

**CITY OF OLMOS PARK, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2008**

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CITY OF OLMOS PARK  
 ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

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CITY OF OLMOS PARK

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

RONALD G. TEFTELLER

MAYOR PRO-TEM

JEFFREY M. JUDSON

CITY COUNCIL

JOSEPH M. IZBRAND

SUSAN O. GRAGG

SEAN B. MCNELIS

HARRIET OPPENHEIMER

CITY MANAGER

AMY BUCKERT

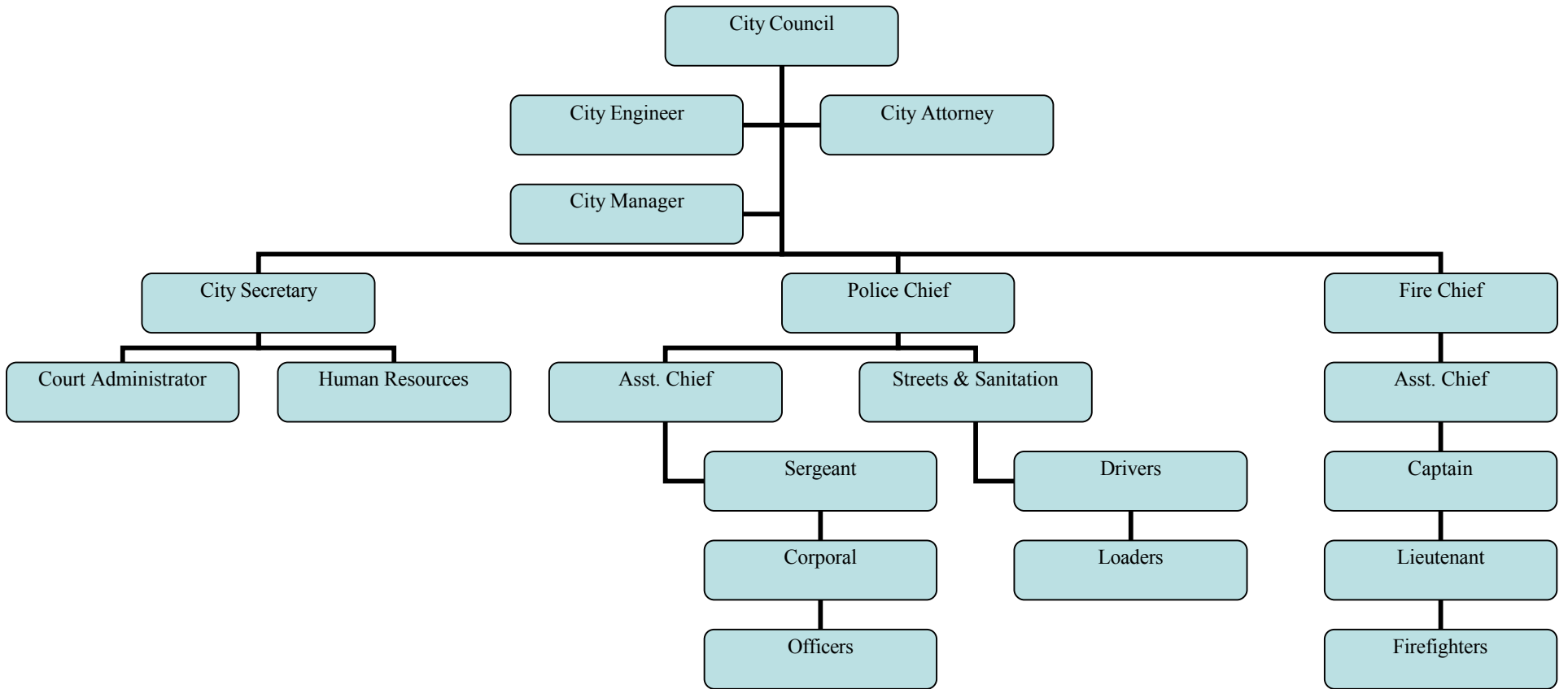
ATTORNEY

MARC SCHNALL

AUDITOR

ARMSTRONG, VAUGHAN & ASSOC., P.C.

# City of Olmos Park



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Olmos Park

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Olmos Park, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Olmos Park's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Olmos Park, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 3 through 9 and 38 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Olmos Park basic financial statements. The other supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Assoc, P.C." in a cursive, professional style.

Armstrong, Vaughan & Assoc., P.C.

December 31, 2008

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Olmos Park’s comprehensive annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2008. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

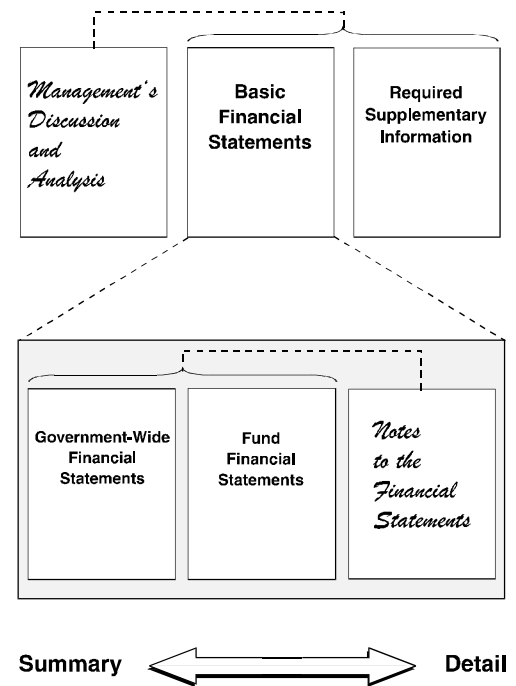
- The City’s total combined net assets were \$10,264,401 at September 30, 2008.
- During the year, the City’s expenses were \$264,146 less than the \$3,602,774 generated in general and program revenues for governmental funds. The total cost of the City’s programs increased 7.4% from last year.
- The general fund reported a fund balance this year of \$1,499,277, a decrease of 39.6%. A portion of this fund balance (\$650,000) has been designated for emergencies to cover approximately 3 months of operating expenditures.
- The City did not issue bonds during fiscal year ending September 30, 2008.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1F, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>			
<i>Type of Statements</i>	<b>Fund Statements</b>		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the district that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance
<i>Required financial statements</i>	• Statement of net assets	• Balance Sheet	• Statement of net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in fund net assets • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

### **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net assets and how they have changed. Net assets—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Net assets. The City's combined net assets were \$10,264,401 at September 30, 2008. (See Table A-1).

**Table A-1**  
City's Net Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change Based on Actual
	2008	2007	2008	2007	2008	2007	2008 - 2007
<i>Current Assets:</i>							
Cash and Cash Equivalents	\$ 4,802,606	\$ 5,635,318	\$ 394,946	\$ 378,556	\$ 5,197,552	\$ 6,013,874	(13.6)
Investments	993,937	807,900			993,937	807,900	23.0
<i>Receivables:</i>							
Taxes	25,443	23,375	-	-	25,443	23,375	8.8
Accounts	-	-	26,805	22,448	26,805	22,448	19.4
Other	138,483	106,738	-	-	138,483	106,738	29.7
Prepaid	18,263	14,439	-	-	18,263	14,439	26.5
Total Current Assets:	<u>5,978,732</u>	<u>6,587,770</u>	<u>421,751</u>	<u>401,004</u>	<u>6,400,483</u>	<u>6,988,774</u>	<u>(8.4)</u>
<i>Non-Current Assets:</i>							
Land	870,491	164,841	-	-	870,491	164,841	428.1
Building, Improvements and Infrastructure	10,783,496	10,518,049	-	-	10,783,496	10,518,049	2.5
Transportation & Equip	805,160	799,242	-	-	805,160	799,242	0.7
Construction in Progress	116,588	-	-	-	116,588	-	N/A
<i>Less Accumulated</i>							
Depreciation	(2,629,475)	(2,039,400)	-	-	(2,629,475)	(2,039,400)	28.9
Total Non-Current Assets:	<u>9,946,260</u>	<u>9,442,732</u>	<u>-</u>	<u>-</u>	<u>9,946,260</u>	<u>9,442,732</u>	<u>5.3</u>
Total Assets	<u>15,924,992</u>	<u>16,030,502</u>	<u>421,751</u>	<u>401,004</u>	<u>16,346,743</u>	<u>16,431,506</u>	<u>(0.5)</u>
<i>Current Liabilities:</i>							
Accounts Payable	781,278	901,305	26,904	27,941	808,182	929,246	(13.0)
Accrued Vacation	57,110	49,955	-	-	57,110	49,955	14.3
Accrued Interest	42,050	43,834	-	-	42,050	43,834	(4.1)
<i>Current Portion of</i>							
Long-Term Debt	270,000	255,000	-	-	270,000	255,000	5.9
Total Current Liabilities	<u>1,150,438</u>	<u>1,250,094</u>	<u>26,904</u>	<u>27,941</u>	<u>1,177,342</u>	<u>1,278,035</u>	<u>(7.9)</u>
<i>Long-Term Liabilities:</i>							
Bonds, Obligations	4,905,000	5,175,000	-	-	4,905,000	5,175,000	(5.2)
Total Liabilities	<u>6,055,438</u>	<u>6,425,094</u>	<u>26,904</u>	<u>27,941</u>	<u>6,082,342</u>	<u>6,453,035</u>	<u>(5.7)</u>
<i>Net Assets:</i>							
Invested in Capital Assets	4,771,260	4,012,732	-	-	4,771,260	4,012,732	18.9
Restricted	666,890	3,184,245	-	-	666,890	3,184,245	(79.1)
Unrestricted	4,431,404	2,408,431	394,847	373,063	4,826,251	2,781,494	73.5
Total Net Assets	<u>\$ 9,869,554</u>	<u>\$ 9,605,408</u>	<u>\$ 394,847</u>	<u>\$ 373,063</u>	<u>\$10,264,401</u>	<u>\$ 9,978,471</u>	<u>2.9</u>

The unrestricted net assets represent resources available to fund the programs of the City next year.

### Governmental Activities

- Property tax rates were decreased for the fiscal year ending September 30, 2008; however, increasing taxable values produced an increase in property tax revenues of \$47,775 to \$2,363,732.

**Table A-2**  
Changes in City's Net Assets

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2008	2007	2008	2007	2008	2007	2008 - 2007
<i>Program Revenues:</i>							
Charges for Services	\$ 268,495	\$ 257,594	\$ 289,922	\$ 302,053	\$ 558,417	\$ 559,647	(0.2)
Operating Grants and Contributions	3,721	4,311	-	-	3,721	4,311	(13.7)
Capital Grants and Contributions	-	642,757	-	-	-	642,757	(100.0)
<i>General Revenues:</i>							
Taxes	3,018,457	2,888,655	-	-	3,018,457	2,888,655	4.5
Interest Earnings	220,438	322,829	5,082	13,418	225,520	336,247	(32.9)
Gain (Loss) on Asset Sale	3,500	(5,806)	-	-	3,500	(5,806)	(160.3)
Miscellaneous	88,163	669,574	-	-	88,163	669,574	(86.8)
<b>TOTAL REVENUES</b>	<b>3,602,774</b>	<b>4,779,914</b>	<b>295,004</b>	<b>315,471</b>	<b>3,897,778</b>	<b>5,095,385</b>	<b>(23.5)</b>
<i>Program Expenditures:</i>							
General Government	484,175	454,866	-	-	484,175	454,866	6.4
Police	754,345	716,535	-	-	754,345	716,535	5.3
Fire	892,388	849,703	-	-	892,388	849,703	5.0
Street and Sanitation	890,647	767,744	-	-	890,647	767,744	16.0
Court	61,206	52,456	-	-	61,206	52,456	16.7
Sewer	-	-	273,220	292,175	273,220	292,175	(6.5)
Interest in Debt	255,867	266,314	-	-	255,867	266,314	(3.9)
<b>TOTAL EXPENSES</b>	<b>3,338,628</b>	<b>3,107,618</b>	<b>273,220</b>	<b>292,175</b>	<b>3,611,848</b>	<b>3,399,793</b>	<b>6.2</b>
Increase (Decrease) in Net Assets	\$ 264,146	\$ 1,672,296	\$ 21,784	\$ 23,296	\$ 285,930	\$ 1,695,592	(83.1)

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$3,338,628.
- Taxpayers paid for 71% of these activities through property taxes of \$2.36 million.
- 8% of the cost was paid by those who directly benefited from the programs

**Table A-3**  
Net Cost of Selected City Functions

	Total Cost of Services			Net Cost of Services		
	2008	2007	% Change	2008	2007	% Change
General Government	484,175	454,866	6.4	369,218	336,003	9.9
Police Protection	754,345	716,535	5.3	750,004	715,555	4.8
Fire	892,388	849,703	5.0	892,388	849,703	5.0
Streets and Sanitation	890,647	767,744	16.0	890,647	124,987	612.6
Court	61,206	52,456	16.7	(91,712)	(85,295)	7.5
Sewer	273,220	292,175	(6.5)	(16,702)	(9,878)	69.1

## Business-Type Activities

Revenues of the City's Water & Sewer business-type activities decreased 4 percent to \$289,922, and operating expenses decreased 6.5 percent to \$273,220. Fluctuations in revenues and expenses are primarily related to changes in water consumption.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$3,600,252, a decrease of 12.6% from the preceding year. Revenues from the preceding year included capital contributions for the streets and drainage project.

## General Fund Budgetary Highlights

The city revised its original budget, and actual expenditures were \$175,701 below budget amounts. The most significant positive variance resulted from the conservative spending strategies and consistent under spending in each budgeted area.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2008, the City had invested \$12,575,735 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$1,093,603 or 9.5 percent over last year.

**Table A-4**  
City's Capital Assets  
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	2007	2008	2007	2008	2007	2008 - 2007
Land	870	165	-	-	870	165	427.3
Buildings and Improvements	117	117	-	-	117	117	0.0
Equipment	805	799	-	-	805	799	0.8
Infrastructure	10,666	10,401	-	-	10,666	10,401	2.5
Construction in Progress	117	-	-	-	117	-	NA
Totals at Historical Cost	12,575	11,482	-	-	12,575	11,482	9.5
Total Accumulated Depreciation	(2,629)	(2,039)	-	-	(2,629)	(2,039)	28.9
Net Capital Assets	9,946	9,443	-	-	9,946	9,443	5.3

More detailed information about the City's capital assets is presented in the notes to the financial statements.

## Long Term Debt

At year-end the City had \$5,175,000 in bonds outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

**Table A-5**  
City's Long-Term Debt  
(in thousands dollars)

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2008	2007	2008	2007	2008	2007	Change
Bonds Payable	5,175	5,430	-	-	5,175	5,430	(4.7)
Total Bonds & Notes Payable	<u>5,175</u>	<u>5,430</u>	<u>-</u>	<u>-</u>	<u>5,175</u>	<u>5,430</u>	<u>(4.7)</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Major expenditures include:

- Electronic ticket writers for court and police
- Information technology upgrades for City Hall
- Standard computer system replacements
- Two new radar units for the Police Department
- New bunker gear for Fire Department

Funds have been budgeted in each of the Police and Fire Departments to place in reserve for radio replacement.

In addition, this year the City has improved the employees' compensation by decreasing medical insurance premiums for dependants. In addition, the City has increased budgets for training and certification pay.

Overall, expenditures are budgeted to decrease slightly (about 1%) to \$2,526,961, through reductions in vehicle purchases.

The property tax rate was decreased approximately 6.6% for 2009. However, with stable expenditures and increasing property values, the City's budgetary general fund balance is not expected to change appreciably by the close of 2009.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (210) 824-3281.

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CITY OF OLMOS PARK  
ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2008

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
  - Governmental Funds
  - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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CITY OF OLMOS PARK  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,802,606	\$ 394,946	\$ 5,197,552
Investments	993,937	-	993,937
Receivables (net of allowances for uncollectibles)			
Taxes	25,443	-	25,443
Other	138,483	26,805	165,288
Prepays	18,263	-	18,263
Capital Assets:			
Land	870,491	-	870,491
Building and Improvements	117,054	-	117,054
Vehicles and Equipment	805,160	-	805,160
Infrastructure	10,666,442	-	10,666,442
Construction in Progress	116,588	-	116,588
Accumulated Depreciation	(2,629,475)	-	(2,629,475)
<b>TOTAL ASSETS</b>	<b>\$ 15,924,992</b>	<b>\$ 421,751</b>	<b>\$ 16,346,743</b>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Accounts Payable	\$ 781,278	\$ 26,904	\$ 808,182
Accrued Vacation Leave Payable	57,110	-	57,110
Accrued Interest Payable	42,050	-	42,050
Noncurrent Liabilities:			
Due within One Year	270,000	-	270,000
Due in more than One Year	4,905,000	-	4,905,000
<b>TOTAL LIABILITIES</b>	<b>6,055,438</b>	<b>26,904</b>	<b>6,082,342</b>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	4,771,260	-	4,771,260
Restricted for:			
Special Revenues	609,976	-	609,976
Debt Service	56,914	-	56,914
Unrestricted	4,431,404	394,847	4,826,251
<b>TOTAL NET ASSETS</b>	<b>9,869,554</b>	<b>394,847</b>	<b>10,264,401</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 15,924,992</b>	<b>\$ 421,751</b>	<b>\$ 16,346,743</b>

See accompanying notes to basic financial statements.

CITY OF OLMOS PARK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<b>Functions and Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
General Government	\$ 484,175	\$ 114,957	\$ -	\$ -
Police Protection	754,345	620	3,721	-
Fire/EMS Protection	892,388	-	-	-
Streets and Sanitation	890,647	-	-	-
Municipal Court	61,206	152,918	-	-
Interest on Long-term Debt	255,867	-	-	-
<i>Total Governmental Activities</i>	3,338,628	268,495	3,721	-
<i>Business-Type Activities</i>				
Sewer	273,220	289,922	-	-
<i>Total Business-type Activities</i>	273,220	289,922	-	-
<b>Total Primary Government</b>	<b>\$ 3,611,848</b>	<b>\$ 558,417</b>	<b>\$ 3,721</b>	<b>\$ -</b>
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Interest and Investment Earnings				
Gain / (Loss) on Disposal of Equipment				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets  
Primary Government

---

Governmental Activities	Business-Type Activities	Total
\$ (369,218)	\$ -	\$ (369,218)
(750,004)	-	(750,004)
(892,388)	-	(892,388)
(890,647)	-	(890,647)
91,712	-	91,712
(255,867)	-	(255,867)
(3,066,412)	-	(3,066,412)
-	16,702	16,702
-	16,702	16,702
(3,066,412)	16,702	(3,049,710)
2,363,732	-	2,363,732
157,570	-	157,570
497,155	-	497,155
220,438	5,082	225,520
3,500	-	3,500
88,163	-	88,163
3,330,558	5,082	3,335,640
264,146	21,784	285,930
9,605,408	373,063	9,978,471
\$ 9,869,554	\$ 394,847	\$ 10,264,401

CITY OF OLMOS PARK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

	Major Fund <u>General Fund</u>	Major Fund <u>Capital Projects</u>	Major Fund <u>Special Revenue</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 406,884	\$ 3,744,055	\$ 584,788
Investments	993,937	-	-
Receivables (net of allowances for uncollectibles):			
Property Taxes	19,831	-	-
Other Receivables	98,620	23,174	16,689
Prepaid Items	18,263	-	-
Due from (to) Other Funds	1,367	-	5,499
	<u>1,367</u>	<u>-</u>	<u>5,499</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,538,902</u>	<u>\$ 3,767,229</u>	<u>\$ 606,976</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 19,439	\$ 761,840	\$ -
Due to Other Funds	-	-	-
Deferred/Unearned Revenues	20,186	-	-
<b>TOTAL LIABILITIES</b>	<u>39,625</u>	<u>761,840</u>	<u>-</u>
<i>Fund Balances:</i>			
Reserved for:			
Prepaid Items	18,263	-	-
Special Revenues	-	-	606,976
Debt Service	-	-	-
Designated for:			
Curb Repair	-	5,385	-
Streets and Sanitation Building	-	83,503	-
Fountain	-	35,000	-
City Hall	-	1,469,523	-
Street Signage	20,000	-	-
JT Cities Landfill	33,000	-	-
Radio Replacements	90,000	-	-
Emergencies	650,000	-	-
Unreserved and Undesignated, Reported In:			
Capital Projects Fund	-	1,411,978	-
General Fund	688,014	-	-
<i>Total Fund Balances</i>	<u>1,499,277</u>	<u>3,005,389</u>	<u>606,976</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 1,538,902</u>	<u>\$ 3,767,229</u>	<u>\$ 606,976</u>

See accompanying notes to basic financial statements.

<u>Major Fund</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 66,880	\$ 4,802,607
-	993,937
5,612	25,443
-	138,483
-	18,263
-	6,866
\$ 72,492	\$ 5,985,599
\$ -	\$ 781,279
6,866	6,866
5,712	25,898
12,578	814,043
-	18,263
-	606,976
59,914	59,914
-	5,385
-	83,503
-	35,000
-	1,469,523
-	20,000
-	33,000
-	90,000
-	650,000
-	1,411,978
-	688,014
59,914	5,171,556
\$ 72,492	\$ 5,985,599

See accompanying notes to basic financial statements.

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CITY OF OLMOS PARK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 5,171,556
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,946,260
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	25,898
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(57,110)
Long-term liabilities, including bonds payable, are not due and payable in the Construction in Progress current period and, therefore, not reported in the funds.	(5,175,000)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(42,050)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,869,554</u></u>

See accompanying notes to basic financial statements.

CITY OF OLMOS PARK  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Capital Projects	<u>Major Fund</u> Special Revenue
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 1,837,353	\$ -	\$ -
Franchise Fees	157,570	-	-
Sales Taxes	399,301	-	97,854
Fines and Penalties	143,001	-	9,918
Licenses and Permits	114,632	-	-
Interest Income	173,789	38,463	6,628
Miscellaneous	92,608	-	-
Intergovernmental Revenues/ Contributions	-	-	3,721
<b>TOTAL REVENUES</b>	<u>2,918,254</u>	<u>38,463</u>	<u>118,121</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
General and Administrative	443,620	-	7,350
Police Protection	696,218	-	-
Fire\EMS Protection	871,596	-	-
Street and Sanitation	258,512	-	-
Municipal Court	61,316	-	1,181
Capital Outlay	60,669	1,178,672	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,391,931</u>	<u>1,178,672</u>	<u>8,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>526,323</u>	<u>(1,140,209)</u>	<u>109,590</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In (Out)	<u>(1,510,000)</u>	<u>1,510,000</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,510,000)</u>	<u>1,510,000</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	(983,677)	369,791	109,590
Fund Balances at Beginning of Year	<u>2,482,954</u>	<u>2,635,598</u>	<u>497,386</u>
Fund Balances at End of Year	<u>\$ 1,499,277</u>	<u>\$ 3,005,389</u>	<u>\$ 606,976</u>

See accompanying notes to basic financial statements.

<u>Major Fund</u>	<u>Total</u>
<u>Debt</u>	<u>Governmental</u>
<u>Service</u>	<u>Funds</u>
\$ 523,856	\$ 2,361,209
-	157,570
-	497,155
-	152,919
-	114,632
1,558	220,438
-	92,608
-	3,721
525,414	3,600,252
-	450,970
-	696,218
-	871,596
-	258,512
-	62,497
-	1,239,341
255,000	255,000
257,652	257,652
512,652	4,091,786
12,762	(491,534)
-	-
-	-
12,762	(491,534)
47,152	5,663,090
\$ 59,914	\$ 5,171,556

CITY OF OLMOS PARK  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ (491,534)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.</p>		503,528
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		2,523
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net assets.</p>		255,000
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
<p>Change in Compensated Absences</p>	(7,155)	
<p>Change in Accrued Interest</p>	<u>1,784</u>	<u>(5,371)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 264,146</u>

See accompanying notes to basic financial statements.

CITY OF OLMOS PARK  
STATEMENT OF NET ASSETS – PROPRIETARY FUND  
SEPTEMBER 30, 2008

	Business-Type Activities
	Sewer Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 394,946
Receivables (net of allowances for uncollectibles)	26,805
<b>TOTAL ASSETS</b>	<b>\$ 421,751</b>
<b>LIABILITIES AND NET ASSETS</b>	
Accounts Payable	\$ 26,904
<b>TOTAL LIABILITIES</b>	26,904
Net Assets:	
Unrestricted and Undesignated	394,847
<b>TOTAL NET ASSETS</b>	<b>394,847</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 421,751</b>

See accompanying notes to basic financial statements.

CITY OF OLMOS PARK  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
SEPTEMBER 30, 2008

	Business-Type Activities
	Sewer
	Fund
<b>OPERATING REVENUES</b>	
Charges for Utility Service	\$ 289,922
<b>TOTAL OPERATING REVENUES</b>	289,922
<b>OPERATING EXPENSES</b>	
Waste Water Treatment Fees	271,140
Sewer Maintenance	2,078
Billing Fees	2
<b>TOTAL OPERATING EXPENSES</b>	273,220
<b>OPERATING INCOME (LOSS)</b>	16,702
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	5,082
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	5,082
<b>CHANGE IN NET ASSETS</b>	21,784
<b>NET ASSETS AT BEGINNING OF YEAR</b>	373,063
<b>NET ASSETS AT END OF YEAR</b>	\$ 394,847

See accompanying notes to basic financial statements.

CITY OF OLMOS PARK  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities
	Sewer Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 285,565
Cash Paid to Suppliers for Goods and Services	(274,257)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>11,308</b>
<b>Cash Flows From Investing Activities:</b>	
Investment Interest Received	5,082
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>5,082</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>16,390</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>378,556</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 394,946</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income	\$ 16,702
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(4,357)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(1,037)
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>(5,394)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 11,308</b>

See accompanying notes to basic financial statements.

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CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Olmos Park, Texas (“City”), was incorporated in May 1939. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

1. REPORTING ENTITY

*Component Units*

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2008, the City had no component units that would require inclusion in this report.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund all meet the criteria as *major governmental funds*.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

**Governmental fund level financial statements** are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

**The General Fund** is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

**Special Revenue Fund** is used to account for resources which are legally or contractually restricted to specific expenditures.

**Debt Service Fund** is used to account for revenues specifically restricted by law for debt retirement (i.e.: ad valorem tax).

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

**Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure.

**Proprietary fund level financial statements** are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Sewer Fund (used to account for the provision of sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, money market accounts or certificates of deposit, and treasuries. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2007 and past due after January 31, 2008. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectibles in the amount of \$2,366.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

CITY OF OLMOS PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

8. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and improvements	20 to 50 years
Improvements other than buildings	40 to 50 years
Utility system in service	50 years
Machinery and equipment	5 to 20 years

9. COMPENSATED ABSENCES

Employees earn vacation leave at varying rates depending on length of service: 10 days leave for year 1 (not available for use until first year of service is completed) through year 10, an additional 5 days for each ten years of service thereafter (i.e. 15 days for year eleven through twenty, 20 days for year twenty one plus, etc.) up to a maximum of 20 days per year. Annual leave will not be carried over, except with City Manager approval.

Employees earn sick leave at the rate of 1 day per month starting on date of employment. No sick leave days are paid when an employee leaves city employment and no liability is reported for unpaid sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

10. DEFERRED/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

11. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

11. LONG-TERM OBLIGATIONS (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. FUND EQUITY

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include special revenues, capital projects, debt service and prepaid items.

13. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

14. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

15. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF OLMOS PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE B -- DEPOSITS AND INVESTMENTS**

The City’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City’s agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

1. Deposits

At September 30, 2008, the carrying amount of the primary government’s (the City) cash on hand was \$300 and deposits in bank were \$5,197,252 and the bank balance was \$5,470,946. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City’s depository had pledged securities having a face value of \$5,045,000 and market value of \$4,983,114 as collateral for the City’s deposits. All of the City’s cash was fully collateralized.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City’s investments at September 30, 2008 are as shown below:

	Reported Value	Fair Value
Certificates of Deposit	\$ 993,937	\$ 993,937
Total Investments	\$ 993,937	\$ 993,937

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

2. Investments (Continued)

The City's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, and (4) U.S. Government Agencies. No other investments may be made without authorization of City Council. The City's investment policy was violated during the year when the brokerage company purchased unauthorized securities in a money market fund. City management is aware of the violation and has taken corrective action.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had no exposure to credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

**NOTE C -- PROPERTY TAX CALENDAR**

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2007, upon which the fiscal 2008 levy was based, was \$460,067,056 (i.e., market value less exemptions). The estimated market value was \$491,212,749, making the taxable value 93.7% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2008, was \$0.514787 per \$100 of assessed value, which means that the City has a tax margin of \$1.985213 for each \$100 value and could increase its annual tax levy by approximately \$9,133,311 based upon the present assessed valuation before the limit is reached. However, the City may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE D -- INTERFUND RECEIVABLE/PAYABLE**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2008, balances of interfund amounts receivable or payable have been recorded as follows:

<i>Primary Government</i>	<u>Due From</u>	<u>Due To</u>
<i>General Fund</i>		
Debt Service	\$ 1,367	\$ -
	<u>1,367</u>	<u>-</u>
<i>Special Revenue</i>		
Debt Service	5,499	-
	<u>5,499</u>	<u>-</u>
<i>Debt Service</i>		
Special Revenue	-	5,499
General Fund	-	1,367
	<u>-</u>	<u>6,866</u>
 Totals	 <u>\$ 6,866</u>	 <u>\$ 6,866</u>

**NOTE E -- CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008, was as follows:

<u><i>Governmental Activities</i></u>	<u>Balance</u> 10/1/07	<u>Additions/</u> Transfer In	<u>Disposals/</u> Transfer Out	<u>Balance</u> 9/30/08
Land	\$ 164,841	\$ 705,650	\$ -	\$ 870,491
Buildings and Improvements	117,054	-	-	117,054
Vehicles and Equipment	799,242	32,597	(26,679)	805,160
Infrastructure	10,400,995	265,447	-	10,666,442
Construction in Progress	-	116,588	-	116,588
	<u>11,482,132</u>	<u>1,120,282</u>	<u>(26,679)</u>	<u>12,575,735</u>
 Less Accumulated Depreciation				
Buildings and Improvements	(98,049)	(3,027)	-	(101,076)
Equipment	(390,270)	(81,466)	26,679	(445,057)
Infrastructure	(1,551,081)	(532,261)	-	(2,083,342)
	<u>(2,039,400)</u>	<u>(616,754)</u>	<u>26,679</u>	<u>(2,629,475)</u>
 Governmental Capital Assets, Net	 <u>\$ 9,442,732</u>	 <u>\$ 503,528</u>	 <u>\$ -</u>	 <u>\$ 9,946,260</u>

Land and Construction in Progress are not depreciated.

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

**NOTE E -- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 7,791
Fire Protection\EMS	17,603
Police Protection	33,421
Sanitation and Streets	557,939
Total Depreciation Expense - Governmental Activities	\$ 616,754

**NOTE F -- LONG-TERM DEBT**

**Primary Government**

Long-term debt and obligations payable at September 30, 2008, comprise the following individual issues:

*Certificates of Obligation:*

On May 1, 2002, The City issued Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2002 for \$6,500,000. The bonds were issued for permanent public improvements; constructing street improvements and drainage, constructing, acquiring, purchasing, renovating, enlarging and improving the City's utility system, the purchase of materials, supplies, equipment, machinery, land rights-of-way and professional services. The interest rate ranges from 2.5% through 5.15%. The last payment is due in the year 2022.

<i>Total Certificates of Obligation</i>	\$ 5,175,000
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<b>Total Governmental Long-Term Obligations</b>	<b>\$ 5,175,000</b>
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The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2008, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2009	\$ 270,000	\$ 246,492
2010	280,000	234,527
2011	290,000	221,842
2012	305,000	208,302
2013	320,000	193,847
2014 - 2018	1,855,000	715,626
2019 - 2022	1,855,000	196,480
	\$ 5,175,000	\$ 2,017,116

CITY OF OLMOS PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
September 30, 2008

**NOTE F -- LONG-TERM DEBT (Continued)**

**Changes in Long-Term Liabilities**

<u>Governmental Activities</u>	<u>Balance 10/1/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/08</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$ 5,430,000	\$ -	\$ (255,000)	\$ 5,175,000	\$ 270,000
Compensated Absences	49,955	7,155	-	57,110	57,110
Total Governmental Activities	<u>5,479,955</u>	<u>7,155</u>	<u>(255,000)</u>	<u>5,232,110</u>	<u>327,110</u>
Total Primary Government	<u>\$ 5,479,955</u>	<u>\$ 7,155</u>	<u>\$ (255,000)</u>	<u>\$ 5,232,110</u>	<u>\$ 327,110</u>

**NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS**

**Texas Municipal Retirement System**

**Plan Description**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

CITY OF OLMOS PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

Members can retire at ages 60 and above with 5 or more years of service, or with 25 years of service regardless of age. An employee is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

The contribution rate for the employees is 5% of the employee rate, while the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2007 valuation is effective for rates beginning January 2009.) A summary of actuarial assumptions is as follows:

Actuarial Valuation Date	December 31, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	25 years - Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Inflation Rate	3.0%
Cost-of-Living Adjustments	None
City Specific Assumptions:	
Payroll Growth	3.0%
Withdrawal Rates for Male/Female	Mid/Mid-Low

**Contributions**

Fiscal Year Ending September 30,	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation
2005	\$ 59,404	100%	-
2006	\$ 71,104	100%	-
2007	\$ 74,738	100%	-

Additional supplementary three-year trend information may be found on page 43.

CITY OF OLMOS PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE H -- DEFERRED COMPENSATION PLAN**

The City maintains an eligible deferred compensation plan for a former employee. It is a terminated plan and no current employees are eligible to participate. The plan cannot receive additional contributions. Distributions to the former employee commenced January 1, 2001 when the employee reached normal retirement age. The city's obligation is solely to act as administrator of this terminated plan, and the city uses a corporate fiduciary to assist in the administration. The City offers current employees retirement benefits under another plan administered by the Texas Municipal Retirement System.

**NOTE I -- OPERATING TRANSFERS**

*Operating Transfers:*

Operating transfers during the year ended September 30, 2008, were as follows:

	Transfers In	Transfers Out
<b>Primary Government</b>		
General Fund	\$ -	\$ 1,510,000
Capital Projects	1,510,000	-
	\$ 1,510,000	\$ 1,510,000

The City has transferred money to the capital projects fund for various projects such as the fountain and new city hall.

**NOTE J -- TEXAS HIGER EDUCATION AUTHORITY**

On August 20, 2003, the City passed an ordinance creating a nonprofit corporation under Section 53.35(b) of The Texas Education code. The creation of this nonprofit corporation established a Higher Education Authority (the Authority) for the purpose of assisting in the financing of accredited primary and secondary schools as provided by state law.

In accordance with the terms establishing the nonprofit corporation, the city is not liable for any expenses incurred in establishing or administering the Higher Education Authority.

In December 2007, the City approved the issuance of revenue bonds designated as "City of Olmos Park, Texas Higher Education Revenue Bonds (St. Mary's University Project, Series 2007)" to sponsor \$8,500,000. The City has no obligation for this debt. St. Mary's University paid the City \$25,000 for the sponsorship.

The Texas Higher Education Authority is not consolidated into the financial statements of City of Olmos Park, Texas because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards.

CITY OF OLMOS PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2008

**NOTE K -- COMMITMENTS AND CONTINGENCIES**

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial

Commitments

The City of Olmos Park has entered into contracts for various projects as follows:

Commitment	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Public Works Building	\$ 86,868	\$ 5,751	\$ 81,117
City Hall Construction	50,000	-	50,000
Phase III & IV Streets	8,123,614	7,531,051	592,563
Fountain Project	50,000	15,000	35,000
	<u>\$ 8,310,482</u>	<u>\$ 7,551,802</u>	<u>\$ 758,680</u>

**NOTE L -- RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2008 were \$65,385 for property and casualty and workers compensation coverage.

**NOTE M -- SUBSEQUENT EVENT**

On November 4, 2008, the citizens of Olmos Park elected to create an Economic Development Corporation under the authorized projects section 4B of the Development Corporation Act of 1979. The City approved levying a ¼ of 1% increase in sales tax to fund the Economic Development Corporation.

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## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Special Revenue Fund
- Schedule of Funding Progress – Defined Benefit

CITY OF OLMOS PARK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 1,820,963	\$ 1,820,963	\$ 1,837,353	\$ 16,390
Franchise Fees	130,000	130,000	157,570	27,570
Sales Taxes	340,000	340,000	399,301	59,301
Fines and Penalties	115,000	115,000	143,001	28,001
Licenses and Permits	99,200	99,200	114,632	15,432
Interest Income	120,000	120,000	173,789	53,789
Miscellaneous	24,400	24,400	92,608	68,208
<b>TOTAL REVENUES</b>	<b>2,649,563</b>	<b>2,649,563</b>	<b>2,918,254</b>	<b>268,691</b>
<b>EXPENDITURES</b>				
<i>General and Administrative:</i>				
Salaries	159,162	159,162	154,274	4,888
Supplies	17,000	17,000	12,399	4,601
Contractual	245,994	285,994	264,693	21,301
Maintenance	31,400	31,400	12,254	19,146
Capital Outlay	5,300	5,300	4,883	417
<i>Total General and Administrative</i>	<b>458,856</b>	<b>498,856</b>	<b>448,503</b>	<b>50,353</b>
<i>Police Protection:</i>				
Salaries	637,044	637,044	619,817	17,227
Supplies	30,500	30,500	39,043	(8,543)
Contractual	56,060	56,060	30,789	25,271
Maintenance	9,000	9,000	6,569	2,431
Capital Outlay	52,300	52,300	43,626	8,674
<i>Total Police Protection</i>	<b>784,904</b>	<b>784,904</b>	<b>739,844</b>	<b>45,060</b>
<i>Fire/EMS Protection:</i>				
Salaries	793,627	793,627	760,481	33,146
Supplies	16,300	16,300	12,101	4,199
Contractual	85,915	79,615	93,659	(14,044)
Maintenance	12,700	12,700	5,355	7,345
Capital Outlay	5,000	11,300	4,086	7,214
<i>Total Fire/EMS Protection</i>	<b>\$ 913,542</b>	<b>\$ 913,542</b>	<b>\$ 875,682</b>	<b>\$ 37,860</b>

CITY OF OLMOS PARK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>EXPENDITURES (CONT.)</b>				
<i>Street and Sanitation:</i>				
Salaries	\$ 191,290	\$ 191,290	\$ 187,050	\$ 4,240
Supplies	20,650	20,650	23,315	(2,665)
Contractual	62,000	62,000	38,840	23,160
Maintenance	23,200	23,200	9,307	13,893
Capital Outlay	11,000	11,000	8,074	2,926
<i>Total Street and Sanitation</i>	<u>308,140</u>	<u>308,140</u>	<u>266,586</u>	<u>41,554</u>
<i>Municipal Court:</i>				
Salaries	42,940	42,940	41,967	973
Supplies	1,000	1,000	1,349	(349)
Contractual	18,000	18,000	18,000	-
Maintenance	250	250	-	250
<i>Total Municipal Court</i>	<u>62,190</u>	<u>62,190</u>	<u>61,316</u>	<u>874</u>
<b>TOTAL EXPENDITURES</b>	<u>2,527,632</u>	<u>2,567,632</u>	<u>2,391,931</u>	<u>175,701</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>121,931</u>	<u>81,931</u>	<u>526,323</u>	<u>444,392</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In (Out)	(110,000)	(1,560,000)	(1,510,000)	50,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(110,000)</u>	<u>(1,560,000)</u>	<u>(1,510,000)</u>	<u>50,000</u>
<b>Excess (Deficiency) of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing (Uses)</b>	11,931	(1,478,069)	(983,677)	494,392
<b>Fund Balance - Beginning of Year</b>	<u>2,482,954</u>	<u>2,482,954</u>	<u>2,482,954</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,494,885</u>	<u>\$ 1,004,885</u>	<u>\$ 1,499,277</u>	<u>\$ 494,392</u>

CITY OF OLMOS PARK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL - SPECIAL REVENUE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Sales Tax	\$ 85,000	\$ 85,000	\$ 97,854	\$ 12,854
Municipal Court Fees	9,150	9,150	9,918	768
Intergovernmental	4,000	4,000	3,721	(279)
Interest Income	-	-	6,628	6,628
<b>TOTAL REVENUES</b>	<u>98,150</u>	<u>98,150</u>	<u>118,121</u>	<u>19,971</u>
<b>EXPENDITURES</b>				
Fountain	-	-	7,350	(7,350)
Police	1,500	1,500	-	1,500
Court Technology	500	1,200	1,181	19
Miscellaneous	1,000	1,000	-	1,000
<b>TOTAL EXPENDITURES</b>	<u>3,000</u>	<u>3,700</u>	<u>8,531</u>	<u>(4,831)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>95,150</u>	<u>94,450</u>	<u>109,590</u>	<u>15,140</u>
<b>Fund Balance - Beginning of Year</b>	<u>497,386</u>	<u>497,386</u>	<u>497,386</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 592,536</u>	<u>\$ 591,836</u>	<u>\$ 606,976</u>	<u>\$ 15,140</u>

CITY OF OLMOS PARK  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2008

**Budgetary Information** – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Special Revenue, and Debt Service Funds.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF OLMOS PARK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT  
 LAST THREE CALENDAR YEARS

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2005	\$ 1,961,493	\$ 2,150,183	91.2%	\$ 188,690	\$ 1,259,453	15.0%
2006	\$ 1,944,224	\$ 2,160,304	90.0%	\$ 216,080	\$ 1,298,405	16.6%
2007	\$ 2,123,873	\$ 2,284,058	93.0%	\$ 160,185	\$ 1,333,426	12.0%

\* As of December 31 of the preceding year, the date of the actuarial valuation.

\*\* Assets are stated at cost as of December 31 of the preceding year.

## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Capital Projects Fund
- Comparative Statements – Debt Service
- Comparative Statements – Special Revenue Fund
- Comparative Statements – Proprietary Sewer Fund

CITY OF OLMOS PARK  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 406,884	\$ 524,729
Investments	993,937	1,873,173
Receivables (net of allowances for uncollectibles):		
Property Taxes	19,831	18,067
Other Receivables	98,620	92,406
Prepaid Items	18,263	-
Due from Other Funds	1,367	1,791
	\$ 1,538,902	\$ 2,510,166
 <b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 19,439	\$ 7,946
Due to Other Funds	-	1,199
Deferred/Unearned Revenues	20,186	18,067
	39,625	27,212
 <i>Fund Balances:</i>		
Reserved for:		
Prepaid Items	18,263	-
Designated for:		
Street Signage	20,000	10,000
JT Cities Landfill	33,000	33,000
Radio Replacements	90,000	80,000
Emergencies	650,000	-
Unreserved and Undesignated, Reported In:		
General Fund	688,014	2,359,954
	1,499,277	2,482,954
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 1,538,902</b>	<b>\$ 2,510,166</b>

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 1,837,353	\$ 1,780,571
Franchise Fees	157,570	145,313
Sales Taxes	399,301	342,485
Fines and Penalties	143,001	128,959
Licenses and Permits	114,632	118,863
Interest Income	173,789	194,697
Miscellaneous	92,608	29,498
<b>TOTAL REVENUES</b>	<b>2,918,254</b>	<b>2,740,386</b>
<b>EXPENDITURES</b>		
<i>Current:</i>		
General and Administrative	443,620	376,342
Police Protection	696,218	645,401
Fire\EMS Protection	871,596	802,342
Street and Sanitation	258,512	250,793
Municipal Court	61,316	51,891
Capital Outlay	60,669	78,822
<b>TOTAL EXPENDITURES</b>	<b>2,391,931</b>	<b>2,205,591</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>526,323</b>	<b>534,795</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In (Out)	<b>(1,510,000)</b>	<b>(1,060,000)</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,510,000)</b>	<b>(1,060,000)</b>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	<b>(983,677)</b>	<b>(525,205)</b>
Fund Balances at Beginning of Year	<b>2,482,954</b>	<b>3,008,159</b>
Fund Balances at End of Year	<b>\$ 1,499,277</b>	<b>\$ 2,482,954</b>

CITY OF OLMOS PARK  
 COMPARATIVE BALANCE SHEETS  
 CAPITAL PROJECTS FUND  
 SEPTEMBER 30, 2008 AND 2007

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
Cash and Cash Equivalents	\$ 3,744,055	\$ 3,514,518
Receivables (net of allowances for uncollectibles)	23,174	-
Prepaid Expenses	-	14,439
	<b>3,767,229</b>	<b>3,528,957</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,767,229</b>	<b>\$ 3,528,957</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 761,840	\$ 893,359
	<b>761,840</b>	<b>893,359</b>
<b>TOTAL LIABILITIES</b>	<b>761,840</b>	<b>893,359</b>
<i>Fund Balances:</i>		
Reserved	-	2,635,598
Designated		
Curb Repair	5,385	-
Streets and Sanitation Building	83,503	-
Fountain	35,000	-
City Hall	1,469,523	-
Unreserved, Undesignated	1,411,978	-
	<b>3,005,389</b>	<b>2,635,598</b>
<i>Total Fund Balances</i>	<b>3,005,389</b>	<b>2,635,598</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 781,279</b>	<b>\$ 3,528,957</b>

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>REVENUES</b>		
Interest Income	\$ 38,463	\$ 117,932
Intergovernmental Revenues/Contributions	-	642,757
<b>TOTAL REVENUES</b>	<b>38,463</b>	<b>760,689</b>
<b>EXPENDITURES</b>		
Legal Services	9,128	1,022
Engineering and Testing	90,209	69,481
Streets	300,317	1,663,383
SAWS Water Lines	-	356,828
CPS Gas Lines	-	214,886
City Hall	713,508	-
Streets and Sanitation Building	13,601	-
Fountain	15,000	-
Improvements - Right of Way	36,909	19,563
<b>TOTAL EXPENDITURES</b>	<b>1,178,672</b>	<b>2,325,163</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(1,140,209)</b>	<b>(1,564,474)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In	1,510,000	1,060,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,510,000</b>	<b>1,060,000</b>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	369,791	(504,474)
Fund Balances at Beginning of Year	2,635,598	3,140,072
Fund Balances at End of Year	<b>\$ 3,005,389</b>	<b>\$ 2,635,598</b>

CITY OF OLMOS PARK  
 COMPARATIVE BALANCE SHEETS  
 DEBT SERVICE FUND  
 SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 66,880	\$ 45,953
Receivables (net of allowances for uncollectibles):		
Property Taxes	5,612	5,308
Due from Other Funds	-	1,199
	-	1,199
<b>TOTAL ASSETS</b>	<b>\$ 72,492</b>	<b>\$ 52,460</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Deferred/Unearned Revenues	\$ 5,712	\$ 5,308
Due to Other Funds	6,866	-
	12,578	5,308
<b>TOTAL LIABILITIES</b>	<b>12,578</b>	<b>5,308</b>
<i>Fund Balances:</i>		
Reserved	59,914	47,152
<i>Total Fund Balances</i>	<b>59,914</b>	<b>47,152</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 72,492</b>	<b>\$ 52,460</b>

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 523,856	\$ 512,011
Interest Income	1,558	4,606
<b>TOTAL REVENUES</b>	<b>525,414</b>	516,617
<b>EXPENDITURES</b>		
Debt Service:		
Principal	255,000	245,000
Interest and Fiscal Charges	257,652	267,968
<b>TOTAL EXPENDITURES</b>	<b>512,652</b>	512,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,762	3,649
Fund Balances at Beginning of Year	47,152	43,503
Fund Balances at End of Year	<b>\$ 59,914</b>	<b>\$ 47,152</b>

CITY OF OLMOS PARK  
 COMPARATIVE BALANCE SHEETS  
 SPECIAL REVENUE FUND  
 SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 584,788	\$ 484,845
Other Receivables	16,689	14,332
Due from Other Funds	5,499	-
<b>TOTAL ASSETS</b>	<b>\$ 606,976</b>	<b>\$ 499,177</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Due to Other Funds	\$ -	1,791
<b>TOTAL LIABILITIES</b>	-	1,791
<i>Fund Balances:</i>		
Police and Court	114,165	13,102
Street Maintenance	492,511	476,634
Clock Tower	300	7,650
<i>Total Fund Balances</i>	<b>606,976</b>	497,386
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 781,279</b>	<b>\$ 499,177</b>

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<b>2008</b>	<b>2007</b>
<b>REVENUES</b>		
Sales Tax	\$ 97,854	\$ 84,899
Municipal Court Revenues	9,918	8,792
Intergovernmental	3,721	4,311
Interest Income	6,628	5,595
<b>TOTAL REVENUES</b>	<b>118,121</b>	103,597
<b>EXPENDITURES</b>		
Fountain	7,350	-
Court Technology	1,181	1,125
Training	-	280
<b>TOTAL EXPENDITURES</b>	<b>8,531</b>	1,405
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	109,590	102,192
<b>Fund Balances at Beginning of Year</b>	<b>497,386</b>	395,194
<b>Fund Balances at End of Year</b>	<b>\$ 606,976</b>	\$ 497,386

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 SEWER SYSTEM  
 SEPTEMBER 30, 2008 AND 2007

	<b>2008</b>	2007
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 394,946	\$ 378,556
Receivables - Customers	26,805	22,448
<b>TOTAL ASSETS</b>	<b>\$ 421,751</b>	<b>\$ 401,004</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 26,904	\$ 27,941
<b>TOTAL LIABILITIES</b>	<b>26,904</b>	<b>27,941</b>
Net Assets:		
Unrestricted	394,847	373,063
<b>TOTAL NET ASSETS</b>	<b>394,847</b>	<b>373,063</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 421,751</b>	<b>\$ 401,004</b>

CITY OF OLMOS PARK  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND – SEWER SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>Operating Revenues</b>		
Fees Charged to Users	\$ 289,922	\$ 302,053
<b>Total Operating Revenues</b>	<b>289,922</b>	<b>302,053</b>
<b>Operating Expenses Before Depreciation</b>		
Waste Water Treatment Fees	271,140	260,493
Sewer Maintenance	2,078	2,877
Billing Fees	2	28,806
<b>Total Operating Expenses Before Depreciation</b>	<b>273,220</b>	<b>292,176</b>
Operating Income (Loss)	<b>16,702</b>	<b>9,877</b>
<b>Other Income (Expense):</b>		
Interest Income	5,082	13,419
<b>Total Other Income (Expense)</b>	<b>5,082</b>	<b>13,419</b>
<b>CHANGE IN NET ASSETS</b>	<b>21,784</b>	<b>23,296</b>
<b>Net Assets at Beginning of Year</b>	<b>373,063</b>	<b>349,767</b>
<b>Net Assets at End of Year</b>	<b>\$ 394,847</b>	<b>\$ 373,063</b>

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## STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

This part of the City of Olmos Park's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Olmos Park's overall financial health

### **Contents**

#### Financial Trends – Tables 1 through 5

*These schedules contain trend information to help the reader understand how Olmos Park's financial performance and well-being have changed over time.*

#### Revenue Capacity – Tables 6 through 9

*These schedules contain information to help the reader assess Olmos Park's most significant local revenue source, the property tax.*

#### Debt Capacity – Tables 10 through 11

*These schedules present information to help the reader assess the affordability of Olmos Park's current levels of outstanding debt, and our ability to issue additional debt.*

#### Demographic and Economic Information – Tables 12 and 13

*These schedules offer demographic and economic indicators to help the reader understand the environment within which Olmos Park's financial activities take place.*

CITY OF OLMOS PARK  
NET ASSETS BY COMPONENT  
LAST THREE FISCAL YEARS

TABLE 1

	<b>Fiscal Year</b>		
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<i>Governmental Activities:</i>			
Invested in capital assets, net of related debt	\$ 2,034,429	\$ 4,012,732	\$ 4,771,260
Restricted	395,194	3,184,245	666,890
Unrestricted	6,146,245	2,408,431	4,431,404
<i>Total Governmental Activities Net Assets</i>	<u>\$ 8,575,868</u>	<u>\$ 9,605,408</u>	<u>\$ 9,869,554</u>
<i>Business-Type Activities</i>			
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	349,767	373,063	394,847
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 349,767</u>	<u>\$ 373,063</u>	<u>\$ 394,847</u>
<i>Primary government:</i>			
Invested in capital assets, net of related debt	\$ 2,034,429	\$ 4,012,732	\$ 4,771,260
Restricted	395,194	3,184,245	666,890
Unrestricted	781,279	2,781,494	4,826,251
<i>Total Primary Government Net Assets</i>	<u>\$ 8,925,635</u>	<u>\$ 9,978,471</u>	<u>\$ 10,264,401</u>

CITY OF OLMOS PARK  
CHANGE IN NET ASSETS  
LAST THREE FISCAL YEARS

TABLE 2

	Fiscal Year		
	2006	2007	2008
<b>Expenses</b>			
<i>Governmental Activities:</i>			
General Government	\$ 362,617	\$ 454,866	\$ 484,175
Police Protection	663,481	716,535	754,345
Fire/EMS Protection	786,149	849,703	892,388
Streets and Sanitation	696,782	767,744	890,647
Municipal Court	58,811	52,456	61,206
Interest on Long-Term Debt	275,903	266,314	255,867
<i>Total Governmental Activities Expenses</i>	<u>2,843,743</u>	<u>3,107,618</u>	<u>3,338,628</u>
<i>Business-Type Activities:</i>			
Sewer	278,808	292,175	273,220
<i>Total Business-Type Activities</i>	<u>278,808</u>	<u>292,175</u>	<u>273,220</u>
<b>Total Primary Government Expenses</b>	<u><u>\$ 3,122,551</u></u>	<u><u>\$ 3,399,793</u></u>	<u><u>\$ 3,611,848</u></u>
<b>Program Revenues</b>			
<i>Governmental activities:</i>			
<i>Charges for service:</i>			
General Government	\$ 133,336	\$ 118,863	\$ 114,957
Police Protection	6,950	980	620
Fire/EMS Protection	-	-	-
Streets and Sanitation	782	-	-
Municipal Court	136,415	137,751	152,918
Operating Grants and Contributions	-	4,311	3,721
Capital Grants and Contributions	-	642,757	-
<i>Total Governmental Activities</i>	<u>277,483</u>	<u>904,662</u>	<u>272,216</u>
<b>Program Revenues</b>	<u>277,483</u>	<u>904,662</u>	<u>272,216</u>
<i>Business-Type Activities:</i>			
<i>Charges for Service:</i>			
Sewer	290,583	302,053	289,922
<i>Total Business-Type Activities</i>	<u>290,583</u>	<u>302,053</u>	<u>289,922</u>
<b>Program Revenues</b>	<u>290,583</u>	<u>302,053</u>	<u>289,922</u>
<b>Total Primary Government</b>	<u><u>\$ 568,066</u></u>	<u><u>\$ 1,206,715</u></u>	<u><u>\$ 562,138</u></u>

CITY OF OLMOS PARK  
CHANGE IN NET ASSETS (Continued)  
LAST THREE FISCAL YEARS

TABLE 2 (Continued)

	Fiscal Year		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Net (Expenses) Revenue</b>			
Governmental Activities	\$ (2,566,260)	\$ (2,202,956)	\$ (3,066,412)
Business-Type Activities	11,775	9,878	16,702
Total Primary Government Net Expenses	<u>\$ (2,554,485)</u>	<u>\$ (2,193,078)</u>	<u>\$ (3,049,710)</u>
<b>Governmental Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Taxes:			
Property Taxes	\$ 2,235,600	\$ 2,315,957	\$ 2,363,732
Franchise Taxes	249,964	145,313	157,570
Sales Taxes	407,573	427,385	497,155
Interest and Investment Earnings	330,071	322,829	220,438
Gain (Loss) on Disposal of Fixed Assets	(8,292)	(5,806)	3,500
Miscellaneous	132,989	669,574	88,163
Total governmental activities	<u>3,347,905</u>	<u>3,875,252</u>	<u>3,330,558</u>
Business-Type Activities:			
Interest and Investment Earnings	14,189	13,418	5,082
Total business-type activities	<u>14,189</u>	<u>13,418</u>	<u>5,082</u>
Total primary government	<u>\$ 3,362,094</u>	<u>\$ 3,888,670</u>	<u>\$ 3,335,640</u>
<b>Changes In Net Assets</b>			
Government Activities	\$ 781,645	\$ 1,672,296	\$ 264,146
Business-Type Activities	25,964	23,296	21,784
Total Primary Government	<u>\$ 807,609</u>	<u>\$ 1,695,592</u>	<u>\$ 285,930</u>

CITY OF OLMOS PARK  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST THREE FISCAL YEARS

TABLE 3

	Fiscal Year		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund			
Reserved	\$ -	\$ -	\$ 18,263
Designated	93,000	123,000	793,000
Unreserved	<u>2,915,159</u>	<u>2,359,954</u>	<u>688,014</u>
 Total General Fund	 <u>\$ 3,008,159</u>	 <u>\$ 2,482,954</u>	 <u>\$ 1,499,277</u>
 All Other Governmental Funds			
Unreserved, Reported In:			
Capital Project Fund	\$ 3,140,072	\$ 2,635,598	\$ 3,005,389
Special Revenue Fund	395,194	497,386	606,976
Debt Service Fund	<u>43,503</u>	<u>47,152</u>	<u>59,914</u>
 Total All Other Governmental Funds	 <u>\$ 3,578,769</u>	 <u>\$ 3,180,136</u>	 <u>\$ 3,672,279</u>

CITY OF OLMOS PARK  
 CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS  
 LAST THREE FISCAL YEARS

TABLE 4

	Fiscal Year		
	2006	2007	2008
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 2,235,601	\$ 2,292,582	\$ 2,361,209
Franchise Fees	150,773	145,313	157,570
Sales Taxes	407,573	427,384	497,155
Fines and Penalties	136,415	137,751	152,919
Licenses and Permits	136,446	118,863	114,632
Interest Income	330,071	322,829	220,438
Miscellaneous	56,042	29,498	92,608
Intergovernmental Revenues/Contributions	1,352,399	647,068	3,721
<b>TOTAL REVENUES</b>	<u>4,805,320</u>	<u>4,121,288</u>	<u>3,600,252</u>
<b>EXPENDITURES</b>			
<i>Current:</i>			
General and Administrative	343,104	392,741	450,970
Police Protection	670,003	688,229	696,218
Fire\EMS Protection	781,125	802,342	871,596
Street and Sanitation	268,917	271,793	258,512
Municipal Court	49,663	51,891	62,497
Capital Projects/Outlay	2,696,521	2,325,162	1,239,341
Debt Service:			
Principal	235,000	245,000	255,000
Interest and Fiscal Charges	277,395	267,968	257,652
<b>TOTAL EXPENDITURES</b>	<u>5,321,728</u>	<u>5,045,126</u>	<u>4,091,786</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(516,408)</u>	<u>(923,838)</u>	<u>(491,534)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	<u>(516,408)</u>	<u>(923,838)</u>	<u>(491,534)</u>

CITY OF OLMOS PARK  
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS  
LAST THREE FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Franchise</u>	<u>Total</u>
2006	\$ 2,235,601	\$ 407,573	\$ 150,773	\$ 2,793,947
2007	2,292,582	427,384	145,313	2,865,279
2008	2,361,209	497,155	157,570	3,015,934

CITY OF OLMOS PARK  
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY  
 LAST TWO FISCAL YEARS

TABLE 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2007	\$ 396,097,876	\$ 22,815,439	\$ 3,319,918	\$ 415,593,397	0.544546
2008	\$ 439,578,470	\$ 29,030,794	\$ 8,542,208	\$ 460,067,056	0.514787

Source: Bexar Appraisal District.

\* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

CITY OF OLMOS PARK  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST FOUR FISCAL YEARS

TABLE 7

Fiscal Year Ending September 30,	City	Alamo Heights ISD	Bexar County	Alamo College District	San Antonio RA	Total
2005	0.657822	1.629600	0.331190	0.107050	0.016425	2.742087
2006	0.598837	1.656600	0.331190	0.107050	0.016425	2.710102
2007	0.544546	1.486600	0.331190	0.137050	0.016045	2.515431
2008	0.514787	1.156600	0.295104	0.134550	0.015951	2.116992

Source: Bexar County Appraisal District

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses on the City of Olmos Park, Texas. This process recognizes that, when considering the City of Olmos Park's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF OLMOS PARK  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT AND ONE YEAR AGO

TABLE 8

<u>Taxpayer</u>	<u>2008</u>			<u>2007*</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Andrew M. Parker	\$ 4,580,000	1	1.00%	\$ 3,916,120	1	0.85%
Martin & Denise Landon	3,259,872	2	0.71%	2,963,520	3	0.64%
MTL Investments LTD	3,123,600	3	0.68%			
BJ McCombs	3,042,170	4	0.66%	2,764,700	4	0.60%
John & Marsha Shields	3,030,000	5	0.66%			
OPP Holdings LP	2,883,880	6	0.63%			
Rodney Ray & Kimberly Lewis	2,791,140	7	0.61%	2,577,780	5	0.56%
Mark B. Woods	2,573,600	8	0.56%	2,512,230	6	0.55%
David & Jolie Berndt	2,407,000	9	0.52%	2,275,000	8	0.49%
Curtis C. Gunn, Jr.	2,298,900	10	0.50%	2,089,000	9	0.45%
Olmos Park Property, LTD				3,142,640	2	0.68%
Tiffany Tankersley Wolfe				2,368,454	7	0.51%
Lowry & Peggy Mays				2,085,000	10	0.45%
<b>Total</b>	<u><u>\$29,990,162</u></u>		<u><u>6.52%</u></u>	<u><u>\$26,694,444</u></u>		<u><u>5.78%</u></u>

\* Information from nine years ago is not available. Information from one year ago presented instead.

Source: Bexar County Appraisal District

CITY OF OLMOS PARK  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FOUR FISCAL YEARS

TABLE 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2,174,117	2,160,667	99.38%	12,673	2,173,340	99.96%
2006	2,231,242	2,214,710	99.26%	10,592	2,225,302	99.73%
2007	2,263,097	2,252,377	99.53%	3,802	2,256,179	99.69%
2008	2,368,365	2,352,814	99.34%	-	2,352,814	99.34%

Source: Bexar County Tax Assessor Collector and City of Olmos Park.

CITY OF OLMOS PARK  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST THREE FISCAL YEARS

TABLE 10

Fiscal Year	General Bonded Debt Outstanding		Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
	Certificates of Obligation	Total			
2006	\$ 5,675,000	\$ 5,675,000	\$ 371,662,344	1.53%	2,464
2007	\$ 5,430,000	\$ 5,430,000	\$ 415,593,397	1.31%	2,358
2008	\$ 5,175,000	\$ 5,175,000	\$ 460,067,056	1.12%	2,242

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\*Per Capita was derived using population data on page 68.

CITY OF OLMOS PARK  
 LEGAL DEBT MARGIN  
 LAST TWO FISCAL YEARS

TABLE 11

Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of general obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in the levy of a tax for bonded debt of over \$1.00 for cities under a population of 5,000 or \$1.50 for the cities over 5,000 in population.

2008 Debt Margin Calculation

Taxable Value		<u>\$ 460,067,056</u>
Debt Limit - 10% of taxable value [1]		\$ 46,006,706
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	\$ 5,175,000	
Less funds available in Debt Service Fund	<u>59,914</u>	
Total Amount of Debt Applicable to Debt Limit		<u>5,115,086</u>
Legal Debt Margin		<u>\$ 40,891,620</u>

	Fiscal Year	
	2007	2008
Debt Limit	41,559,340	46,006,706
Total Net Debt Applicable to Debt Limit	<u>5,382,848</u>	<u>5,115,086</u>
Legal Debt Margin	<u>36,176,492</u>	<u>40,891,620</u>

CITY OF OLMOS PARK  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST THREE YEARS

TABLE 12

Year	Population	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	2303	\$ 19,884	32.60	N/A	4.2%
2007	2303	\$ 19,884	32.60	N/A	3.9%
2008	2308	\$ 19,884	32.60	N/A	5.1%

Sources: Population, Per Capita Income and median Age information provided by the United States Census Bureau. Unemployment rate was provided by the United States Bureau of Labor Statistics.

CITY OF OLMOS PARK  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TWO YEARS AGO

TABLE 13

Employer	2008			2006*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
HEB Food Stores	23,000	1	2.49%	9,942	2	1.15%
USAA	13,500	2	1.46%	13,773	1	1.59%
AT&T	6,000	3	0.65%			
Wachovia	3,300	4	0.36%			
Southwest Research Inst.	2,674	5	0.29%			
Citibank	2,600	6	0.28%			
West Teleservices	2,366	7	0.26%	3,087	7	0.36%
JP Morgan Chase	2,300	8	0.25%			
Valero	2,074	9	0.22%	2,857	9	0.33%
Kinetic Concepts Inc.	2,047	10	0.22%			
HB Zachry Co.				8,000	3	0.93%
SBC Communications				7,000	4	0.81%
Southwestern Bell				4,589	5	0.53%
Frost National Bank				3,290	6	0.38%
Taco Cabana				3,000	8	0.35%
QVC Network				2,034	10	0.24%
Total	<u>59,861</u>		<u>6.48%</u>	<u>57,572</u>		<u>6.67%</u>

The City of Olmos Park is surrounded by the City of San Antonio and no data is available for the employers in Olmos Park. The above data is for the City of San Antonio.

Source: San Antonio Economic Development Foundation

\* Data from nine years ago not available.

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