

Department of Financial & Strategic Services
Quarterly Review

For the Period Ended March 31, 2011

*Town of Addison
May 2011*

Quarter Ended 03/31/11

Table of Contents

	Pages
Executive Dashboards	i-iv
Memorandum to the City Manager	1-2
Financial Section:	
Executive Summary of Operating Funds, Actual Compared to Budget	3
General Fund, Quarterly Statement of Revenues Compared to Budget.....	4
General Fund, Quarterly Statement of Expenditures Compared to Budget	5
Hotel Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	6
Economic Development Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	7
Advanced Funding Grant Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	7
Reimbursement Grant Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	8
ARRA Grant Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	8
Street Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	9
Parks Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	9
2002 Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	10
2004 Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	10
2006 Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	11
2008 Capital Project Fund, Quarterly Statement of Revenues and Expenditures Compared to Budget	11
Airport Fund, Quarterly Statement of Revenues, Expenditures and Changes in Working Capital Compared to Budget	12
Utility Fund, Quarterly Statement of Revenues, Expenditures and Changes in Working Capital Compared to Budget	13
Schedule of Sales Tax Collections and Related Analyses.....	14
Hotel Occupancy Tax Collection by Hotel Service Type	15
Interim Statement of Cash Receipts and Disbursements	16
Collateral Summary	17
Attachments:	
First Southwest Portfolio Report and Statement of Compliance	Attached

Executive Dashboard – 2nd Quarter, 2011 Fiscal Year

Financial Indicators

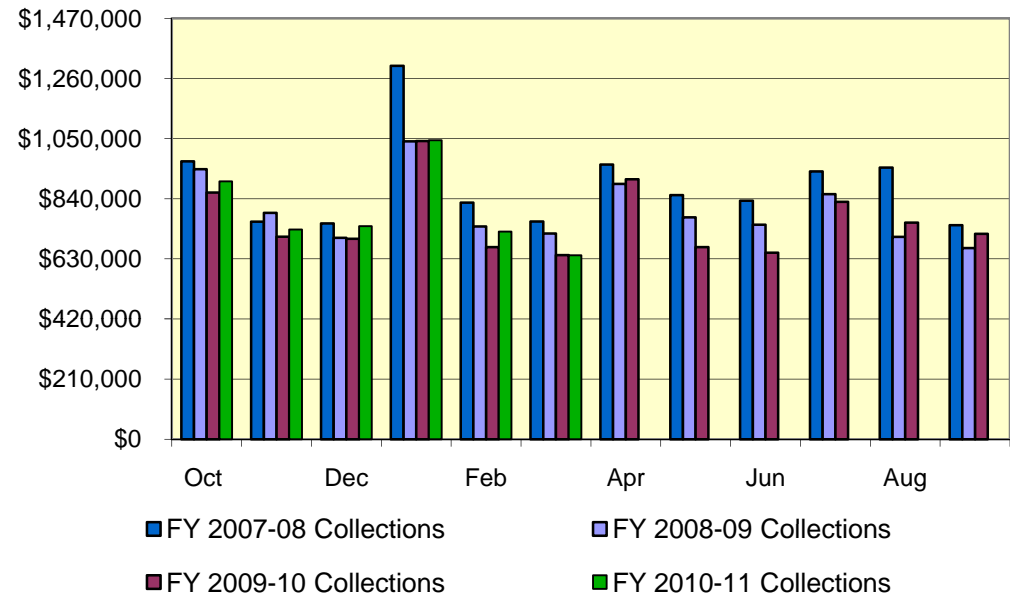
Key Revenue Sources:

	FY11 Budget	FY11 Projection*	Variance (Unfavorable)
Ad Valorem Taxes	\$10,386,590	\$10,386,590	\$-0-
Sales Taxes	\$9,377,780	\$9,664,300	\$286,520
Franchise Fees	\$2,607,960	\$2,607,960	\$-0-
Licenses and Permits	\$621,080	\$550,000	(\$71,080)
Court Fines	\$1,225,000	\$1,100,000	(\$125,000)
Hotel Tax	\$3,550,000	\$3,950,000	\$400,000
Fuel Flowage Fees	\$846,000	\$780,000	(\$66,000)
Water and Sewer Charges	\$10,165,000	\$9,925,000	(\$240,000)

Key Expenditures:

	FY11 Budget	FY11 Projection*	Variance
General Fund	\$27,727,970	\$27,727,970	\$-0-
Hotel Fund	\$6,914,180	\$8,661,180	(\$1,697,500)
Airport Operations	\$3,482,660	\$3,482,660	\$-0-
Utility Dept.	\$2,644,680	\$2,644,680	\$-0-

Addison Sales Tax Collections



General Fund



Airport Fund



Hotel Fund



Utility Fund



*Using data through March 31, 2011

Executive Dashboard – 2nd Quarter, 2011 Fiscal Year

Economic Indicators

Occupancy Indicators:

Office Occupancy  Up from 75.2% to 76.5%

Retail Occupancy  Up from 86.8% to 88.3%

Source: CoStar Report Q2 2011 vs. Q2 2010

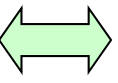
Hotel Indicators:


Hotel Occupancy  2011 up 8.3% from 2010

RevPAR  2011 up \$4.82 from 2010

Source: STR Report – March 2010 vs. March 2011

Area Economic Indicators:

Area Employment  2011 even with 2010

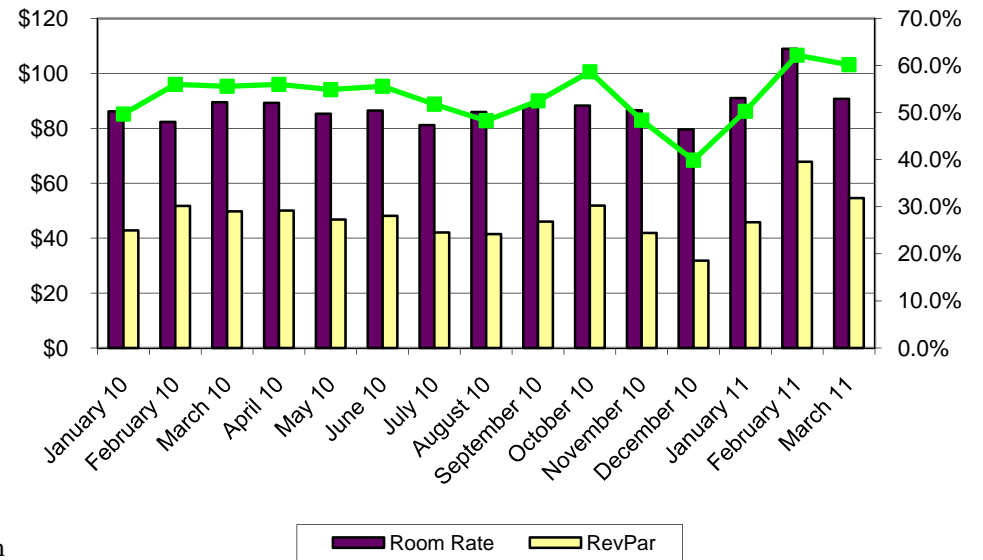
Texas Leading Indicators Index  2011 up 5.01% from 2010

Source: Dallas Federal Reserve

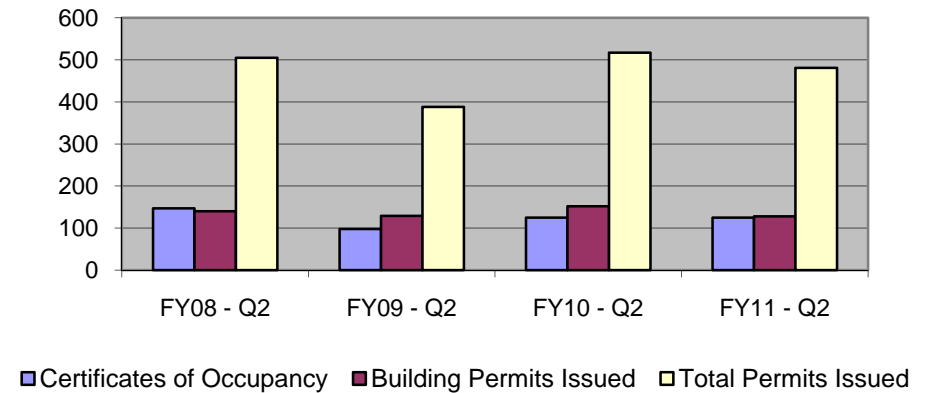
Building Permit Activity:

	FY 2010 (thru March 31st)	FY 2011 (thru March 31st)
Certificates of Occupancy	125	125
Building Permits Issued	150	125
Total Permits Issued	512	480
Total Valuation	\$48,433,264	\$23,009,323

Hotel Industry Statistics



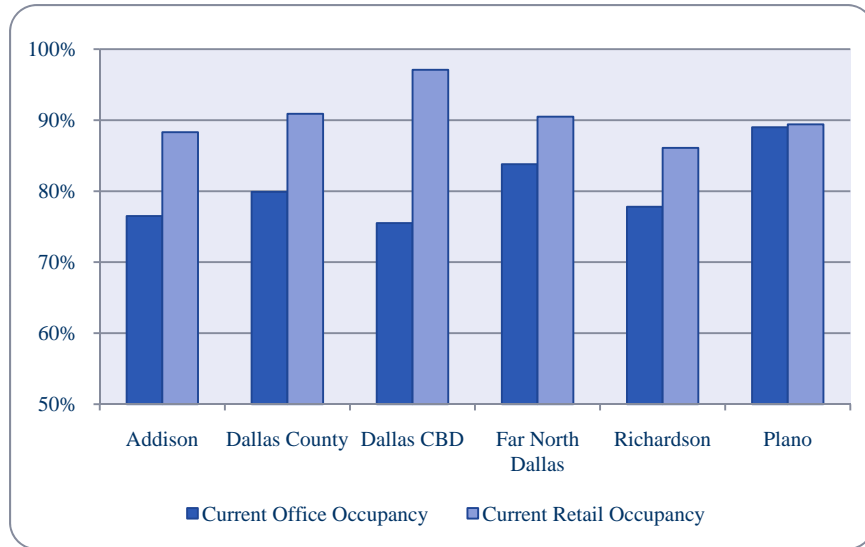
Comparison of Permit Activity



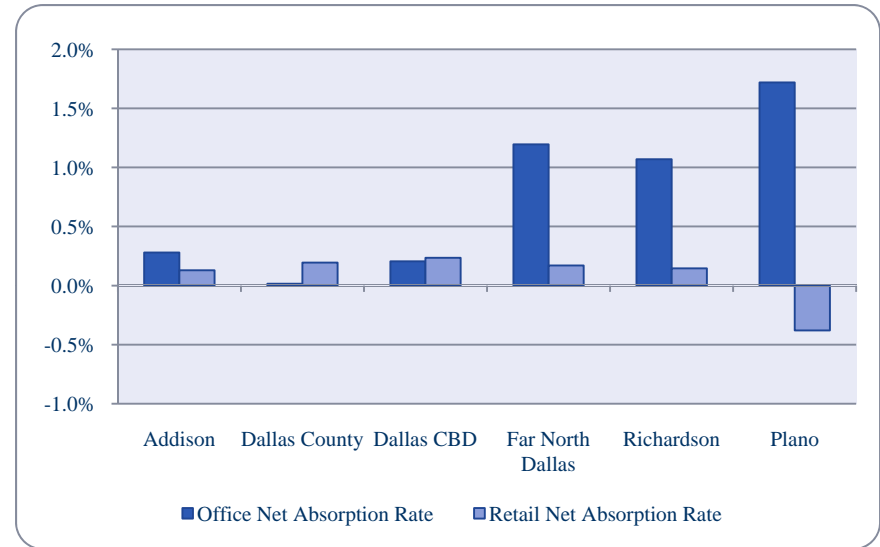
Executive Dashboard – 2nd Quarter 2011 Fiscal Year

Office and Retail Occupancy Summary

Occupancy as of March 31, 2011:



Net Absorption Rate* FY11 YTD Average:



Office Indicators as of March 31, 2011 :

Measure	FY10 Q2	FY11 Q2	% Change
Office Occupancy Rate	75.2%	76.5%	1.7%
Average Rental Rate**	\$20.37	\$19.82	-2.7%

Retail Indicators as of March 31, 2011 :

Measure	FY10 Q2	FY11 Q2	% Change
Retail Occupancy Rate	86.8%	88.3%	1.7%
Average Rental Rate*	\$17.29	\$16.31	-5.7%

*Net absorption in the net change in occupied space.









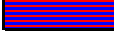
**Rate is the annual cost per square foot. For office the amount is the direct gross rent. For retail the amount is the triple net rent.

Source: CoStar.

Executive Dashboard - 2nd Quarter, 2011 Fiscal Year

Bid Equipment / Projects Status Report

Projects FY 2010-2011	Budget	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1 Parks Landscape Projects <i>Parks</i>	\$52,000												
2 Parks Painting Projects <i>Parks</i>	\$27,700												
3 Parks Lighting Projects <i>Parks</i>	\$65,000												
4 Addison Arbors Improvements <i>Parks</i>	\$46,500												
5 Crack and Joint Sealing <i>Streets</i>	\$50,000												
6 Miscellaneous Pavement Projects <i>Streets</i>	\$100,000												
7 Pavement Markings <i>Streets</i>	\$60,000												
8 Arapaho Road Pavers <i>Streets</i>	\$20,000												
9 Video Surveillance at Service Center <i>IT</i>	\$20,000												
10 In-Car Video and Computer Upgrade <i>IT</i>	\$230,000												
11 Heating/AC Maintenance <i>General Services</i>	\$100,000												
11 Police Department Exterior Painting <i>General Services</i>	\$45,000												
12 Custodial Services <i>General Services</i>	\$217,000												
13 Elevated Storage Tank Construction <i>Public Works</i>	\$5,000,000												
14 Vitruvian Park Phase 2 (Bella Lane) <i>Public Works</i>	\$1,200,000												
15 Spring Valley Road Widening <i>Public Works</i>	\$4,000,000												

-  Portion of the project from design through the procurement process
-  Portion of the project from award of contract until closing of construction or implementation.
-  Denotes a Streets Department Project
-  Denotes a Parks Department Project
-  Denotes an IT Department Project
-  Denotes a General Services Project
-  Denotes a Public Works Department Project
-  Project has been suspended/deferred
-  Project has been completed



MEMO

To: Ron Whitehead, City Manager
From: Randy Moravec, CFO
Re: Second Quarter Financial Review
Date: May 2, 2011

GENERAL FUND

- With half the year elapsed, revenues totaled \$18.4 million, which is \$910k or 4.7% less than received this time last year. Property tax collections are tracking budget but are down \$485k from last year due to this year's reduced tax levy. Sales tax collections total \$4.8 million, a slight 1.5% increase over the previous year. Electric and gas franchise fee revenue is up due to the colder than average winter that required higher consumption of energy to heat homes and businesses. Building permits are within budget parameters but are down compared to last year's amounts that had been inflated due to the Methodist Hospital. All other revenues are performing as expected for this time of the year.
- Through the second quarter, fund expenditures totaled \$12.6 million, which is 45.5% of budget and \$220k more than spent this time last year. As was the case last quarter, the increase is due to the resumption of General fund contributions to the internal replacement funds. At this time it appears budget amendments will be needed in the city manager's department to accommodate Tom Forrest's extended contract and the SDI strategic services contract.

HOTEL FUND

- Revenues for the first half of the year total \$2.6 million, about \$92k more than this time a year ago. The second quarter realized \$1.1 million in hotel occupancy tax (HOT) receipts, the first time in two years when quarterly tax revenue exceeded \$1 million. HOT received a boost from the Super Bowl; February taxes were up 34 percent over the previous year. Conference Centre revenues are down 28%. Other rental is up slightly from last year, but is only 13.7% of budget due to the delay in getting Visit Addison completed and ready for the Craft Guild.
- Hotel fund expenditures amounted to \$4.2 million or 61% of budget, \$1.7 million more than a year ago. The increased expenditures are due to the make-ready of the Visitor Services offices and the Visit Addison facilities at Village on the Parkway. Total costs for the facilities have been estimated at \$1.9 million, which will be recognized with budget amendments later in the fiscal year once all costs have been assembled.

AIRPORT FUND

- Operating revenue through half the year totaled \$1.8 million, which is within \$3k of last year's collections for this period. Fuel flowage fees are up only \$8k compared to last year, but February's collections were 25% greater than the year before due to the traffic associated with the Super Bowl.
- For the six months, operating expenses totaled \$1.5 million, resulting in net income of \$257k. Because of the Town's local match to TXDOT for the runway improvement project, working capital has been reduced by \$1.1 million to just more than \$1 million.

UTILITY FUND

- For the first half of the year, the fund recorded \$3.7 million in operating revenues, a \$794k increase from the year before. The increased revenue is attributed to the new utility rate structure, as well as a 27.7% increase in the volume of water sold over six months.
- Operating expenses totaled \$3.2 million, bringing net income to \$295k. Working capital declined \$1.3 million due to debt service payments and capital project expenses.

CASH AND INVESTMENT REPORT

- Cash for all funds as of March 31, 2011 totaled \$51.9 million, a net increase of \$1.8 million from the previous quarter. The increase is due to the infusion of property tax revenues into the General and Debt Service funds since taxes become delinquent if not collected by January 31st. The increase in the General fund was offset by declines in other funds. The Hotel fund cash balance was reduced due to expenditures related to the make-ready of the Visitor Services and Visit Addison facilities. The balance in the 2008 Capital Project fund declined \$3.9 million because of Vitruvian Park project expenditures.
- The Town's average investment yield to maturity at the end of March was 0.53%, down from the previous quarter's yield of 0.62%. This yield is higher than the TexPool benchmark of 0.15%. The average weighted maturity decreased from 205 days to 179 days.
- We concur with First Southwest Asset Management's recommendation of keeping our cash balances low and shift funds from the Pools to higher yielding instruments. However, just as we did the past quarter, we will explore allocating a portion of the Town's portfolio in longer maturity items if the yield curve justifies these investments. It is possible that should Congress fail to approve an increase in the U.S. Federal debt ceiling, interest rates may significantly increase over the short-term.

TOWN OF ADDISON

EXECUTIVE SUMMARY OF MAJOR OPERATING FUNDS FOR THE QUARTER ENDED MARCH 31, 2011
UNAUDITED ACTUAL AMOUNTS COMPARED TO THE 2011 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	\$ 10,387	\$ 10,300	\$ 10,745	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,387	\$ 10,300	\$ 10,745
Non-Property Tax	10,338	5,030	4,938	3,550	1,953	1,762	-	-	-	-	-	-	13,888	6,983	6,701
Franchise Fees	2,608	1,437	1,376	-	-	-	-	-	-	-	-	-	2,608	1,437	1,376
Service/Permitting/License Fees	1,968	910	1,414	1,681	381	392	884	343	328	10,258	3,712	2,917	14,790	5,346	5,052
Rental, Interest and Other Income	1,516	679	793	817	238	325	3,543	1,495	1,561	7	4	41	5,883	2,415	2,720
Transfers and Other Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Resources	26,816	18,356	19,266	6,048	2,572	2,479	4,427	1,838	1,889	10,264	3,716	2,958	47,555	26,481	26,592
APPLICATION OF RESOURCES															
Personal Services	18,906	8,828	8,973	1,538	547	564	254	109	117	1,362	631	607	22,060	10,114	10,262
Supplies and Materials	1,227	527	577	152	119	73	22	8	5	134	43	49	1,534	697	704
Maintenance	1,914	687	838	539	1,408	186	2,399	931	480	410	145	195	5,262	3,170	1,699
Contractual Services	4,501	2,027	1,941	3,959	1,767	1,354	807	470	809	5,403	2,328	2,186	14,670	6,592	6,290
Capital Equipment Amortization	1,073	536	4	57	33	-	-	-	-	24	13	-	1,154	582	4
Capital Equipment/Projects	107	19	71	-	9	-	1,302	1,214	35	3,785	282	409	5,194	1,525	515
Transfers and Other Uses**	700	175	500	670	335	335	390	195	195	3,147	1,574	1,560	4,908	2,279	2,590
Total Application of Resources	28,428	12,799	12,904	6,914	4,218	2,512	5,175	2,927	1,641	14,265	5,015	5,006	54,782	24,958	22,064
Net Change in Fund Balances	\$ (1,612)	\$ 5,557	6,362	\$ (866)	\$ (1,646)	\$ (33)	\$ (748)	\$ (1,089)	\$ 248	\$ (4,001)	\$ (1,299)	(2,048)	\$ (7,227)	\$ 1,523	4,528

Notes:

* Totals may not exactly match due to rounding.

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

TOWN OF ADDISON
GENERAL FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Ad Valorem taxes:						
Current taxes	\$ 10,375,430	\$ 8,289,144	\$ 10,269,571	99.0%	\$ 10,754,944	100.7%
Delinquent taxes	9,850	(3,417)	5,831	59.2%	(891)	-26.3%
Penalty & interest	1,310	19,631	24,390	1861.8%	(9,428)	-39.8%
Non-property taxes:						
Sales tax	9,377,780	2,412,260	4,789,299	51.1%	4,717,775	48.3%
Alcoholic beverage tax	960,000	240,706	240,706	25.1%	220,447	22.6%
Franchise / right-of-way use fees:						
Electric franchise	1,500,000	327,863	762,714	50.8%	730,802	48.7%
Gas franchise	250,000	219,959	219,959	88.0%	189,093	58.2%
Telecommunication access fees	650,000	165,482	334,720	51.5%	340,949	60.9%
Cable franchise	200,000	55,988	115,219	57.6%	111,660	85.9%
Street rental fees	7,960	1,250	4,500	56.5%	3,500	50.0%
Licenses and permits:						
Business licenses and permits	167,340	22,741	57,354	34.3%	104,426	65.3%
Building and construction permits	453,740	99,470	218,304	48.1%	491,235	245.6%
Intergovernmental revenue	-	-	-	0.0%	106,743	53.8%
Service fees:						
General government	650	31	59	9.1%	293	48.8%
Public safety	757,080	205,869	348,975	46.1%	440,201	60.7%
Urban development	5,300	510	810	15.3%	1,280	25.6%
Streets and sanitation	319,870	87,501	160,935	50.3%	147,545	42.2%
Recreation	79,400	18,731	31,615	39.8%	30,594	38.2%
Interfund	184,300	46,075	92,150	50.0%	92,150	50.0%
Court fines	1,225,000	283,776	519,542	42.4%	594,090	49.5%
Interest earnings	80,000	12,135	15,802	19.8%	53,264	30.0%
Rental income	153,000	49,917	73,250	47.9%	79,258	50.6%
Other	57,990	16,906	70,002	120.7%	66,075	88.1%
Total Revenues	\$ 26,816,000	\$ 12,572,528	\$ 18,355,707	68.5%	\$ 19,266,005	70.1%

TOWN OF ADDISON

GENERAL FUND

FY 2011 QUARTERLY STATEMENT OF EXPENDITURES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	1st Quarter	Year-to-Date	YTD as % of Budget	Year-to-Date	YTD as % of Budget
General Government:						
City manager	\$ 1,527,890	\$ 402,956	\$ 783,322	51.3%	\$ 613,864	47.3%
Financial & strategic services	839,820	204,031	397,102	47.3%	425,793	48.3%
General services	826,270	173,703	369,266	44.7%	374,775	47.1%
Municipal court	509,580	106,110	215,378	42.3%	243,962	46.9%
Human resources	519,630	74,617	171,051	32.9%	215,208	36.9%
Information technology	1,325,600	345,764	591,194	44.6%	662,655	53.6%
Combined services	602,680	115,846	323,930	53.7%	320,915	46.2%
Council projects	297,650	33,975	217,832	73.2%	225,998	48.9%
Public safety:						
Police	7,630,580	1,778,489	3,669,535	48.1%	3,491,983	47.2%
Emergency communications	1,156,290	263,202	501,715	43.4%	556,759	49.0%
Fire	5,780,280	1,348,035	2,754,289	47.6%	2,585,068	45.2%
Development services	898,680	185,026	410,840	45.7%	423,862	44.4%
Streets	1,794,880	329,964	609,633	34.0%	694,139	41.4%
Parks and Recreation:						
Parks	2,535,480	469,789	990,276	39.1%	999,235	39.5%
Recreation	1,482,660	314,822	618,164	41.7%	570,158	40.8%
Total Expenditures	\$ 27,727,970	\$ 6,146,329	\$ 12,623,527	45.5%	\$ 12,404,374	45.5%

TOWN OF ADDISON

HOTEL FUND

FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET

With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Hotel/Motel occupancy taxes	\$ 3,550,000	\$ 1,113,976	\$ 1,952,812	55.0%	\$ 1,762,282	41.5%
Proceeds from special events	1,680,500	277,134	381,141	22.7%	392,393	29.3%
Conference centre rental	500,000	75,146	183,053	36.6%	255,891	51.2%
Other rental	303,540	20,795	41,553	13.7%	40,877	58.4%
Interest and miscellaneous	13,800	3,914	12,997	94.2%	27,875	27.9%
Total Revenues	6,047,840	1,490,965	2,571,556	42.5%	2,479,318	39.6%
Expenditures and other uses:						
Visitor services	1,098,570	213,762	596,732	54.3%	357,099	40.5%
Visit Addison	440,110	1,323,158	1,445,907	328.5%	-	0.0%
Marketing	731,460	112,444	331,105	45.3%	325,569	40.4%
Special events	2,392,720	216,641	613,948	25.7%	668,815	24.7%
Conference centre	1,028,370	208,019	436,420	42.4%	442,341	30.4%
Performing arts	552,950	170,713	458,538	82.9%	383,501	67.8%
Capital projects	-	-	-	0.0%	-	0.0%
Other financing uses:						
Transfer to debt service fund	670,000	167,500	335,000	50.0%	335,000	50.0%
Total Expenditures and Other Uses	\$ 6,914,180	\$ 2,412,237	\$ 4,217,650	61.0%	\$ 2,512,325	29.9%

NOTES:

1) Amounts spent by special project:

Public Relations	\$ 314,250	\$ 40,496	\$ 103,497	32.9%	\$ 132,571	32.8%
Oktoberfest	563,880	874	5,760	1.0%	13,264	2.2%
Kaboom Town	245,920	-	339	0.1%	26,170	9.1%
Calendar	50,000	26,200	57,649	115.3%	44,814	89.6%
Hotel Support Program	260,000	19,786	35,517	13.7%	49,444	19.0%
Taste Addison	599,050	40,149	40,149	6.7%	41,017	6.5%
Shakespeare Festival	46,500	15,500	48,092	103.4%	47,558	102.3%
Summer Jazz Festival	44,560	-	97	0.2%	127	0.3%
WorldFest	215,110	840	213,453	99.2%	274,478	82.7%
Book Fair	2,920	-	2,032	69.6%	2,824	111.2%
Weekend to Wipe Out Cancer	13,000	-	69	0.5%	85	0.6%
TOTAL	\$ 2,355,190	\$ 143,845	\$ 506,654	21.5%	\$ 632,352	23.7%

TOWN OF ADDISON
ECONOMIC DEVELOPMENT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest income and other	\$ -	\$ 207	\$ 244	0.0%	\$ -	0.0%
Transfer from General Fund	700,000	175,000	350,000	50.0%	-	0.0%
Total Revenues & Other Uses	700,000	175,207	350,244	50.0%	-	0.0%
Expenditures:						
Personal services	-	-	-	0.0%	-	0.0%
Supplies	-	3,725	3,725	0.0%	-	0.0%
Contractual Services	700,000	18,210	30,210	4.3%	-	0.0%
Total Expenditures	\$ 700,000	\$ 21,935	\$ 33,935	4.8%	\$ -	0.0%

NOTES:

- 1) The Economic Development fund was initiated with the FY2011 budget.

TOWN OF ADDISON
ADVANCED FUNDING GRANT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental	\$ 2,500,000	\$ 1,461,645	\$ 1,461,645	58.5%	\$ -	0.0%
Interest earnings and other	70	405	426	608.6%	-	0.0%
Total Revenues	2,500,070	1,462,050	1,462,071	58.5%	-	0.0%
Expenditures:						
Contractual services	160,000	-	-	0.0%	-	0.0%
Construction and equipment	2,340,000	-	-	0.0%	-	0.0%
Total Expenditures	\$ 2,500,000	\$ -	\$ -	0.0%	\$ -	0.0%

NOTES:

- 1) Fund did not exist in Q1 2010.

TOWN OF ADDISON
REIMBURSEMENT GRANT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental	\$ 70,000	\$ 30,900	\$ 522,350	746.2%	\$ -	0.0%
Total Revenues	<u>70,000</u>	<u>30,900</u>	<u>522,350</u>	746.2%	<u>-</u>	<u>0.0%</u>
Expenditures:						
Personal services	19,200	5,582	5,582	29.1%	-	0.0%
Supplies	800	2,455	2,455	306.9%	-	0.0%
Contractual services	50,000	(66,126)	-	0.0%	-	0.0%
Construction and equipment	-	36,827	536,827	N/A	-	0.0%
Total Expenditures	<u>\$ 70,000</u>	<u>\$ (21,262)</u>	<u>\$ 544,864</u>	778.4%	<u>\$ -</u>	<u>0.0%</u>

NOTES:

- 1) Fund did not exist in Q1 2010.

TOWN OF ADDISON
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental	\$ 140,000	\$ 49,574	\$ 49,574	35.4%	\$ -	0.0%
Total Revenues	<u>140,000</u>	<u>49,574</u>	<u>49,574</u>	35.4%	<u>-</u>	<u>0.0%</u>
Expenditures:						
Personal services	140,000	159,536	159,536	114.0%	-	0.0%
Total Expenditures	<u>\$ 140,000</u>	<u>\$ 159,536</u>	<u>\$ 159,536</u>	114.0%	<u>\$ -</u>	<u>0.0%</u>

NOTES:

- 1) Fund did not exist in Q1 2010.

TOWN OF ADDISON
STREET CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	0.0%	\$ 21,740	2.2%
Interest income and other	9,100	2,114	3,806	41.8%	6,173	12.3%
Total Revenues	9,100	2,114	3,806	41.8%	27,913	2.7%
Expenditures:						
Engineering and contractual services	-	-	-	0.0%	22,000	106.2%
Construction and equipment	1,007,440	-	-	0.0%	1,548,800	33.4%
Total Expenditures	\$ 1,007,440	\$ -	\$ -	0.0%	\$ 1,570,800	34.5%

TOWN OF ADDISON
PARKS CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest income and other	\$ 3,070	\$ 376	\$ 827	26.9%	\$ 2,330	23.3%
Total Revenues	3,070	376	827	26.9%	2,330	23.3%
Expenditures:						
Engineering and contractual services	9,700	4,581	10,132	104.5%	8,667	10.2%
Construction and equipment	260,510	88,580	88,580	34.0%	-	0.0%
Total Expenditures	\$ 270,210	\$ 93,161	\$ 98,712	36.5%	\$ 8,667	10.2%

TOWN OF ADDISON
2002 CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 14,390	\$ 1,907	\$ 3,934	27.3%	\$ 9,883	28.2%
Total Revenues	14,390	1,907	3,934	27.3%	9,883	28.2%
Expenditures:						
Design and engineering	100,000	90,416	169,591	169.6%	60,923	60.9%
Construction and equipment	400,000	-	-	0.0%	5,106	1.3%
Total Expenditures	\$ 500,000	\$ 90,416	\$ 169,591	33.9%	\$ 66,029	13.2%

TOWN OF ADDISON
2004 CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 5,050	\$ 365	\$ 958	19.0%	\$ 2,508	33.4%
Total Revenues	5,050	365	958	19.0%	2,508	33.4%
Expenditures:						
Construction and equipment	-	-	-	0.0%	-	0.0%
Total Expenditures	\$ -	\$ -	\$ -	0.0%	\$ -	0.0%

TOWN OF ADDISON
2006 CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 4,060	\$ 467	\$ 944	23.3%	\$ 2,017	40.3%
Total Revenues	<u>4,060</u>	<u>467</u>	<u>944</u>	23.3%	<u>2,017</u>	40.3%
Expenditures:						
Engineering and contractual services	180,000	-	-	0.0%	-	0.0%
Total Expenditures	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ -</u>	0.0%	<u>\$ -</u>	0.0%

TOWN OF ADDISON
2008 CAPITAL PROJECT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Revenues:						
Interest earnings and other	\$ 210,420	\$ 123,469	\$ 307,134	146.0%	\$ 182,621	40.6%
Total Revenues	<u>210,420</u>	<u>123,469</u>	<u>307,134</u>	146.0%	<u>182,621</u>	40.6%
Expenditures:						
Design and engineering	-	429,899	626,531	0.0%	692,086	N/A
Construction and equipment	12,100,000	3,839,364	5,457,083	45.1%	2,522,568	12.9%
Total Expenditures	<u>\$ 12,100,000</u>	<u>\$ 4,269,263</u>	<u>\$ 6,083,614</u>	50.3%	<u>\$ 3,214,654</u>	16.5%

AIRPORT FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Operating revenues:						
Operating grants	\$ 50,000	\$ -	\$ -	0.0%	\$ 48,530	97.1%
Fuel flowage fees	846,000	250,543	316,672	37.4%	308,495	47.5%
Rental	3,467,030	1,171,913	1,455,860	42.0%	1,424,973	43.8%
User fees	38,400	22,974	26,707	69.5%	19,340	43.0%
Total operating revenues	4,401,430	1,445,430	1,799,239	40.9%	1,801,338	45.1%
Operating expenses:						
Town - Personal services	254,020	50,192	109,029	42.9%	117,324	39.8%
Town - Supplies	21,800	5,029	8,057	37.0%	4,780	10.1%
Town - Maintenance	29,300	8,149	15,185	51.8%	12,157	41.5%
Town - Contractual services	477,520	103,756	186,917	39.1%	363,821	75.9%
Grant - Maintenance	100,000	-	64,151	64.2%	1,470	1.5%
Operator operation & maintenance	2,270,090	729,118	851,347	37.5%	466,627	33.7%
Operator service contract	329,930	96,977	283,186	85.8%	445,630	53.8%
Total operating expenses	3,482,660	993,222	1,517,873	43.6%	1,411,809	44.6%
Net operating income	918,770	452,208	281,366	30.6%	389,529	46.8%
Non-Operating revenues (expenses):						
Interest earnings and other	25,750	11,853	38,768	150.6%	87,679	194.8%
Interest on debt, fiscal fees & other	(125,420)	(31,355)	(62,710)	50.0%	(67,500)	50.0%
Total non-operating revenues (expenses)	(99,670)	(19,502)	(23,942)	24.0%	20,179	-22.4%
Net income (loss) (excluding depreciation)	\$ 819,100	\$ 432,706	\$ 257,424	31.4%	\$ 409,708	55.2%
CHANGES IN WORKING CAPITAL						
Net income (excluding depreciation)	\$ 819,100	\$ 432,706	\$ 257,424	31.4%	409,708	55.2%
Sources (uses) of working capital:						
Retirement of long-term debt	(265,000)	(66,250)	(132,500)	50.0%	(127,500)	50.0%
Net additions to fixed assets with grants	(1,245,000)	(48,000)	(1,214,003)	97.5%	(7,595)	0.6%
Other net additions to fixed assets	(57,000)	-	-	0.0%	(27,035)	93.2%
Net sources (uses) of working capital	(1,567,000)	(114,250)	(1,346,503)	85.9%	(162,130)	10.0%
Net increase (decrease) in working capital	(747,900)	318,456	(1,089,079)	145.6%	247,578	-28.2%
Beginning fund balance	1,741,240	716,868	2,124,403	122.0%	1,179,004	98.5%
Ending fund balance	\$ 993,340	\$ 1,035,324	\$ 1,035,324	104.2%	\$ 1,426,582	449.4%

UTILITY FUND
FY 2011 QUARTERLY STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES TO WORKING CAPITAL COMPARED TO BUDGET
With Comparative Information from Prior Fiscal Year

Category	2010-11 FY				2009-10 FY	
	Budget	2nd Quarter	Six Months Year-to-Date	YTD as % of Budget	Six Months Year-to-Date	YTD as % of Budget
Operating revenues:						
Water sales	\$ 5,462,500	\$ 926,130	\$ 1,916,939	35.1%	\$ 1,339,077	26.5%
Sewer charges	4,702,500	995,113	1,756,274	37.3%	1,532,379	35.8%
Tap Fees	22,670	4,225	4,945	21.8%	4,135	41.4%
Penalties	70,000	13,747	33,561	47.9%	41,296	68.8%
Total operating revenues	10,257,670	1,939,215	3,711,719	36.2%	2,916,887	31.0%
Operating expenses:						
Water purchases	2,707,600	643,263	1,094,114	40.4%	1,012,014	38.1%
Wastewater treatment	1,980,100	498,615	972,362	49.1%	870,220	49.9%
Utility operations	2,644,680	545,321	1,092,669	41.3%	1,155,069	42.9%
Total operating expenses	7,332,380	1,687,199	3,159,145	43.1%	3,037,303	42.8%
Net operating income	2,925,290	252,016	552,574	18.9%	(120,416)	-5.2%
Non-Operating revenues (expenses):						
Interest income and other	6,500	(3,907)	4,241	65.2%	41,207	23.5%
Interest on bonded debt and fiscal charges	(523,680)	(130,920)	(261,840)	50.0%	(314,195)	50.0%
Total non-operating revenues (expenses)	(517,180)	(134,827)	(257,599)	49.8%	(272,988)	60.2%
Net income (excluding depreciation)	\$ 2,408,110	\$ 117,189	\$ 294,975	12.2%	\$ (393,404)	-21.1%
CHANGES IN WORKING CAPITAL						
Net income (loss)	2,408,110	117,189	294,975	12.2%	(393,404)	-21.1%
Sources (uses) of working capital:						
Retirement of long-term debt	(2,623,770)	(655,943)	(1,311,885)	50.0%	(1,245,640)	50.0%
Net additions to fixed assets	(3,785,000)	(262,107)	(282,334)	7.5%	(408,825)	17.3%
Net sources (uses) of working capital	(6,408,770)	(918,050)	(1,594,219)	24.9%	(1,654,465)	34.1%
Net increase (decrease) in working capital	(4,000,660)	(800,861)	(1,299,244)	32.5%	(2,047,869)	68.5%
Beginning fund balance	5,026,680	5,352,839	5,851,222	116.4%	7,431,569	98.1%
Ending fund balance	\$ 1,026,020	\$ 4,551,978	\$ 4,551,978	443.7%	\$ 5,383,700	117.3%

NOTE:

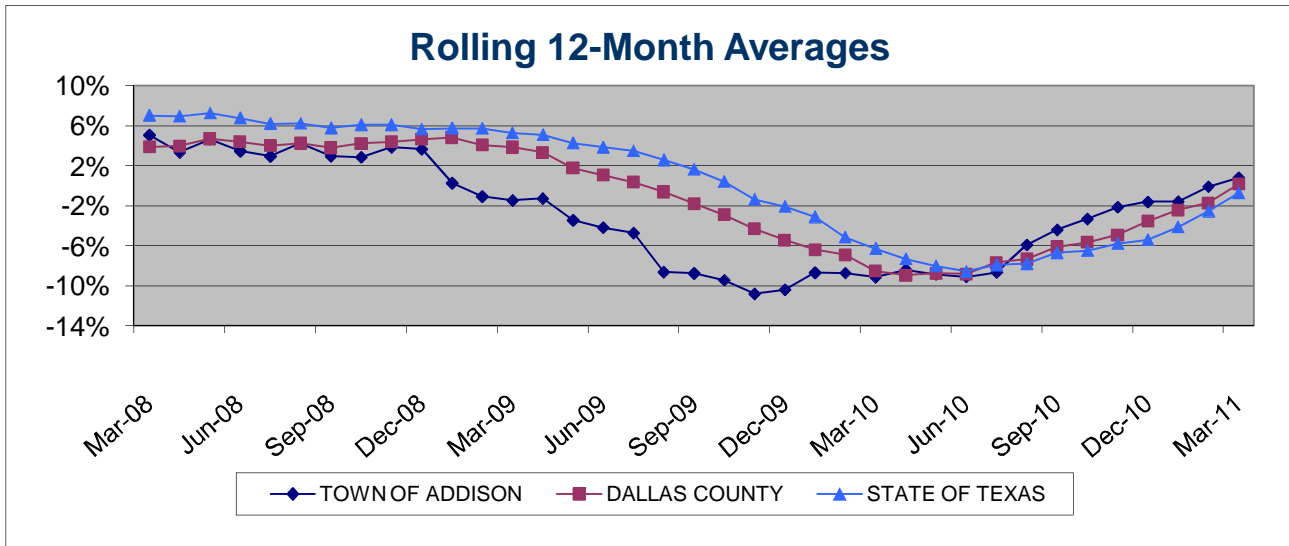
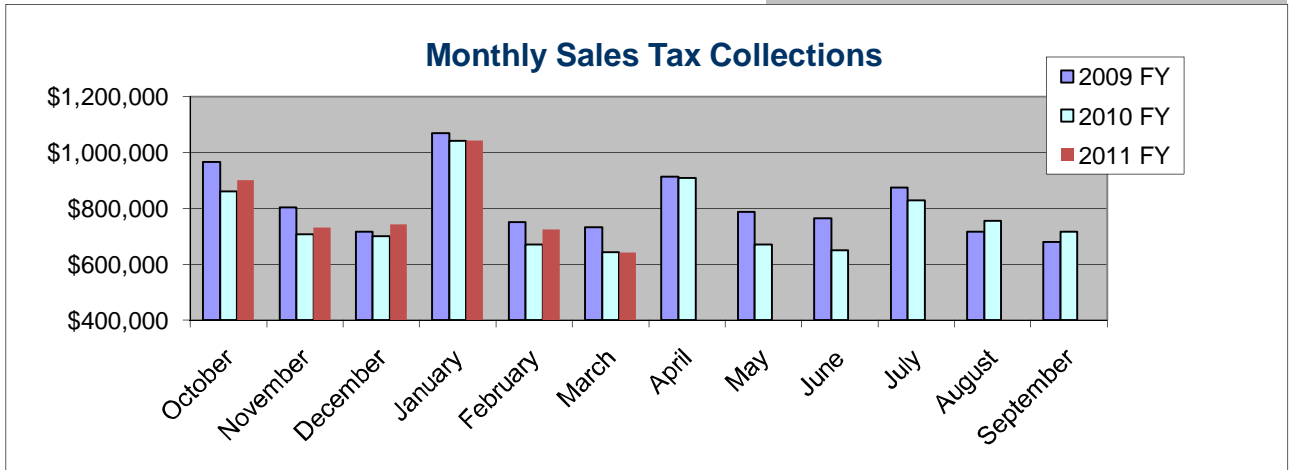
1) Due to delays of one to two months' billing from Dallas Water Utilities, operating expenses will be understated.

TOWN OF ADDISON

Schedule of Sales Tax Collections and Related Analyses

For the fiscal year ending September 30, 2011

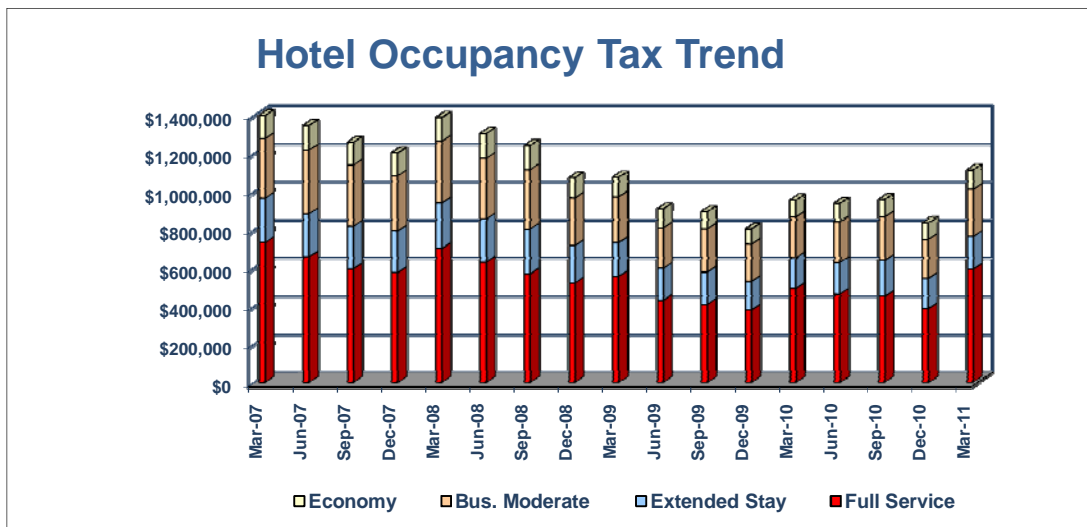
	TOWN OF ADDISON				DALLAS COUNTY		STATE OF TEXAS	
	2010-11 Collections		% Change from Prior Year		% Change from Prior Year		% Change from Prior Year	
	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative	Monthly	Cumulative
October	\$ 900,409	\$ 900,409	4.5%	4.5%	3.9%	3.9%	7.2%	7.2%
November	732,667	1,633,076	3.6%	4.1%	0.9%	2.6%	4.0%	5.8%
December	743,963	2,377,039	6.2%	4.8%	7.6%	4.1%	10.3%	7.1%
January	1,044,167	3,421,206	0.3%	3.4%	3.5%	3.9%	5.4%	6.6%
February	725,375	4,146,581	8.1%	4.2%	0.5%	3.3%	6.7%	6.6%
March	642,718	4,789,299	0.0%	3.6%	4.0%	3.4%	5.2%	6.4%
April	-							
May	-							
June	-							
July	-							
August	-							
September	-							
Budget 10-11:	\$ 9,377,780							
Projected Year-End	\$ 9,664,300							



TOWN OF ADDISON HOTEL OCCUPANCY TAX COLLECTION
Hotels By Service Type for the Quarter and Year-to-Date Ended March 31, 2011
With Comparisons to Prior Year

	Rooms		2nd Quarter FY 11		11 to 10 % Diff.	YTD FY 11		11 to 09 % Diff.
	Number	Percentage	Amount	Percentage		Amount	Percentage	
Full Service								
Marriott Quorum	535	14%	\$ 227,590	20%	10%	\$ 388,697	20%	18%
Intercontinental	532	13%	248,902	22%	-1%	382,776	20%	17%
Crowne Plaza	429	11%	117,770	11%	-6%	209,651	11%	-2%
	<u>1,496</u>	<u>38%</u>	<u>594,262</u>	<u>53%</u>	<u>56%</u>	<u>981,124</u>	<u>50%</u>	<u>13%</u>
Extended Stay								
Budget Suites	344	9%	4,184	0%	8%	6,965	0%	-7%
Best Western*	70	2%	8,057	1%	6%	18,714	1%	-7%
Marriott Residence	150	4%	48,908	4%	20%	92,582	5%	21%
Summerfield Suites	132	3%	23,524	2%	-6%	47,678	2%	-3%
Homewood Suites	128	3%	46,192	4%	3%	87,051	4%	10%
Springhill Suites	159	4%	40,437	4%	4%	77,546	4%	2%
	<u>983</u>	<u>25%</u>	<u>171,302</u>	<u>15%</u>	<u>14%</u>	<u>330,536</u>	<u>17%</u>	<u>6%</u>
Business Moderate								
Marriott Courtyard Quorum	176	4%	66,806	6%	0%	116,817	6%	14%
LaQuinta Inn	152	4%	33,198	3%	2%	61,047	3%	10%
Marriott Courtyard Proton	145	4%	44,033	4%	17%	78,858	4%	27%
Holiday Inn Express	102	3%	35,731	3%	-3%	63,968	3%	7%
Hilton Garden Inn	96	2%	36,806	3%	15%	74,375	4%	3%
Holiday Inn - Arapaho	101	3%	27,670	2%	0%	47,069	2%	9%
Comfort Inn	86	2%	2,580	0%	-20%	7,900	0%	-41%
	<u>858</u>	<u>22%</u>	<u>246,824</u>	<u>22%</u>	<u>27%</u>	<u>450,034</u>	<u>23%</u>	<u>10%</u>
Economy								
Motel 6	126	3%	18,438	2%	-1%	33,872	2%	8%
Hampton Inn	159	4%	50,153	5%	18%	93,434	5%	18%
Quality Inn	115	3%	12,573	1%	6%	21,273	1%	26%
Comfort Suites*	78	2%	8,487	1%	8%	21,036	1%	-18%
Super 8	78	2%	8,217	1%	10%	14,500	1%	18%
Best Value	60	2%	3,720	0%	23%	7,003	0%	36%
	<u>616</u>	<u>16%</u>	<u>101,588</u>	<u>9%</u>	<u>26%</u>	<u>191,118</u>	<u>10%</u>	<u>12%</u>
TOTAL	<u>3,953</u>	<u>100%</u>	<u>\$ 1,113,976</u>	<u>100%</u>	<u>4%</u>	<u>\$ 1,952,812</u>	<u>100%</u>	<u>11%</u>

* Hotels that have not remitted March revenue.



TOWN OF ADDISON
INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Quarter Ending March 31, 2011

Fund	Balance 12/31/2010	Quarter Receipts	Quarter Disbursements	Balance 3/31/2011
General Fund	\$ 9,038,607	\$ 21,345,283	\$ 14,622,803	\$ 15,761,087
Special Revenue Funds:				
Hotel	3,435,699	1,245,093	2,197,777	2,483,015
Economic Development	163,037	175,207	21,934	316,310
Public Safety	25,130	24	11,657	13,497
Municipal Court	444,085	237,567	213,111	468,541
Advanced Funding Grant	15,325	1,559,258	-	1,574,583
Reimbursement Grant	(705,414)	749,607	62,922	(18,729)
ARRA Grant	(16,101)	49,574	159,536	(126,063)
Debt Service Funds:				
G. O. Bonds	2,185,791	8,722,416	8,778,863	2,129,344
Hotel Revenue Bonds	1,032,214	168,427	641,506	559,135
Capital Projects Funds:				
Streets	1,593,962	2,114	-	1,596,076
Parks	322,260	376	84,194	238,442
2002 G.O. Bonds	1,455,885	1,907	70,626	1,387,166
2004 G.O. Bonds	437,901	364	-	438,265
2006 G.O. Bonds	352,095	467	-	352,562
2008 C.O. Bonds	14,787,959	124,788	3,990,651	10,922,096
Enterprise Funds:				
Utility	8,740,248	2,294,419	4,614,115	6,420,552
Airport	1,207,921	1,810,357	1,394,215	1,624,063
Internal Service Funds:				
Capital Replacement	3,299,319	136,628	441	3,435,506
Information Technology	2,236,024	165,999	49,646	2,352,377
TOTAL - ALL FUNDS	\$ 50,051,947	\$ 38,789,875	\$ 36,913,997	\$ 51,927,825

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

INVESTMENTS BY MATURITY AND TYPE				
For the Quarter Ending March 31, 2011				
	Type	% of Portfolio	Yield to Maturity	Amount
	Pools	16.46%	0.14%	\$ 8,149,644
	Agencies	32.88%	0.73%	16,272,328
	Bank CD's	22.38%	0.77%	11,078,314
	Treasuries	4.06%	0.40%	2,011,953
	Commercial Paper	24.22%	0.32%	11,991,603
Total Investments		100.00%	0.53%	49,503,842
	Accrued Interest Earnings			103,040
	Demand Deposits			2,320,943
TOTAL				\$ 51,927,825

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, 2011

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 10/15/2037	\$ 487,615	\$ 528,773			
Frost Bank	Federal Reserve	Operating	GNMA due 10/15/2037	1,423,836	1,544,017			
				<u>\$ 1,911,451</u>	<u>\$ 2,072,790</u>	<u>\$ 1,134,093</u>	<u>\$ 884,093</u>	<u>\$ 2,322,790</u>

FirstSouthwest

A PlainsCapital Company



Investment Portfolio Summary

Town of Addison

Addison!

For the Quarter Ended

March 31, 2011




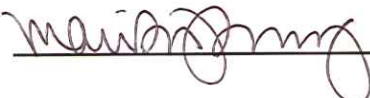
For the Quarter Ended
March 31, 2011

This report is prepared for the **Town of Addison** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:

 CFO

 Financial Svcs MGR.

First Quarter of Calendar Year 2011 Review

U.S. economic data, in particular manufacturing, employment and consumer spending, continued to make gains in the first quarter of 2011, suggesting the elusive self-sustaining recovery might finally be drawing near. Unfortunately, the economic numbers took a back seat during a quarter full of global geo-political news, wars, natural disasters and domestic political battles.

MAJOR EVENTS

The political uprisings that shaped the quarter began on January 17th with the first organized protests in Cairo. The Egyptian people, fueled by revolutionary success in Tunisia, took to the streets to protest high unemployment, poverty and the corrupt government of long-time President Hosni Mubarak. Less than three weeks later, on February 12th, Mubarak resigned. As news of the victory spread, political protests in Yemen, Jordan, Bahrain, Iran and Libya gathered momentum. The Libyan uprising, which began on February 16th, quickly turned violent as Libyan Leader Muammar Gaddafi ordered his army to fire on protesters, crushing the uprising by any means necessary. NATO forces, led by the United States, began an air assault nine days later to prevent what many feared would be a civilian massacre. The overriding financial market concern seems to be that the protests could spread to even larger oil producing nations like Saudi Arabia.

On March 11th, the biggest earthquake to strike Japan and the fifth strongest in recorded history, created a massive tsunami, killing tens of thousands, destroying hundreds of billions in property, and crippling a nuclear power plant. As of quarter end, the Fukushima Daiichi plant was spewing radioactive water into the Pacific Ocean, with the WSJ reporting that radiation levels had risen to “100,000 times normal” in the plant itself. Having lost some of its nuclear energy producing capability, Japan will likely be forced to increase oil and gas imports as its rebuilding efforts continue. A perceived increase in demand, coupled with the large scale instability in oil producing regions, has driven WTI crude prices up 14% for the quarter to close at \$106.72 per barrel, the highest price in two and a half years. The corresponding rise in gasoline prices to \$3.65 per gallon is up about \$0.55 since the quarter began. The old rule of thumb is that every penny increase in pump price, extracts a billion dollars from consumer pockets annually. In the midst of a fragile recovery, further increases in crude prices could have dire consequences.

HOUSING

If the federal government had hoped to gradually reinflate the deflated housing market, it hasn't worked. New home sales unexpectedly plunged 16.9% in February to 250k, the slowest pace on record; down nearly 40% since the government tax credit program ended last April, and more than 80% from peak sales in 2005 when new homes were selling at above a 1.3 million unit annualized pace. New homes now make up less than 5% of total home sales. During the height of the housing boom six years ago, this number had approached 20%. With sales in the midst of another downturn, prices have resumed their decline. The median new home price fell to \$202k in February, down 8.9% from the same period in 2010. Existing home sales aren't faring much better; February sales dropped by 9.6% to an annual sales rate of 4.9 million. This compares to peak sales just over seven million in early 2005. The average price for an existing home dropped to \$156,100, down 5.1% from a year ago. In February, 39% of existing sales were of deeply discounted distressed properties, a big contributor to the price declines.

The problems in the housing market are nothing new, and it isn't any surprise that the brief recovery seen last spring has reversed course without government tax credit support. The bottom line is that it'll take a long time to clear inventories of an estimated 10 million homes listed on the market and tucked away on bank balance sheets, especially now that purchasing a home is no longer viewed as a good investment.

EMPLOYMENT

For much of 2010, economists expected record corporate earnings would translate into a significant number of new private sector jobs, but for the most part, U.S. businesses had operated quite well with new, leaner labor resources. As a result, the monthly payroll numbers proved to be one disappointment after another. As 2011 began, lesser labor market indicators began suggesting better times ahead. The ISM employment index for February rose to its highest level in 37 years, while weekly filings for first-time unemployment benefits fell to their lowest level since July 2008. These indicators turned out to be accurate predictors as February and March job growth both posted solid gains.

Nonfarm payrolls rose by 216k jobs in March, topping both the revised February increase of 194k and the March median forecast of +190k. Private sector payrolls rose by 230k following a healthy February gain of 240k. Predictably, the majority of job losses were concentrated in the government sector. Although Federal jobs actually rose by 1k, state and local governments shed 15k jobs during the month. Since September 2008, 416k state and local government positions have been eliminated. The unemployment rate unexpectedly fell from 8.9% to 8.8% (the fourth straight monthly decline) and has now dropped by more than a full percentage point since last November, when unemployment was at 9.8%.

The good news is that hiring seems to be on the upswing. One of the best indications of an economy's health is its ability to generate jobs, especially in the private sector. Unfortunately, the 1.5 million jobs created since February of last year are just a fraction of the 8.5 million lost during the recession, so the labor recovery still has a long way to go yet. The big question is when will the Fed begin raising rates, which they would do, in theory, to slow the economy down. If the Fed needs a reason to tighten, it is not yet evident in the employment data.

CONSUMER SPENDING

Headline retail sales rose by 1.0% in February, the biggest monthly gain in four months, while January sales were revised upward from a previously disappointing 0.3% to a respectable 0.7%. In the most recent three month period, retail sales have now grown at a 10.4% annual rate. Much of the February gain reflects continued improvement in the auto sector, with car and truck sales up by 2.3%, nearly twice the January increase. On a year-over-year basis, vehicle sales are up almost 24%. Although big ticket autos helped drive overall sales, the gains were broad-based with 10 of 13 major categories increasing in February. Because U.S. economic growth is primarily consumer-driven, strong retail sales data suggest that the economy has been gaining momentum. However, surging gasoline prices, acting similar to a direct tax on consumers, have the ability to derail this growth. The average price of gasoline rose 11% in March from \$3.21 per gallon to \$3.56. On a side note, Edmunds.com reported that sales of hybrid and electric cars rose by 37% in the first quarter, nearly doubling the percentage increase of traditionally powered cars and trucks.

INFLATION

The *Wall Street Journal* wrote that the United Nations reported world food prices had reached a record high in February, and warned that rising crude oil prices could push food prices even higher. The same article pointed out that global cereal shortages are expected to rise due to supply imbalances. Although production is expected to increase by 8 million metric tons, consumption demand is expected to exceed that number by 10 million metric tons. Compounding the problem is the use of increased acreage for corn to be used in ethanol, reducing land used for food production. So far, the increases in food and energy prices haven't bled through to the core rate of inflation. The Producer Price Index (PPI) unexpectedly jumped by 1.6% in March, doubling the median forecast with the largest monthly increase since June 2009. The cost of food soared by 3.9%, the most since November 1974, while energy prices jumped another 3.3%. However, the core PPI rate, which excludes food and energy, rose by only 0.2%, exactly matching expectations. On a year-over-year basis, overall PPI is up 5.6%, but core PPI is up 1.8%. By contrast, the headline Consumer Price Index (CPI) rose 0.5% in February and is up 2.1% year-over-year. As with the PPI, food and energy prices were the main culprits. Energy prices rose 3.4% for the month, due mainly to a 4.7% increase in gasoline. Food prices rose 0.6% and are up 2.3% for the year. Stripping out food and energy, the core rate was up a more modest 0.2% for February and 1.1% year-over-year. The CPI core is still at the low end of Fed target range, but it's almost doubled in five months. With owner equivalent rent making up roughly 40% of the index, rising rental costs could push the core rate into a less comfortable position later in the year, adding to the tightening argument.

THE FED

The Federal Reserve's FOMC met twice during the first quarter with no change to official policy. A few of the more hawkish committee members have expressed concern that the ultra-accommodative monetary policy was igniting global inflation and raising the risk of market dislocations and bubbles, even suggesting the Fed should bring an early end to QE2. But the FOMC's majority is still concerned with the lack of economic growth, a feeling that has been reinforced by recent world events. Interest rates will most likely remain low for some time to come. Many prominent economists don't expect any tightening of monetary policy until late 2012.

Summary of FOMC Monetary Policy Actions:

- 1) January 27th – Held the fed funds target in a range of 0% to 0.25%; QE2 maintained
- 2) March 16th – Held the fed funds target in a range of 0% to 0.25%; QE2 maintained

STOCK MARKET MOVEMENT

The Wall Street Journal reported that the DOW gained 742 points or 6.4% for the biggest first quarter percentage gain in 12 years. As odd as it sounds to be reaching historical highs in the equity markets with so many problems afoot, the gains seem to be well substantiated by healthy profit margins and massive amounts of cash on hand. According to the Bureau of Economic Analysis, U.S. corporate profits reached an all-time high of \$1.678 trillion in the fourth quarter of 2011, while the Federal Reserve reported US businesses, excluding banks and financial services companies, held over \$1.9 trillion in cash and liquid securities at the beginning of the fourth quarter, a new record high and a 26% increase from the same period a year ago.

	DOW	S&P 500	NASDAQ
3/31/10	10,857	1,169	2,398
12/31/10	11,578	1,258	2,653
3/31/11	12,320	1,326	2,781
% Change for Q1-2011	+6.4%	+5.4%	+4.8%
% Change for 12 Months	+ 13.5%	+ 13.4%	+ 16.0%

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	12/31/10	0.00%	0.12%	0.18%	0.60%	2.01%	3.30%
High		0.00%	0.16%	0.19%	0.85%	2.40%	3.74%
Low		0.00%	0.07%	0.13%	0.54%	1.84%	3.17%
End	3/31/11	0.00%	0.09%	0.17%	0.82%	2.28%	3.47%

PORTFOLIO ACTIVITY SINCE December 31st

- A total of \$30 million rolled off during the quarter – Three agency notes, totaling \$8mm, were called away prior to maturity. Maturing investments included one agency note for \$4.75 million, one bank CD's for \$2 million, and several commercial paper issues totaling \$15 million.
- The Town made several investments in municipal commercial paper totaling \$14 million. The \$2mm maturing CD noted above was rolled over into a new CD. Other purchases included a \$1mm position in commercial paper; \$2mm in a U.S. T-Note, and two separate agency callable issues totaling \$5 million. All together, a total of \$24 million was invested with final maturities ranging from two to 24 months. The weighted average yield-to-worst on the purchases was 0.44%, nearly triple the 0.15% average yield of the pools.

SUMMARY / OUTLOOK

According to *CNNMoney*, by the first day of the new quarter, gasoline prices had risen 13 straight days, and were just \$0.45 below the record \$4.11 average pump price from July 2008. The run-up in oil prices is a potential game changer. If prices continue to rise, consumer spending will eventually crater, so it's nearly impossible to ignore the geo-political angle when forecasting the economic outlook. However, it's absolutely impossible to forecast geo-political events, so the outlook is cloudier than usual. On one hand, the labor market seems to be improving; and since jobs have always been the key to consumer spending and sustainable economic growth, there's some reason for optimism. Corporate profits are at record highs, and in general, businesses are flush with cash. This bodes well for the stock market, which would have a positive effect on consumer attitudes and in theory boost spending. But on the other hand, the belt-tightening at the state and local level across the nation is garnering huge media attention, and is fostering a sense of anger and uncertainty that extends beyond the actual job losses. Meanwhile, the gravity of the national budget debate suggests that the future may be less bright than we've grown accustomed. There are simply too many negative factors at play to be certain about anything.

The initial Fed rate hike is still expected sometime in early 2012, although a number of Fed officials, including FOMC voting members, are suggesting that the first tightening could be less than a year away. In late March, Dallas Fed President and FOMC voting member Richard Fisher said that "we've done enough; we're in danger of doing too much," and advocated an immediate rate hike to 50 bps. Minneapolis Fed President and FOMC voting member Narayana Kocherlakota told the Wall Street Journal that Fed officials may need to increase the funds rate 75 basis points as early as 2011. However, New York Fed President William Dudley said the recovery was "still tenuous" and "far from the mark" of achieving the Fed's goal of full employment. He cautioned that the FOMC can't be overly optimistic about the growth outlook, saying that the recently improved numbers were welcome and not reason to reverse course. The March FOMC minutes, released in early April, included the statement that "a few participants indicated that economic conditions might warrant a move toward less accommodative monetary policy this year," but Bernanke's semi-annual testimony to members of Congress noted that "until we (FOMC members) see a sustained period of job creation, we cannot consider the recovery to be truly established."

Consumers outlook seems to be in agreement with Bernanke. After reaching a cycle high of 72 in February, the Conference Board's monthly measure of consumer confidence for March crumbled all the way to 63.4. Although the present situation index actually rose, the future expectations index plunged by 16 points, suggesting that American consumers don't expect the improvement to last. This notion sums things up well. The present situation has seemingly improved as unemployment falls and the stock market rises, but the future looks shaky. Unfortunately, all of the headline problems pale in comparison to widespread debt problems around the world and in the United States. A viable solution will be very painful, and postponing that elusive solution will only make things worse.

PROJECTED STRATEGY FOR THE SECOND QUARTER 2011:

Short-term interest rates defy common sense as they have continued to fall to ever lower levels. Yields on local government investment pools have fallen to single digits in recent days, paying less than 0.10%. We will continue to minimize cash balances in order to invest funds in higher yielding instruments. Bank certificates of deposit remain a relatively attractive alternative, as does municipal commercial paper and at times agency callable securities. We also note that in some instances, yields on U.S. Treasury notes actually exceed those of short agency bullets, so we will be on the lookout for buying opportunities in U.S. Treasuries.

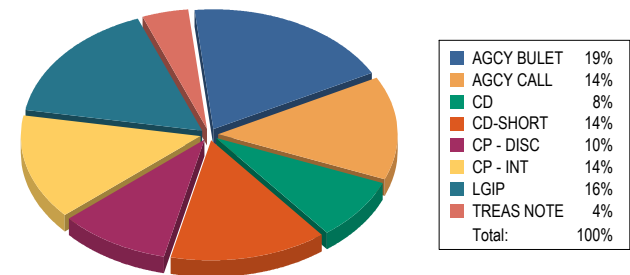
Account Summary

Allocation by Security Type

Beginning Values as of 12/31/10

Ending Values as of 03/31/11

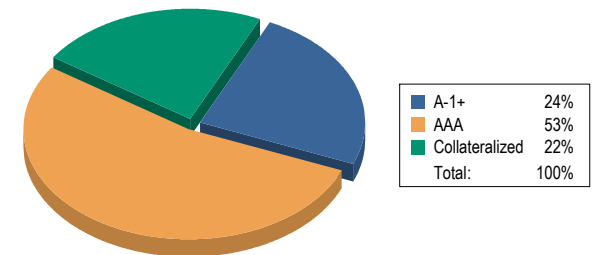
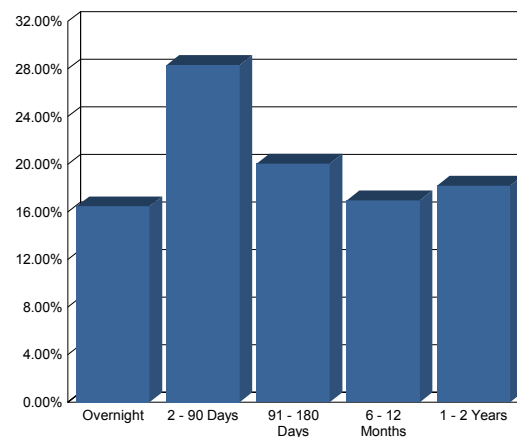
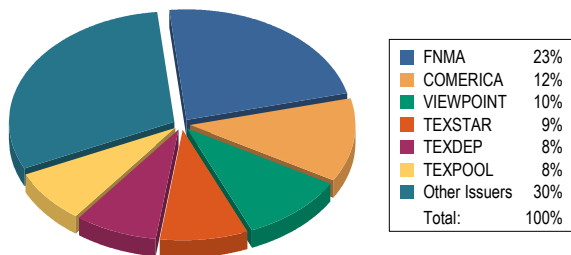
Par Value	50,702,893.04	49,427,957.82
Market Value	50,843,758.04	49,514,125.82
Book Value	50,835,171.17	49,503,841.50
Unrealized Gain / Loss	8,586.87	10,284.32
Market Value %	100.28%	100.17%
Weighted Avg. YTW	0.560%	0.530%
Weighted Avg. YTM	0.619%	0.530%



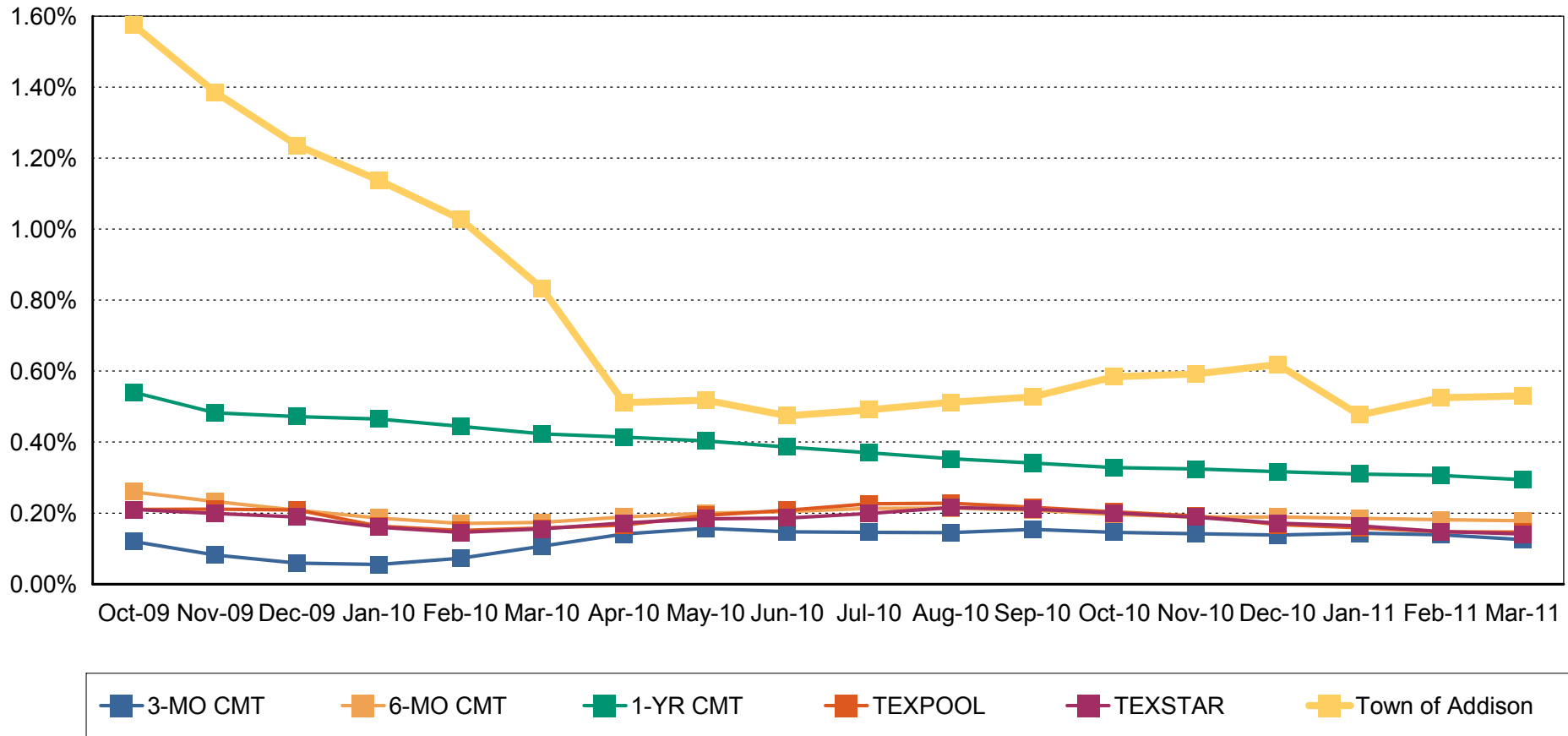
Allocation by Issuer

Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 178



Note 1: 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. 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 and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

Note 3: Benchmark data for TexSTAR is the monthly average yield.



Town of Addison
Detail of Security Holdings
 As of 03/31/2011

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Pooled Funds																	
TEXPOOL		LGIP	TexPool					3,845,942.12	100.000	3,845,942.12	3,845,942.12	100.000	3,845,942.12	1		0.146	0.146
TEXSTAR		LGIP	TexSTAR					4,303,701.73	100.000	4,303,701.73	4,303,701.73	100.000	4,303,701.73	1		0.141	0.141
88211KBC8	01/10/11	CP - INT	TX A&M Univ	0.230	04/06/11			2,000,000.00	100.000	2,000,000.00	2,000,000.00	100.000	2,000,000.00	6		0.230	0.230
31398AWQ1	04/05/10	AGCY BULET	FNMA	1.375	04/28/11			5,000,000.00	100.856	5,042,800.00	5,003,022.45	100.100	5,005,000.00	28		0.567	0.567
44243ABE1	03/17/11	CP - INT	City of Houston, TX	0.290	06/02/11			3,000,000.00	100.000	3,000,000.00	3,000,000.00	100.000	3,000,000.00	63		0.290	0.290
CD-7225	06/17/10	CD-SHORT	Comerica Bk CD	0.840	06/17/11			4,025,201.23	100.000	4,025,201.23	4,025,201.23	100.000	4,025,201.23	78		0.840	0.840
54811EDP7	03/03/11	CP - INT	LCRA Series A	0.340	08/02/11			2,000,000.00	100.000	2,000,000.00	2,000,000.00	100.000	2,000,000.00	124		0.340	0.340
88237KVB8	03/18/11	CP - DISC	TX Dept of Eco Dev		08/11/11			4,000,000.00	99.874	3,994,971.11	3,995,453.32	99.871	3,994,828.00	133		0.310	0.310
31398ATL6	04/09/10	AGCY BULET	FNMA	3.625	08/15/11			1,900,000.00	103.908	1,974,252.00	1,920,538.07	101.310	1,924,890.00	137		0.711	0.711
CD-0181	09/07/10	CD	ViewPoint Bk CD	0.750	09/07/11			2,008,439.84	100.000	2,008,439.84	2,008,439.84	100.000	2,008,439.84	160		0.740	0.740
CD-00261	09/21/10	CD-SHORT	ViewPoint Bk CD	0.850	10/07/11			3,013,368.99	100.000	3,013,368.99	3,013,368.99	100.000	3,013,368.99	190		0.838	0.838
31359MZ30	04/05/10	AGCY BULET	FNMA	5.000	10/15/11			2,300,000.00	106.308	2,445,084.00	2,351,381.40	102.570	2,359,110.00	198		0.836	0.836
3024A1YJ6	02/23/11	CP - DISC	FCAR Owner Trust		11/18/11			1,000,000.00	99.553	995,533.33	996,150.00	99.594	995,940.00	232		0.603	0.603
CD-8993-1	01/19/11	CD	Comerica Bk CD	0.550	01/19/12			2,031,303.91	100.000	2,031,303.91	2,031,303.91	100.000	2,031,303.91	294		0.550	0.550
912828MU1	02/10/11	TREAS NOTE	U.S. Treasury	1.000	03/31/12			2,000,000.00	100.680	2,013,593.75	2,011,953.16	100.670	2,013,400.00	366		0.399	0.399
313372LC6	02/23/11	AGCY CALL	FHLB	0.600	08/23/12	05/23/11	QRTLY	3,000,000.00	99.975	2,999,250.00	2,999,302.62	99.840	2,995,200.00	511	53	0.617	0.617
31398A6X5	12/28/10	AGCY CALL	FNMA	0.875	12/28/12	06/28/11	QRTLY	2,000,000.00	100.000	2,000,000.00	2,000,000.00	99.720	1,994,400.00	638	89	0.875	0.875
31331KCV0	03/01/11	AGCY CALL	FFCB	1.020	03/01/13	09/01/11	CONT	2,000,000.00	99.900	1,998,000.00	1,998,082.66	100.170	2,003,400.00	701	154	1.071	1.071
Total for Pooled Funds								49,427,957.82	100.541	49,691,442.01	49,503,841.50	100.177	49,514,125.82	179		0.530	0.530
Total for Town of Addison								49,427,957.82	100.541	49,691,442.01	49,503,841.50	100.177	49,514,125.82	179		0.530	0.530



Town of Addison
Investment Transactions
 From 01/01/2011 to 03/31/2011

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Purchase Cost	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
------------	-------------	-------	---------------	----------------------	--------	----------	-----------	-----------	-------	---------------	--------------------------	--------------	----------------------	-----	-----

Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Calls	8,005,457.50	8,005,457.50		0.879	
Total Maturities	21,777,484.50	21,782,808.33		0.427	
Total Purchases	24,029,499.21	24,038,155.09		0.441	0.441
Total Income Payments	0.00	158,680.31			
Total Capitalized Interest	20,146.85	20,146.85			