%	-	0.0%
Weekend to Wipe Out Cancer	15,000	-	167	1.1%	169	1.1%
TOTAL	\$ 3,092,850	\$ 256,559	\$ 670,200	21.7%	\$ 554,190	20.3%

TOWN OF ADDISON
STREET CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental grants	\$ 600,000	\$ 156,129	\$ 156,129	26.0%	\$ 452,434	46.5%
Interest income and other	100,000	14,215	33,557	33.6%	224,753	224.8%
Total Revenues	700,000	170,344	189,686	27.1%	677,187	63.2%
Expenditures:						
Personal services	-	-	-	0.0%	22,329	279.1%
Design and engineering	43,000	30,855	31,245	72.7%	85,187	567.9%
Construction and equipment:	1,200,000	471,948	471,948	39.3%	951,559	37.9%
Total Expenditures	\$ 1,243,000	\$ 502,803	\$ 503,193	40.5%	\$ 1,059,075	41.7%

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
PARKS CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest income and other	\$ 20,000	\$ 4,863	\$ 11,150	55.8%	\$ 23,124	N/A
Developer contributions	-	-	-	0.0%	-	0.0%
Transfer from street capital project fund	-	-	-	0.0%	-	0.0%
Total Revenues	20,000	4,863	11,150	55.8%	23,124	N/A
Expenditures:						
Personal services	2,000	35	331	16.6%	-	0.0%
Design and engineering	5,000	6,045	6,490	129.8%	-	0.0%
Construction and equipment:	934,340	35,837	35,837	3.8%	-	0.0%
Total Expenditures	\$ 941,340	\$ 41,917	\$ 42,658	4.5%	\$ -	0.0%

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2002 CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	75,000	\$ 10,513	\$ 24,379	32.5%	\$ 51,727	86.2%
Total Revenues	75,000	10,513	24,379	32.5%	51,727	86.2%
Expenditures and other uses:						
Personal services	-	-	-	0.0%	12,500	0.0%
Design and engineering	400,000	106,965	114,763	28.7%	36,820	8.6%
Arbitrage rebate	-	-	-	0.0%	56,681	N/A
Construction and equipment	1,200,000	-	-	0.0%	-	0.0%
Total Expenditures	\$ 1,600,000	\$ 106,965	\$ 114,763	7.2%	\$ 106,001	23.3%

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2004 CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental grants	\$ -	\$ -	\$ -	0.0%	\$ -	N/A
Interest earnings and other	15,000	2,325	5,299	35.3%	10,597	53.0%
Total Revenues	15,000	2,325	5,299	35.3%	\$ 10,597	53.0%
Expenditures and other uses:						
Personal services	-	-	-	0.0%	-	0.0%
Design and engineering	15,000	-	-	0.0%	-	0.0%
Construction and equipment	-	-	-	0.0%	-	N/A
Total Expenditures	\$ 15,000	\$ -	\$ -	0.0%	\$ -	N/A

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2006 CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 15,000	\$ 1,760	\$ 4,152	27.7%	\$ 8,522	N/A
Total Revenues	15,000	1,760	4,152	27.7%	8,522	N/A
Expenditures and other uses:						
Bond sale costs	-	-	-	0.0%	-	0.0%
Design and engineering	-	-	-	0.0%	-	0.0%
Construction and equipment	-	-	-	0.0%	-	0.0%
Total Expenditures	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%

NOTES:

1) N/A - Not Applicable

TOWN OF ADDISON
2008 CAPITAL PROJECT FUND
FY 2009 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 500,000	\$ 146,826	\$ 335,469	67.1%	-	0.0%
Total Revenues	500,000	146,826	335,469	67.1%	\$ -	0.0%
Expenditures and other uses:						
Personal Services	50,000	526	613	1.2%	-	0.0%
Design and engineering	1,200,000	179,395	553,604	46.1%	-	0.0%
Construction and equipment	15,250,000	108,149	108,149	0.7%	-	0.0%
Land Acquisition	-	-	-	0.0%	-	0.0%
Total Expenditures	\$ 16,500,000	\$ 288,070	\$ 662,366	4.0%	\$ -	0.0%

NOTES:

1) N/A - Not Applicable

AIRPORT FUND

FY 2009 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Operating revenues:						
Operating grants	\$ 50,000	\$ -	\$ -	0.0%	\$ -	0.0%
Fuel flowage fees	800,000	151,337	269,060	33.6%	355,007	36.4%
Rental	3,240,000	851,628	1,381,260	42.6%	1,338,705	44.4%
User fees	37,200	10,537	14,968	40.2%	14,197	40.6%
Total operating revenues	4,127,200	1,013,502	1,665,288	40.3%	1,707,909	41.9%
Operating expenses:						
Town - Personal services	285,650	60,553	111,479	39.0%	196,507	69.3%
Town - Supplies	26,300	2,052	6,209	23.6%	8,241	34.6%
Town - Maintenance	30,970	7,411	14,068	45.4%	15,440	57.2%
Town - Contractual services	550,200	123,362	204,342	37.1%	250,921	47.6%
Grant - Maintenance	100,000	-	-	0.0%	2,988	3.0%
Operator operation & maintenance	1,484,320	324,697	479,704	32.3%	508,662	34.2%
Operator service contract	931,200	218,901	409,266	44.0%	429,879	45.5%
Total operating expenses	3,408,640	736,976	1,225,068	35.9%	1,412,638	41.6%
Net operating income	718,560	276,527	440,220	61.3%	295,271	43.6%
Non-Operating revenues (expenses):						
Interest earnings and other	80,000	10,371	22,942	28.7%	64,792	37.0%
Interest on debt, fiscal fees & other	(145,270)	(36,048)	(72,365)	49.8%	(76,835)	50.0%
Total non-operating revenues (expenses)	(65,270)	(25,677)	(49,423)	75.7%	(12,043)	-56.5%
Net income (loss) (excluding depreciation)	\$ 653,290	\$ 250,850	\$ 390,797	59.8%	\$ 283,228	40.5%
CHANGES IN WORKING CAPITAL						
Net income (excluding depreciation)	\$ 653,290	\$ 250,850	\$ 390,797	59.8%	283,228	40.5%
Sources (uses) of working capital:						
Retirement of long-term debt	(245,000)	(61,250)	(122,500)	50.0%	(117,500)	50.0%
Net additions to fixed assets with grants	(200,000)	111,624	104,466	-52.2%	(340)	0.0%
Other net additions to fixed assets	-	-	-	0.0%	(468,372)	0.0%
Net sources (uses) of working capital	(445,000)	50,374	(18,034)	4.1%	(586,212)	48.0%
Net increase (decrease) in working capital	208,290	301,224	372,763	179.0%	(302,984)	57.9%
Beginning fund balance	1,032,580	1,031,553	960,014	93.0%	1,693,503	125.8%
Ending fund balance	\$ 1,240,870	\$ 1,332,777	\$ 1,332,777	107.4%	\$ 1,390,519	169.0%

NOTES:

- 1) Operating income and portions of operating expenses are underreported by one month due to transactions being accounted for by operator one month and not reported to Town until following month.

UTILITY FUND

FY 2009 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2008-09 FY				2007-08	
	Budget	2nd Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
Operating revenues:						
Water sales	\$ 4,885,500	832,974	1,709,355	35.0%	\$ 1,583,826	33.5%
Sewer charges	4,656,500	958,206	1,680,016	36.1%	1,795,758	35.2%
Tap fees	10,000	8,370	11,240	112.4%	14,355	287.1%
Penalties	60,000	17,904	40,154	66.9%	37,704	68.6%
Total operating revenues	9,612,000	1,817,454	3,440,765	35.8%	3,431,643	34.7%
Operating expenses:						
Water purchases	2,610,200	397,961	819,451	31.4%	754,059	30.2%
Wastewater treatment	1,892,200	227,576	796,586	42.1%	951,591	48.8%
Utility operations	2,544,310	680,644	1,127,248	44.3%	1,094,107	42.3%
Total operating expenses	7,046,710	1,306,181	2,743,285	38.9%	2,799,757	39.8%
Net operating income	2,565,290	511,273	697,480	27.2%	631,886	22.2%
Non-Operating revenues (expenses):						
Interest income and other	351,000	41,312	104,848	29.9%	123,787	61.9%
Interest on bonded debt and fiscal charges	(790,530)	(197,633)	(395,265)	50.0%	(256,400)	50.0%
Total non-operating revenues (expenses)	(439,530)	(156,321)	(290,417)	66.1%	(132,613)	42.4%
Net income (excluding depreciation)	\$ 2,125,760	\$ 354,952	\$ 407,063	19.1%	\$ 499,273	19.7%
CHANGES IN WORKING CAPITAL						
Net income (loss)	2,125,760	354,952	407,063	19.1%	499,273	19.7%
Sources (uses) of working capital:						
Retirement of long-term debt	(2,196,060)	(549,015)	(1,098,030)	50.0%	(1,055,000)	50.0%
Net additions to fixed assets	(1,747,800)	(32,408)	(165,330)	9.5%	-	0.0%
Net sources (uses) of working capital	(3,943,860)	(581,423)	(1,263,360)	32.0%	(1,055,000)	27.3%
Net increase (decrease) in working capital	(1,818,100)	(226,471)	(856,297)	47.1%	(555,727)	41.9%
Beginning fund balance	8,964,360	8,818,710	9,083,573	101.3%	3,502,761	93.4%
Ending fund balance	\$ 7,146,260	\$ 8,592,239	\$ 8,227,276	115.1%	\$ 2,947,034	121.7%

NOTES:

1) N/A - Not Applicable

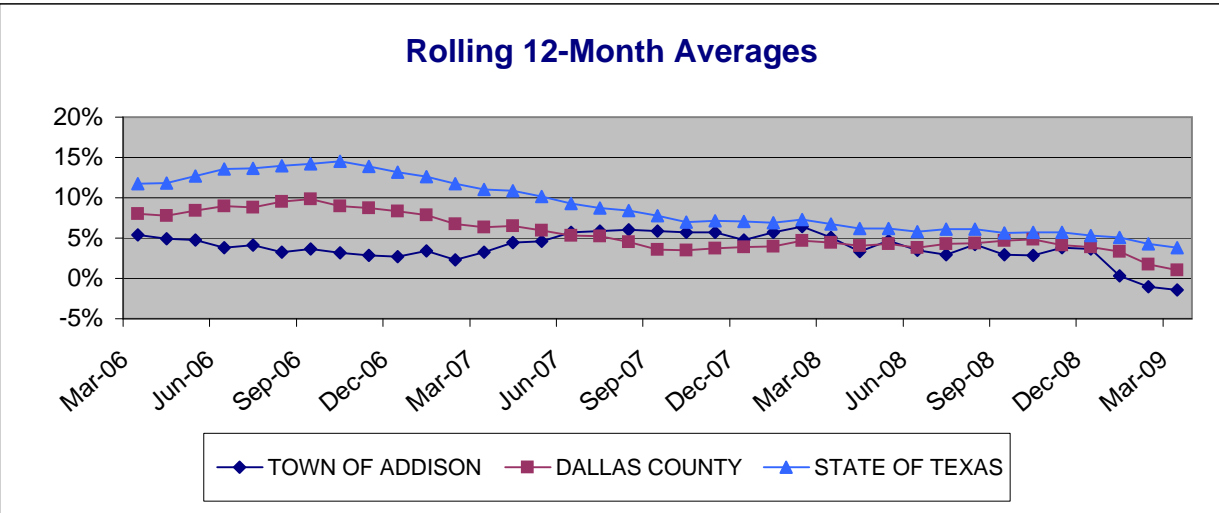
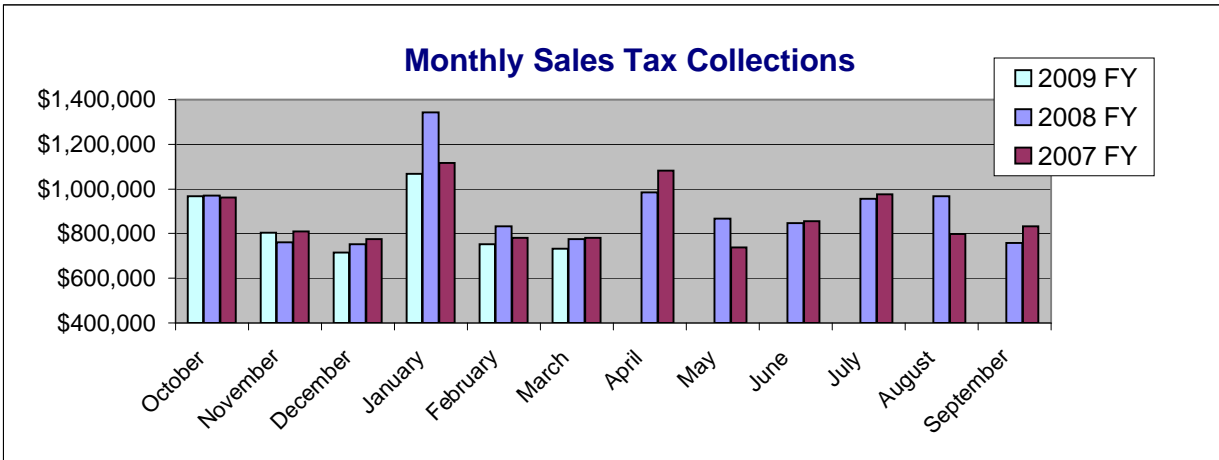
2) Purchases of water and wastewater treatment services are underreported by one to two months due to prior year accruals and delay in receiving billings from Dallas Water Utilities.

TOWN OF ADDISON

Schedule of Sales Tax Collections and Related Analyses

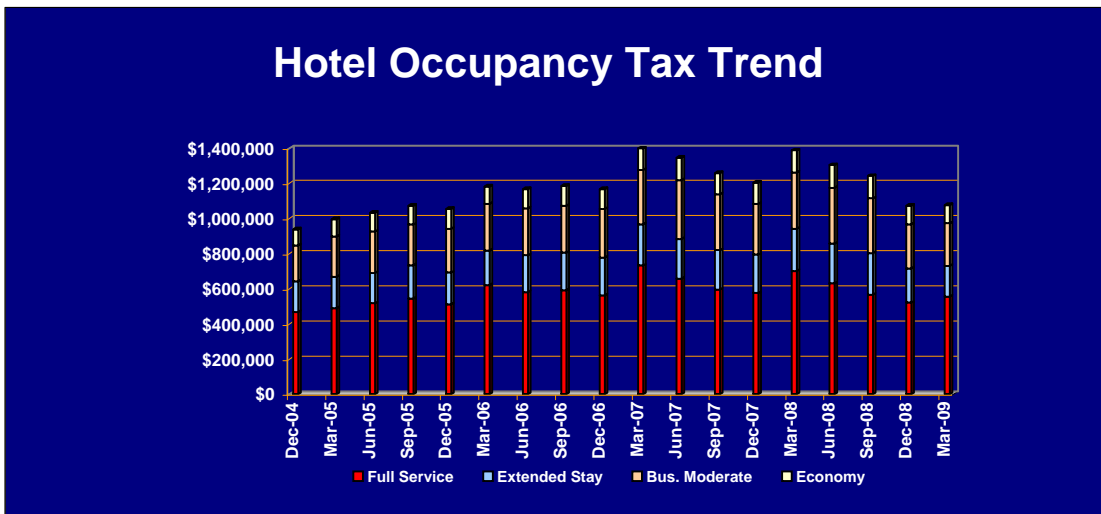
For the fiscal year ending September 30, 2009

	TOWN OF ADDISON				DALLAS COUNTY		STATE OF TEXAS	
	2008-09 Collections		% Change from Prior Year		% Change from Prior Year		% Change from Prior Year	
	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative
October	\$ 966,519	\$ 966,519	-0.4%	-0.4%	2.0%	2.0%	4.0%	4.0%
November	\$ 803,512	\$ 1,770,031	5.7%	2.3%	-1.3%	0.6%	9.5%	6.5%
December	\$ 715,722	\$ 2,485,753	-5.0%	0.1%	4.1%	1.6%	2.2%	5.2%
January	\$ 1,068,893	\$ 3,554,646	-20.4%	-7.1%	-3.1%	-1.4%	2.5%	4.3%
February	\$ 752,041	\$ 4,306,687	-9.7%	-7.6%	-9.2%	-1.4%	-0.7%	3.5%
March	\$ 732,882	\$ 5,039,569	-5.4%	-7.2%	-5.6%	-2.0%	-1.9%	2.7%
April								
May								
June								
July								
August								
September								
Budget 08-09:		\$ 11,124,500						
Projected Year-End		\$ 9,994,500						



TOWN OF ADDISON HOTEL OCCUPANCY TAX COLLECTION
Hotels By Service Type for the Quarter and Year-To-Date Ended March 31, 2009
With Comparisons to Prior Year

	Rooms		2nd Quarter FY 09		09 to 08 % Diff.	YTD FY 09		09 to 08 % Diff.
	Number	Percentage	Amount	Percentage		Amount	Percentage	
Full Service								
Marriott Quorum	535	14%	\$ 189,996	18%	-27%	\$ 389,049	18%	-21%
Intercontinental	532	13%	237,290	22%	-18%	430,258	20%	-12%
Crown Plaza	429	11%	128,234	12%	-16%	258,095	12%	-14%
	<u>1,496</u>	<u>38%</u>	<u>555,519</u>	<u>52%</u>	<u>-21%</u>	<u>1,077,402</u>	<u>50%</u>	<u>-16%</u>
Extended Stay								
Budget Suites	344	9%	2,237	0%	-74%	9,891	0%	-27%
Best Western	70	2%	8,737	1%	-52%	18,240	1%	-47%
Marriott Residence	150	4%	53,006	5%	-9%	102,852	5%	-9%
Summerfield Suites	132	3%	24,283	2%	-44%	57,901	3%	-32%
Homewood Suites	128	3%	44,083	4%	-2%	90,753	4%	2%
Springhill Suites	159	4%	44,230	4%	-33%	93,873	4%	-24%
	<u>983</u>	<u>25%</u>	<u>176,576</u>	<u>16%</u>	<u>-26%</u>	<u>373,510</u>	<u>17%</u>	<u>-18%</u>
Business Moderate								
Marriott Courtyard Quorum	176	4%	59,184	5%	-33%	120,241	6%	-17%
LaQuinta Inn	152	4%	30,938	3%	-25%	68,378	3%	-13%
Marriott Courtyard Proton	145	4%	38,979	4%	-30%	77,558	4%	-24%
Holiday Inn Express	102	3%	38,700	4%	-2%	76,058	4%	4%
Hilton Garden Inn	96	2%	35,024	3%	-28%	73,687	3%	-9%
Holiday Inn - Arapaho	101	3%	29,461	3%	-19%	56,940	3%	-19%
Comfort Inn	86	2%	9,404	1%	-32%	19,475	1%	-7%
	<u>858</u>	<u>22%</u>	<u>241,689</u>	<u>22%</u>	<u>-25%</u>	<u>492,337</u>	<u>23%</u>	<u>-20%</u>
Economy								
Motel 6	126	3%	16,841	2%	-8%	32,261	1%	-14%
Hampton Inn	159	4%	47,767	4%	-6%	99,198	5%	-1%
Quality Inn	115	3%	10,774	1%	-46%	24,296	1%	-22%
Comfort Suites	78	2%	18,303	2%	-20%	38,346	2%	-2%
Super 8	78	2%	6,724	1%	-27%	13,910	1%	-5%
Best Value	60	2%	2,802	0%	-20%	5,762	0%	-22%
	<u>616</u>	<u>16%</u>	<u>103,211</u>	<u>10%</u>	<u>-17%</u>	<u>213,774</u>	<u>10%</u>	<u>-12%</u>
TOTAL	<u>3,953</u>	<u>100%</u>	<u>\$ 1,076,995</u>	<u>100%</u>	<u>-22%</u>	<u>\$ 2,157,022</u>	<u>100%</u>	<u>-17%</u>



TOWN OF ADDISON
INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Quarter Ending March 31, 2009

Fund	Balance 12/31/2008	Quarter Receipts	Quarter Disbursements	Balance 3/31/2009
General Fund	\$ 10,268,193	\$ 22,178,169	\$ 16,213,996	\$ 16,232,366
Special Revenue Funds:				
Hotel	4,930,936	1,327,537	1,099,915	5,158,558
Public Safety	38,671	6,013	18,279	26,405
Municipal Court	565,751	346,546	304,955	607,342
Arbor	187,256	6,087	3,660	189,683
Debt Service Funds:				
G. O. Bonds	2,176,844	10,562,736	10,484,712	2,254,868
Hotel Revenue Bonds	1,597,160	7,038	617,256	986,942
Capital Projects Funds:				
Streets	2,777,823	170,733	503,193	2,445,363
Parks	901,845	4,863	40,950	865,758
2002 G.O. Bonds	1,983,926	10,513	107,915	1,886,524
2004 G.O. Bonds	427,331	2,325	-	429,656
2006 G.O. Bonds	343,705	61,933	60,173	345,465
2008 G.O. Bonds	26,911,727	147,126	278,076	26,780,777
Enterprise Funds:				
Utility	12,019,096	1,975,291	4,805,070	9,189,317
Airport	1,828,656	1,109,740	1,268,422	1,669,974
Internal Service Funds:				
Capital Replacement	3,533,258	227,580	43,701	3,717,137
Information Services	2,901,010	124,457	69,033	2,956,434
TOTAL - ALL FUNDS	\$ 73,393,188	\$ 38,268,687	\$ 35,919,306	\$ 75,742,569

Note: Cash inflows and outflows represent revenues, expenditures, and investment transactions.

INVESTMENTS BY MATURITY AND TYPE				
For the Quarter Ending March 31, 2009				
	Type	% of Portfolio	Yield to Maturity	Amount
	Pools	13.13%	0.59%	\$ 9,880,052
	Agencies	77.29%	2.44%	58,158,366
	Bank CD's	2.95%	5.23%	2,216,155
	Commercial Paper	6.63%	0.75%	4,989,286
Total Investments		100.00%	2.16%	75,243,859
Accrued Interest Earnings				467,511
Demand Deposits				31,199
TOTAL				\$ 75,742,569

COLLATERAL SUMMARY

The first and most important objective for public funds investments is safety of assets. Therefore, all non-government security investments and bank accounts in excess of FDIC coverage must be secured by collateral. The bank balances and investments are monitored on a regular basis for appropriate coverage by marking the collateral to market. Collateral levels are adjusted to secure the varying levels of receipts throughout the fiscal year.

Town of Addison Collateral Analysis Demand Deposit Cash March 31, 2009

Pledging Institution	Safekeeping Location	Account Title	Pledged Security Description	Security Par Value	Market Value	FDIC Insurance	Ending Bank Balance	Difference Over(Under)
Frost Bank	Federal Reserve	Operating	GNMA due:					
			20-Feb-28	\$ 488,142	\$ 527,019			
			20-Jan-23	\$ 284,953	\$ 288,575			
			15-Oct-35	\$ 812,708	\$ 832,485			
				<u>\$ 1,585,803</u>	<u>\$ 1,648,079</u>	<u>\$ 100,000</u>	<u>737,612</u>	<u>\$ 1,010,467</u>

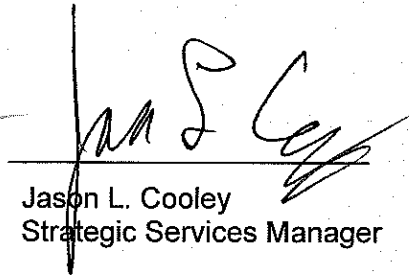
**Quarterly Investment Report
Pooled Investment Funds
Quarter ending March 31, 2009**

This quarterly Investment report has been prepared in compliance with Section 2256.023 "Internal Management Reports", of the Public Funds Investment Act, and in accordance with reporting requirements contained in the Town of Addison Investment Policy as approved by City Council on September 25, 2007.

Activity in the Town's portfolio during this quarter is in compliance with the investment strategy as specified in the Town's Investment Policy. All investments are high-quality securities with no perceived default risk. Securities reflect active and efficient secondary markets in the event of an unanticipated cash requirement. Operating funds require the greatest short-term liquidity. Investment pools have been utilized to provide short-term fund requirements. Investment maturities have been staggered throughout the budget cycle to provide cash flow based on anticipated operating needs of the Town. Diversifying the appropriate maturity structure has reduced market cycle risk. There has been no loss of principal during this quarter of activity, and none is anticipated in the future.



Randolph C. Moravec
Chief Financial Officer



Jason L. Cooley
Strategic Services Manager

First Quarter of Calendar Year 2009
Review

MAJOR EVENTS

When 2009 began, there was a cautious sense of optimism. The Fed had slashed overnight rates to zero in December. The new president promised a massive stimulus package and immediate help for struggling homeowners. A drop in mortgage lending rates from the third quarter average of 6.31% to 5.03% at the end of December opened a refinancing window for many homeowners. Gasoline prices had fallen more than 60% from an average of \$4.17 per gallon in July to \$1.67. And the recession was officially entering its 13th month, already beyond the postwar average of 11. But the economy didn't get better in January. It got progressively worse.

The two most common indications of economic trouble are a sustained and significant drop in the stock market and a rise in the unemployment rate. Although the DOW had lost nearly 20% in the final quarter of 2008, the first trading day of 2009 ended with a healthy 256 point gain, pushing the index back above 9,000 for the first time in eight weeks. Unfortunately, this would prove to be the high point of the quarter as the parade of discouraging news began.

The minutes from the December FOMC meeting were particularly grim with Fed officials suggesting that large stock market and housing value declines, along with the global nature of the downturn could result in a longer and deeper recession than previously thought. There was plenty of December data to support the Fed's belief. The ISM factory index slumped to a 28-year low, retail sales were negative for the sixth straight month and December nonfarm payroll losses totaled 681k, a 60-year low. This record would be broken in January as another 741k jobs disappeared and unemployment climbed above 8%.

Few businesses were spared the pain of the downturn. Insurance giant AIG, now 80% owned by the U.S. government, reported a stunning \$61.7 billion fourth quarter loss, received another \$30 billion in emergency funds and became the latest poster child for risk-taking and corporate excess. Government-run Fannie Mae and Freddie Mac posted fourth quarter losses of \$25 billion and \$24 billion respectively as mortgage defaults reached new highs. Bank of America received \$118 billion in guarantees and an additional \$20 billion in TARP funds during the first quarter, while Citigroup received \$300 billion in government guarantees and a \$20 billion dollar direct Treasury investment. U.S. automakers GM and Chrysler began and ended the first quarter teetering on the brink of bankruptcy.

On February 17th, new President Obama signed the 1,100 page, \$787 billion economic stimulus plan into law. Titled the "American Recovery and Reinvestment Act of 2009", the plan included an extension of unemployment benefits, targeted tax cuts and spending plans for infrastructure projects, education, health care and alternative energy development. On the same day, the President announced the "Homeowners Affordability and Stability Act", which offered up to \$275 billion to help stem foreclosures through the modification of troubled loans. In March, the Fed finally launched the Term Asset-Backed Securities Loan Facility (TALF), a \$1 trillion program announced in November, intended to jumpstart the securitization markets by encouraging big investors, with the help of low-cost collateralized government loans, to purchase newly issued pools of auto, student and business loans.

At the March 18th FOMC meeting, Fed officials, with no room to cut rates below zero, announced a pledge to purchase up to \$300 billion in Treasuries in the open market along with another \$750 billion in agency mortgage-backed securities and another \$100 billion in agency debt, thereby injecting huge amounts of cash into the financial system. Interest rates responded quickly and definitively with mortgage rates falling by as much as 25 bps within days. A week later, Treasury Secretary Geithner announced details on the Public-Private Investment Program (PPIP), a complex plan to combine public and private investment funds along with government guarantees in the latest effort to extract toxic assets from the balance sheets of troubled financial companies. This unusual plan drew praise from investors even as some doubted its probable success.

THE FED

The Federal Reserve and the Treasury Department continued to introduce and expand programs to try and get financial markets and the economy on the right path. At the March FOMC meeting the Fed expanded on its previous plans to purchase agency debt and mortgage-backed securities. The Fed increased its commitment to buy agency debt from \$100 billion to \$200 billion and upped the purchase of MBS by \$750 billion to \$1.25 trillion. At the same time the Fed also announced plans to buy \$300 billion of U.S. Treasuries over the next six months, officially marking the beginning of so-called quantitative easing. The Fed's actions have had a limited impact on Treasury rates, but have managed to pull interest rates on 30-year mortgages to record lows below 5%.

Summary of FOMC Monetary Policy Actions:

- 1) January 28th – Held fed funds target in a range of 0% to 0.25%
- 2) March 18th – Held fed funds target in a range of 0% to 0.25%, announced plans to purchase Treasuries in open market and significantly expand agency purchases.

HOUSING

An eventual turnaround in the housing sector would be a critical component for economic recovery, but so far the housing data has shown few positive signs. Although new and existing home sales both rose in February, experts have written off much of the unexpected jump on a particularly warm month. From the peak of housing activity in mid-2005 through February 2009, new home sales have tumbled 76%, while existing home sales dropped 35%. The lack of buyers has pushed home prices down 27% from July 2006 according to the S&P Case Shiller index. The inventory of existing homes for sale held steady at 9.7 months in February, down from a record 11.3 month supply ten months earlier, while new home inventories fell from a record 12.9 month supply in January to 12.2 in February. The massive inventory overhang has put a damper on new construction. Housing starts fell 17% in January to the lowest level since record-keeping began, but unexpectedly rebounded by 22% in February, again due in part to favorable weather. But there is reason to be hopeful. Government intervention has pushed mortgage lending rates to record lows – in late March, according to the MBA 30-year mortgage survey, the average weekly rate dropped from 4.89% to 4.63%, the lowest in survey history. The historically low lending rate, paired with a 27% price discount, translates into the most affordable housing environment on record. The National Association of Realtor's affordability index rose to 173 in February. This means that a family earning the median U.S. income would have 173% of the income required to qualify for a conventional loan on a median-priced existing single-family home.

EMPLOYMENT

The labor market is a lagging indicator and a reliable proxy for economic growth, so abysmal employment numbers in the midst of a recession should hardly come as a surprise. However, the non-farm payroll numbers that were released during the quarter were severe enough to hammer home the reality of the recession and probably contributed to a frantic scramble by the Fed, Congress and the new Administration to come up with solutions to fix the problem. In December, 681k payroll jobs were lost, the most in almost 60 years. The January job loss (revised) was much worse as businesses slashed 741k positions. From January 2008 to March 2009, employers laid-off more than 5 million workers. During this same period, the unemployment rate rose from 4.9% to 8.5%. Unfortunately, the situation isn't improving. Job loss is expected to continue throughout 2009 with the unemployment rate expected to easily exceed 9% before the end of the year despite massive government stimulus designed to save and create jobs. The employment report will be a key indicator of economic recovery. Signs of an economic upturn will become apparent as job loss slows and eventually turns positive.

CONSUMER SPENDING

By the end of the fourth quarter, U.S. households had lost as much as \$13 trillion in net worth. By some estimates, this number had risen to \$20 trillion by the end of the first quarter. Predictably, consumer confidence has plunged with the Conference Board's measure reaching 25 in February, the lowest level since record-keeping began 42 years earlier. Interestingly, retail sales actually rose 1.8% in January after falling for a record six straight months, although the fuel for the buying spree was apparently the redemption of holiday gift cards. For all of 2008, retail sales fell 0.1%, the first year-over-year decline in history. Auto sales have taken a severe beating, falling to a 27-year low of 9.1 million annual units in February, a 42% drop from the 15.3 million sales pace recorded for the prior 12-month period. Time Magazine reported that the average car on U.S. roads is now 9.4 years old, a new record. With an estimated 12 million cars being thrown

on the scrap heap annually and 2 million new drivers entering the market every year, the sales pace is bound to pick up.

INFLATION

Inflation concerns evaporated last quarter as the global slowdown intensified and speculators exited the commodities markets. Energy prices led the retreat with crude oil falling from a record high of \$147 per barrel to below \$40 by year end, while gasoline prices dropped from an all-time high of \$4.17 to \$1.67. In the first quarter of 2009, commodity prices remained in a fairly narrow range, with oil and gas prices creeping gradually higher. However, the overall consumer price index (CPI) was unchanged on a year-over-year basis in January, sparking deflationary concerns. When a slight February increase boosted the annual consumer price index to 0.2%, it actually came as a relief to the financial markets.

MARKET MOVEMENT

- Any hope for a strong start to 2009 faded away as the DOW sunk 8.8% in the first month of 2009. The January 2009 percentage loss was the worst since 1894. After reaching a new 12-year low in early March, the DOW climbed 16% to end the quarter on a less negative note. Despite the late rally, the DOW shed another 1,167 points or 13%, the worst first quarter performance, in percentage terms, since 1939. The S&P 500 slid nearly 12% while the NASDAQ lost a mere 3%.
- Bond yields on the short-end stabilized somewhat during the quarter, although longer term maturities remained quite volatile. The six-month T-bill yield opened the quarter at its low of 0.26% and climbed 16bps to close at 0.42%. The two-year T-note yield opened the quarter at 0.77%, and traded in a relatively narrow 38bps range before closing slightly higher at 0.80%.
- TexPool's average rate during the quarter was 0.73%, down 103bps from the prior quarter's 1.76%. Pool yields have continued to fall and as of mid-April now stand below 0.50%. While some slight declines from here are likely, a bottom should be near and we don't expect pool yields to fall much further.

INTEREST RATES

		Fed Funds	3 mo T-bill	6 mo T-bill	2 yr T-note	5 yr T-note	10 yr T-note
Last	12/31/08	0.25%	0.08%	0.26%	0.77%	1.55%	2.21%
High			0.32%	0.50%	1.09%	2.08%	3.01%
Low			0.06%	0.26%	0.71%	1.35%	2.20%
End	3/31/09	0.25%	0.21%	0.42%	0.80%	1.66%	2.67%

PORTFOLIO ACTIVITY SINCE DECEMBER 31st:

- There were two maturities during the quarter with one in February for \$1mm and one in March for \$3 million.
- We made a total of four purchases totaling \$18mm during the quarter. In keeping with our strategy we invested \$5mm in commercial paper issued by GE Capital under the FDIC's Temporary Liquidity Guarantee Program. This FDIC insured issue is the only commercial paper investment currently held by the Town.
- In February, we invested \$5mm in a one-year bullet issued by the FHLB at 1%. That was followed up in March with two \$4mm purchases of callable bonds issued by Freddie Mac. The first matures in Mar-10 with a one-time call in Sep-09 at a yield of 1.25%. The second matures in Mar-11 with a one-time call in Mar-10 at a yield of 2.125%. All of these were well above prevailing pool rates around 0.50%.
- We did have an anomaly occur during the quarter as the purchases made in March contributed to the portfolio concentration in agency securities exceeding the 70% policy limitation as of March 31, 2009. This action was the result of a deliberate attempt to reduce credit risk by restricting commercial paper investments; to avoid very low yielding Treasury issues; and to maximize income by reducing low earning cash balances as much as possible. The issue was rectified in early April by selling \$6mm of agency securities, bringing the

agency concentration back below 70%. The sales resulted in realized gains of approximately \$15,000.

SUMMARY / OUTLOOK

The U.S. economy is entering its 17th month of contracting GDP, surpassing both the '73-75 and '81-82 downturns to become the longest postwar recession on record. Unfortunately, the end appears to be at least another six months away. And the road to sustainable growth may be longer than we've grown accustomed to in the past. The housing market, essential to recovery, has yet to find a bottom, despite hugely favorable conditions for new buyers and newly created lifelines for struggling home owners. The labor market has picked up a tremendous amount of negative momentum with 3.3 million jobs lost in the past five months. The ailing factory sector could be dealt a severe blow later this year if GM or Chrysler were to shut down operations.

The U.S. is hardly alone in its economic struggles. The Centre for Economic Policy Research, an organization similar to our own National Center for Economic Research declared that the European recession began in January 2008, following an unparalleled expansion period dating back to the third quarter of 1993. The International Monetary Fund (IMF) recently predicted that Japan's GDP would shrink by 5.8% in 2009, while the euro zone would fall 3.2% and the U.S. 2.6%. The Organization for Economic Cooperation and Development predicted that the global economy will shrink by 2.75% and that global output will fall for the first time since World War II. The answer to the worldwide recession seems to be unified government stimulus.

The news is daunting and has hamstrung individual investors. Business Week reported that an estimated \$4 trillion is currently being held idle in U.S. money market funds earning an average rate of just 0.33%. The investors are able, but not willing. Too much has been lost already. Economist Hernando de Soto pointed out on March 25th in a Wall Street Journal editorial that the global economy had experienced over \$50 trillion in combined paper losses on stocks, real estate, commodities and operational earnings over the past 15 months, with subprime mortgages, largely thought to be the cause of the meltdown, accounting for no more than \$1 trillion of those losses. Subprime may have been the spark, but the fuel seems to be the corresponding lack of trust in paper of all kinds. The U.S. government is trying to restore this trust by standing behind deposits, investments and even new car warranties.

In the official statement issued following the March FOMC meeting, Fed officials stated that the overnight funds rate was expected to remain within its current 0% to 0.25% range "for an extended period". Although the Fed's time frame is purposefully vague, economists polled in the March Bloomberg News survey suggest that this extended period likely extends into the third quarter of 2010.

But Fed officials, for whatever reason, adopted a cheerier tone as the quarter drew to a close – Minneapolis Fed President Stern said that he was "...guardedly optimistic that many pieces are now in place to contribute to improvement in financial market conditions and business activity", while Dallas Fed President Fisher said that "the combination of monetary policy and initiatives to achieve financial stability, and fiscal policy will work to revive the economy." Even Chairman Bernanke chimed in during a CBS 60-Minutes interview saying "I have every confidence that this economy will recover, and recover in a strong and sustained way." Although even modest recovery is probably still months away, the stimulus seeds have been planted and optimism, an essential element to economic recovery, may be creeping back into the picture.

PROJECTED STRATEGY FOR THE SECOND QUARTER 2009:

With pool yields now below 0.50% we will want to minimize pool balances as much as possible. This will require that we closely monitor investment concentrations so that we do not exceed policy diversification limits. As always, safety will remain our top priority and we will continue to restrict CP investments to those issued under the FDIC's guarantee program. Callable agency securities with final maturities inside of two years provide additional yield versus bullets and are fairly attractive alternatives. We will also seek to take advantage of higher yields in certificates of deposit offered by local banks and through the CDAR's shared CD program. Additional CD investments will also serve to keep diversification limits in line.



Investment Portfolio Summary
For the Quarter Ended
March 31, 2009

Prepared By

 **First Southwest Asset Management**

Town of Addison
FIXED INCOME DISTRIBUTION
March 31, 2009

Summary Information

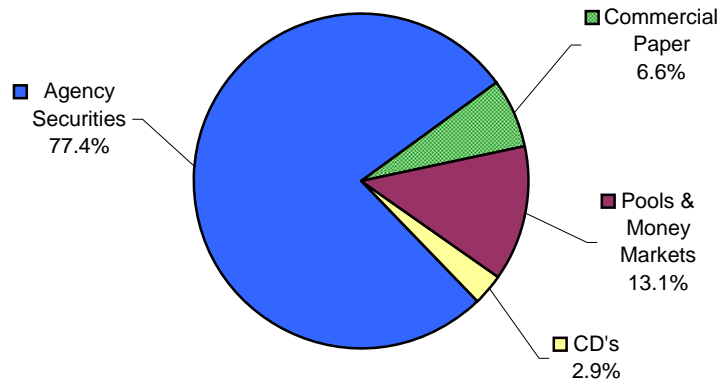
<u>Totals</u>		<u>Weighted Averages</u>	
Par Value	74,919,206.11	Average YTM	2.163
Market Value	75,629,541.80	Average Maturity (yrs)	0.5
Adjusted Cost	75,243,858.09	Average Coupon (%)	2.931
Net Gain/Loss	385,683.71	Average Duration	0.5
Annual Income	2,179,536.59		
Number of Issues	23		

Distribution by Maturity

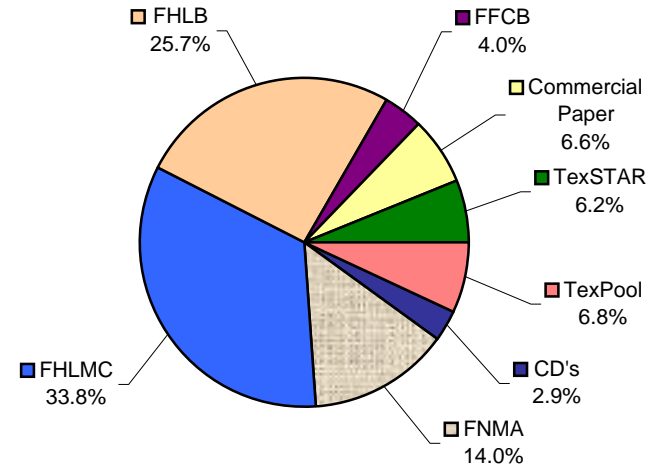
<u>Maturity</u>	<u>Number</u>	<u>Mkt Value</u>	<u>% Bond Holdings</u>	<u>Average Y T M</u>	<u>Average Coupon</u>	<u>Average Duration</u>
0 - 3 Months	7	21,937,239.08	29.0	1.870	2.444%	0.082
3 - 6 Months	7	19,697,060.00	26.0	2.386	2.958%	0.349
6 - 9 Months	5	13,547,296.19	17.9	2.492	3.759%	0.610
9 - 12 Months	4	14,219,228.00	18.8	1.597	2.731%	0.913
1 - 2 Years	10	6,228,718.53	8.2	3.239	3.219%	1.576

Town of Addison
Portfolio Composition
March 31, 2009

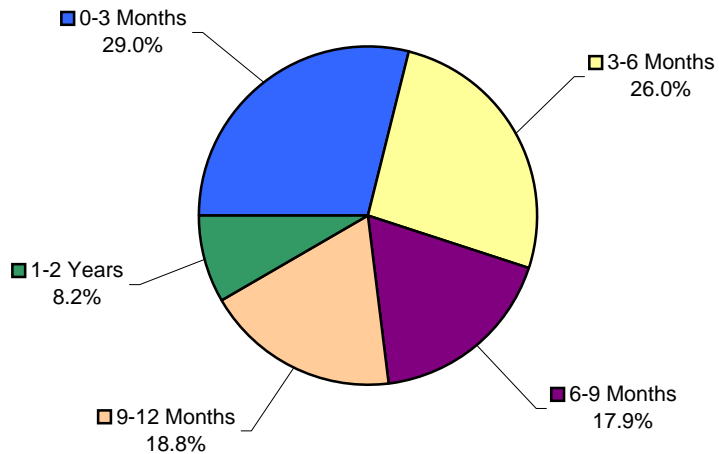
Portfolio Composition by Security Type



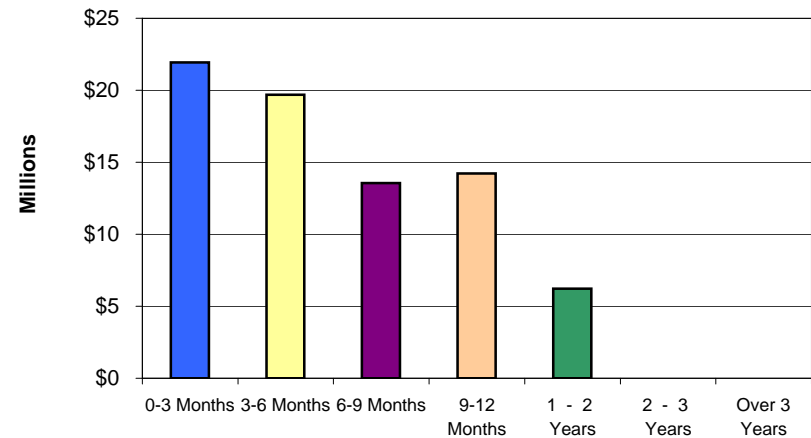
Portfolio Composition by Issuer



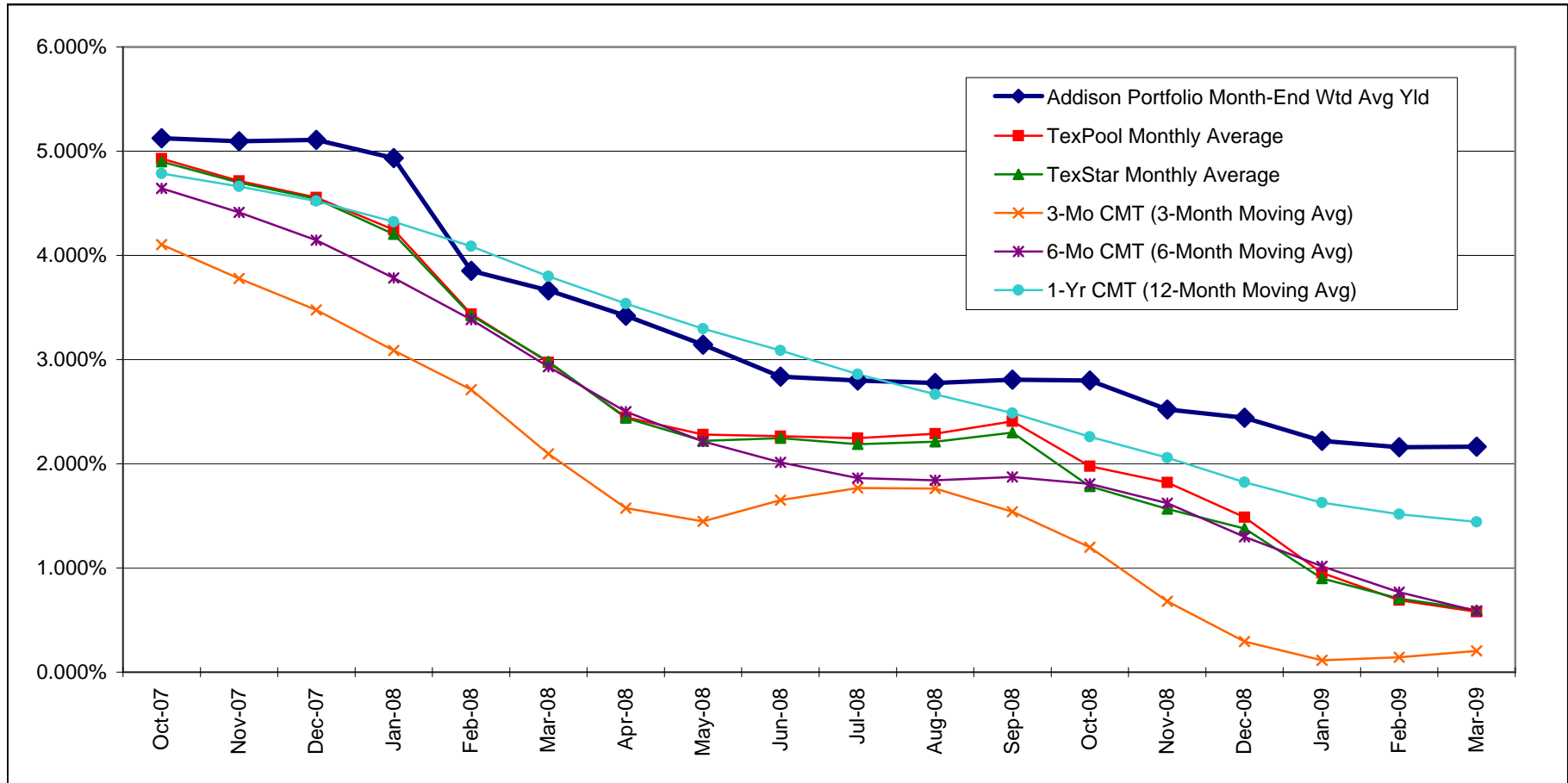
Portfolio Composition by Maturity (Percentage)



Portfolio Composition by Maturity (Amount)



**Town of Addison
Benchmark Comparison
March 31, 2009**



Notes:

- 1.) Benchmark data for TexPool is the monthly average yield.
- 2.) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3.) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.

Town of Addison
DETAIL OF SECURITY HOLDINGS
As of March 31, 2009

Security Description	Security CUSIP	Coupon	Settlement Date	Maturity Date	Next Call Date	Par Value	Purchase Price	Purchase Cost	Book Value	Market Price	Market Value	Accrued Interest	Days to Maturity	Days to Next Call	Yield to Maturity	Yield to Next Call
Pooled Funds																
TexSTAR	texstar	0.594				4,718,585.96	100.000	4,718,585.96	4,718,585.96	100.000	4,718,585.96	0.00	1			0.594
TexPool	texpool	0.579				5,161,465.62	100.000	5,161,465.62	5,161,465.62	100.000	5,161,465.62	0.00	1			0.579
FHLB	3133XQZA3	2.480	07-22-08	05-07-09		1,500,000.00	99.600	1,494,000.00	1,499,252.60	100.187	1,502,812.50	33,480.00	37			2.982
FNMA	31359MVE0	4.250	07-08-08	05-15-09		1,500,000.00	101.224	1,518,360.00	1,502,597.56	100.437	1,506,562.50	24,083.33	45			2.784
FNMA	31359MVE0	4.250	08-13-08	05-15-09		3,000,000.00	101.072	3,032,160.00	3,005,145.60	100.437	3,013,125.00	48,166.67	45			2.801
FHLMC	3137EAAE9	5.250	06-20-08	05-21-09		3,000,000.00	102.053	3,061,587.00	3,009,192.09	100.625	3,018,750.00	56,875.00	51			2.967
FHLB	3133XRK90	3.000	06-19-08	06-18-09		3,000,000.00	99.990	2,999,700.00	2,999,935.71	100.531	3,015,937.50	25,750.00	79			3.010
FFCB	31331YZ37	3.125	07-01-08	07-01-09		3,000,000.00	100.113	3,003,390.00	3,000,845.18	100.687	3,020,625.00	23,437.50	92			3.009
GE Capital Corp CP TLGP (FDIC)	36161CVH2	0.000	02-18-09	07-15-09		5,000,000.00	99.700	4,985,000.00	4,989,285.71	99.884	4,994,210.00	0.00	106			0.747
FNMA Disc Note	313589JL8	0.000	08-06-08	07-22-09		2,000,000.00	97.219	1,944,388.89	1,982,204.44	99.930	1,998,600.00	0.00	113			2.983
FHLB	3133XGEQ3	5.250	05-13-08	08-05-09		1,500,000.00	103.259	1,548,885.00	1,513,671.27	101.625	1,524,375.00	12,250.00	127			2.534
FNMA Disc Note	313589KC6	0.000	08-15-08	08-07-09		2,000,000.00	97.169	1,943,375.83	1,979,697.78	99.900	1,998,000.00	0.00	129			2.979
FHLMC	3134A3M78	6.625	09-16-08	09-15-09		3,000,000.00	103.999	3,119,970.00	3,055,041.18	102.687	3,080,625.00	8,833.33	168			2.538
FHLMC	3134A3M78	6.625	10-30-08	09-15-09		3,000,000.00	102.812	3,084,360.00	3,044,025.37	102.687	3,080,625.00	8,833.33	168			3.332
FHLB	3133XMD40	4.500	10-07-08	10-09-09		4,000,000.00	101.806	4,072,240.00	4,037,592.74	101.875	4,075,000.00	86,000.00	192			2.668
FHLMC	3137EAAK5	4.750	10-21-08	11-03-09		2,000,000.00	101.538	2,030,760.00	2,017,568.61	102.250	2,045,000.00	39,055.56	217			3.224
FHLMC	3128X7SN5	2.750	11-12-08	11-13-09		2,000,000.00	100.644	2,012,880.00	2,007,952.97	101.070	2,021,394.00	21,083.33	227			2.098
FHLB	3133XRHP8	3.000	11-13-08	12-15-09		4,250,000.00	100.894	4,287,995.00	4,274,704.65	101.406	4,309,765.62	37,541.67	259			2.164
FHLMC	3134A4UW2	4.000	11-12-08	12-15-09		1,073,000.00	101.915	1,093,547.95	1,086,326.56	102.156	1,096,136.56	12,637.56	259			2.213
FNMA	31398AKX9	3.250	11-25-08	02-10-10		2,000,000.00	101.178	2,023,560.00	2,016,783.33	101.969	2,039,375.00	9,208.33	316			2.254
FHLB	3133XT4Z6	1.000	02-18-09	02-18-10		5,000,000.00	99.939	4,996,950.00	4,997,300.96	100.031	5,001,562.50	5,972.22	324			1.061
FHLMC	3134A33L8	7.000	11-12-08	03-15-10		3,000,000.00	106.009	3,180,270.00	3,128,723.28	105.719	3,171,562.50	9,333.33	349			2.418
FHLMC	3128X8SG8	1.250	03-23-09	03-23-10	09-23-09	4,000,000.00	100.000	4,000,000.00	4,000,000.00	100.168	4,006,728.00	1,111.11	357	176	1.250	1.250
View Pt Bk CD	VPB-CD 2010	5.200	04-05-07	04-05-10		2,000,000.00	100.000	2,000,000.00	2,000,000.00	100.000	2,000,000.00	285.71	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	06-30-07	04-05-10		24,504.12	100.000	24,504.12	24,504.12	100.000	24,504.12	3.50	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	09-30-07	04-05-10		26,534.88	100.000	26,534.88	26,534.88	100.000	26,534.88	3.79	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	12-31-07	04-05-10		26,882.66	100.000	26,882.66	26,882.66	100.000	26,882.66	3.84	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	03-31-08	04-05-10		26,866.18	100.000	26,866.18	26,866.18	100.000	26,866.18	3.84	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	06-30-08	04-05-10		27,212.72	100.000	27,212.72	27,212.72	100.000	27,212.72	3.89	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	09-30-08	04-05-10		27,867.46	100.000	27,867.46	27,867.46	100.000	27,867.46	3.98	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	12-31-08	04-05-10		28,231.72	100.000	28,231.72	28,231.72	100.000	28,231.72	4.03	370			5.234
View Pt Bk CD	VPB-CD 2010	5.200	03-31-09	04-05-10		28,054.79	100.000	28,054.79	28,054.79	100.000	28,054.79	4.01	370			5.234
FHLMC	3128X8RT1	2.125	03-16-09	03-16-11	03-16-10	4,000,000.00	99.995	3,999,800.00	3,999,804.38	100.314	4,012,564.00	3,541.67	715	350	2.128	2.130
		2.925				74,919,206.11	100.830	75,529,385.78	75,243,858.09	100.961	75,629,541.80	467,510.54	195			2.163
GRAND TOTAL		2.925				74,919,206.11	100.830	75,529,385.78	75,243,858.09	100.961	75,629,541.80	467,510.54	195			2.163

Town of Addison
Pooled Funds
INVESTMENT TRANSACTIONS
From 01-01-09 To 03-31-09

Settle Date	Security	CUSIP	Coupon	Mature Date	Call Date	Quantity	Unit Price	Amount
PURCHASES								
02-18-09	FHLB	3133XT4Z6	1.000	02-18-10		5,000,000	99.939	4,996,950.00
02-18-09	GE Capital Corp CP TLGP (FDIC)	36161CVH2	0.000	07-15-09		5,000,000	99.700	4,985,000.00
03-16-09	FHLMC	3128X8RT1	2.125	03-16-11	03-16-10	4,000,000	99.995	3,999,800.00
03-23-09	FHLMC	3128X8SG8	1.250	03-23-10	09-23-09	4,000,000	100.000	4,000,000.00
03-31-09	View Pt Bk CD	VPB-CD 2010	5.200	04-05-10		28,055	100.000	28,054.79
								18,009,804.79
MATURITIES								
02-23-09	FFCB	31331XQM7	5.000	02-23-09		1,000,000	100.000	1,000,000.00
	Accrued Interest							25,000.00
03-16-09	GE Capital Corp CP	36959HQG5	0.000	03-16-09		3,000,000	100.000	3,000,000.00
								4,025,000.00