

CITY OF SAN ANTONIO



TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

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***City of San Antonio
Texas***

Introductory Section

**CITY OF SAN ANTONIO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2005**

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CITY OF SAN ANTONIO

P. O. BOX 839966
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June 29, 2006

To the Honorable Mayor and City Council:

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2005. This report is published to provide the City Council, City staff, our citizens, and other readers with detailed information concerning the financial position and activities of the City.

This document was prepared and is presented by the City's Finance Department. Accordingly, City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures.

It should be noted that the public accounting firms KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA, have audited the financial statements contained herein. As reflected in the independent auditors' report, the City's financial statements are presented fairly in all material respects in accordance with U.S. generally accepted accounting principles.

The audit of the aforementioned independent auditors was also designed to meet the requirements of the Single Audit Act Amendments of 1996, Office of Management and Budget (OMB) Circular A-133, and the State of Texas Single Audit Circular. The Independent Auditors' Report on the basic financial statements, MD&A (required supplementary information), and required disclosures and schedules are included in the Financial Section of this CAFR. Required reports and schedules mandated by the Single Audit Act Amendments of 1996, OMB Circular A-133, and the State of Texas Single Audit Circular are in separate documents.

THE REPORT

The CAFR is presented in three sections: introductory, financial, and statistical.

- The introductory section contains the transmittal letter, a copy of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart, and a list of principal officials.
- The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), the basic financial statements, which consist of government-wide and fund financial statements and notes to the financial statements, required supplementary information other than MD&A, Combining Financial Statements and other supplementary information.
- The statistical section consists of selected financial and demographic information presented on a multi-year basis.

As noted above, included in the Financial Section of the CAFR is the MD&A, which presents a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it. The City of San Antonio's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND CITY SERVICES

The City of San Antonio is a home rule city that was incorporated in 1837 and chartered in 1951. It is structured as a Council-Manager form of government with a Mayor and ten Council Members each serving two-year terms, limited to two consecutive terms. San Antonio is located in South Central Texas, approximately 75 miles south of the state capital of Austin and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including: championship golf courses, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment.

As of November 30, 2005, the City's geographic area was approximately 519 square miles making it one of the largest cities in the United States. The United States Census Bureau cites the City as the second most populated city in the state of Texas and eighth most populated city in the country. The estimated population grew from 1,278,300 in fiscal year 2004 to 1,299,200 in fiscal year 2005, an increase of 1.63%.

Below are further details regarding the City as a reporting entity and public service provider.

Reporting Entity

Pursuant to the reporting standards contained in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, other related entities are included in the CAFR as blended or discretely presented component units. Blended component units are those entities that are considered as part of the City's operations but are legally separate entities. Those entities are the City of San Antonio Health Facilities Development Corporation, the City of San Antonio Industrial Development Authority, the San Antonio Fire and Police Pension Fund, the San Antonio Fire and Police Retiree Healthcare Fund, the City of San Antonio Texas Municipal Facilities Corporation, the City of San Antonio Texas Starbright Industrial Development Corporation, and the City of San Antonio Texas Convention Center Hotel Finance Corporation.

Entities that require discrete presentation are the San Antonio Development Agency (SADA), the City of San Antonio Education Facilities Corporation (SAEFC), the Greater Kelly Development Authority (GKDA), the San Antonio Housing Trust Foundation, Inc. (SAHTF), the San Antonio Local Development Company, Inc. (SALDC), dba South Texas Business Fund and Brooks Development Authority (BDA), San Antonio Water System (SAWS), and City Public Service (CPS). SAWS and CPS are independently managed, municipally owned utility systems that operate under quasi-independent boards of trustees. For additional details on each of these entities and the basis for their respective presentation in our financial report, please refer to the Financial Section, Note No. 1, entitled, "Reporting Entity."

Services

The City provides a vast array of municipal services. These services include, but are not limited to, fire and police protection, street and sidewalk maintenance, libraries, parks, water and electric and natural gas services, and solid waste disposal. In addition, the City maintains preventive health services and facilitates economic and neighborhood development. These services are funded from various sources, which include ad valorem taxes, hotel/motel taxes, sales taxes, grants, user fees, revenues from municipally owned utilities, and bond proceeds.

City services are augmented through non-City agencies and local foundations such as SADA, SAEFC, SAHTF, and SALDC.

ECONOMIC CONDITIONS AND OUTLOOK

As a community, San Antonio has positioned itself for long-term growth and prosperity by successfully following a strategy to diversify its economy and improve quality-of-life for all citizens. City government has played an integral part by implementing “A Strategic Plan for Enhanced Economic Development” through the collaborative efforts of San Antonio, Inc., a group of economic development organizations within San Antonio.

The City’s economic plan promotes further development of San Antonio’s major industries, which include biomedical research and health services, international trade and distribution, information technology and security, telecommunications, aerospace, tourism, financial services, automotive manufacturing, and the military. Untapped economic opportunities are also a part of the City’s economic development plan.

The City is also undertaking ongoing infrastructure improvements, neighborhood revitalization, and workforce development initiatives, as well as providing assistance and attraction programs that are geared to businesses of all sizes. Both government and citizens are actively committed to increasing the caliber of educational and economic opportunities, expanding arts and leisure choices, revitalizing older neighborhoods, and planning for overall growth in San Antonio.

The North American Free Trade Agreement (NAFTA) has enabled the City to capitalize on international trade opportunities by becoming a distribution point and center for companies doing business in Mexico. San Antonio is the closest major U.S. city to Mexico’s biggest markets and enjoys close cultural and business ties to that nation.

Following are additional details that provide a more in-depth look at the business climate and local economy for the City of San Antonio.

Business Climate and Local Economy

San Antonio’s healthy economy and positive business climate are enhanced by elements key to continued economic growth, such as an advanced telecommunications system, enhanced opportunities for higher education, and strong workforce development programs. Also enhancing San Antonio’s business appeal is the high quality-of-life the City offers and a cost-of-living that is well below the national average. Below is a brief discussion on the City’s local economic development activities that will help to ensure its economic sustainability and viability.

KellyUSA

KellyUSA, a former U.S. Air Force Base, Greater Kelly Development Authority is transforming the base into an inland port with highway, rail and air access, and positioning the development authority as a multi-modal international port. As of December 2005, there were 63 tenants (commercial companies and federal agencies), employing over 12,469 people with an average salary of over \$38,000, and a total economic impact of \$2.76 billion per year. Major commercial employers at KellyUSA include Boeing, Lockheed Martin, General Electric, General Dynamics, Standard Aero, Pratt & Whitney, Chromalloy, Gore Design Completions, and EG&G.

With 95 percent of the marketable 8.2 million square feet leased, GKDA is now focused on development of new Class A facilities leveraging public and private investment to create more jobs for San Antonio. In 2005, a total of 514,400 square feet of new hangar, distribution and flex/office facilities were constructed at KellyUSA. GKDA’s development plan forecasts \$366 million of new construction for buildings and infrastructure over the next five years. KellyUSA’s economic impact to San Antonio is projected to increase to over \$4.6 billion per year upon full build-out.

Brooks City-Base

Brooks City-Base remains open for business, although the military missions will be relocated over the next three to five years as a result of the 2005 Base Realignment and Closure (BRAC) process. As it stands, San Antonio is at least three years ahead in redevelopment over other installations across the nation facing the same news from

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Brooks City-Base (Continued)

BRAC. Despite the BRAC outcome, Brooks City-Base is moving toward sustainability starting with Brooks Technology & Business Park, which was officially established on July 22, 2002. A Tax Increment Reinvestment Zone has been created that encompasses the area inside and outside of Brooks City-Base, providing for yet another tool to assist in the development of Brooks City-Base and the surrounding area. Currently, there are over \$170 million worth of projects planned for or already under way at Brooks City-Base.

In 2005, the BDA and local major pharmaceutical company, DPT Laboratories, approved an 18-year build-to-suit lease agreement for a combination research and development (R&D) warehouse and production facility of nearly a quarter-million square feet at Brooks City-Base. The project involves a capital investment of \$24 million and construction is under way on the two new major buildings at Brooks City-Base. Additionally, Vanguard Health Systems, Inc., and its affiliate Baptist Health System (BHS), announced in 2005 that BHS has signed a letter of intent to acquire land to relocate Southeast Baptist Hospital to Brooks City-Base. The new hospital will bring 700 to 800 jobs to the South Side and represents a significant economic investment in the community. The City and County are also planning to construct a \$24.5 million new Emergency Operation Center at Brooks. Also, San Antonio Metropolitan Public Health has completed renovation of a Brooks City-Base facility to establish a BioSafety Level 3 Laboratory. Additionally, the State Board of Education approved the charter school application filed by Somerset Academy in collaboration with the Brooks City-Base Foundation (BCBF) and the BDA, allowing for the development of a charter school at Brooks City-Base. Brooks City-Base is on the move, gaining momentum and generating new energy to attract science and technology tenants and fully develop the area in and around Brooks City-Base.

Fort Sam Houston

Fort Sam is engaged in military-community partnership initiatives to help reduce infrastructure costs and pursue asset management opportunities using military facilities. In April 2000, the United States Army (the Army) entered into a partnership with the private organization, Fort Sam Houston Redevelopment Partners, Ltd. (FSHRP), for the redevelopment of the former Brooke Army Medical Center (BAMC) and two other buildings at Fort Sam. These three buildings, totaling about 500,000 square feet in space and located in a designated historic district, had been vacant for some time and were in a deteriorating condition. On June 21, 2001, FSHRP signed a 50-year lease with the Army to redevelop and lease these three properties to commercial tenants.

In September 2003, the Army relocated Army South Headquarters from Puerto Rico to Fort Sam, bringing approximately 500 new jobs to San Antonio with an annual economic impact of approximately \$200 million. The Army negotiated a lease with the FSHRP to locate U.S. Army South and the Southwest Region Installation Management Agency in the newly renovated historic facilities in the summer of 2004. The continued success of this unique public-private partnership at Fort Sam is critical to assisting the Army in reducing infrastructure support costs, preserving historical assets, and promoting economic development opportunities. The Army intends to extend the public-private partnership initiative to include other properties at Fort Sam currently available for redevelopment.

Base Realignment and Closure (BRAC)

The recommendations of the BRAC Commission became law on November 8, 2005. As a result of BRAC, the San Antonio area will benefit from a net gain of about 3,600 jobs over the next three to five years. Transformation is ongoing throughout the military services resulting in the reorganization of many military missions and units. The Army's transformation actions at Fort Sam are expected to create approximately 1,000 jobs over the next couple of years, in addition to the increase in jobs from BRAC. The National Security Agency has also announced an expansion of its activities in San Antonio and will be adding about 1,500 jobs over the next couple of years.

Key elements of BRAC include the creation of a Department of Defense (DOD) Regional Medical Center at the new Brooke Army Medical Center (BAMC) and the establishment of Fort Sam Houston as the home of DOD enlisted medical training. BAMC will be one of only two such DOD Regional Medical Centers in the country and will merge with the Wilford Hall Medical Center (WHMC) at Lackland Air Force Base. While the WHMC

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Base-Realignment and Closure (BRAC) (Continued)

facility at Lackland will close, the DOD intends to build a new 450,000 square foot medical care clinic at Lackland. A number of Army Agency Headquarters will also be relocating to Fort Sam from other bases around the country. As these changes occur over the next three to five years, Fort Sam Houston will grow by over 10,000 jobs to about 45,000. Based on the planned changes at Fort Sam and Lackland, the community is also expecting to benefit from over \$2 billion in new construction and renovation of facilities at both bases. Finally, the recommended BRAC enhancements to military medical care training and capacity will also greatly strengthen and grow the currently existing partnerships between the military and community institutions that will facilitate continued growth in the community's targeted industry of bioscience and healthcare.

San Antonio Technology Accelerator Initiative (SATAI)

SATAI is a targeted economic development initiative focused on developing an advanced technology economy in the San Antonio region. SATAI's mission is to accelerate the regional technological economy through providing hands-on development of advanced technology start-up companies and assisting established companies in accessing tech-based solutions through Enterprise Services. One of the largest SATAI projects is the coordination of several homeland security initiatives through its leadership of the Southwest Enterprise for Regional Preparedness. SATAI's efforts in this area will lead to several state of the art technologies that will be commercialized through new start-up technology companies. SATAI has been very successful in becoming a key component in the development of San Antonio's advanced technology economy.

Aerospace Industry Development

The aerospace industry's annual economic impact to the City is approximately \$2.9 billion. This industry provides over 8,200 jobs, with employees earning annual wages totaling over \$320 million. The aerospace industry continues to expand as the City leverages its key aerospace assets, which include San Antonio International Airport, Stinson Municipal Airport, KellyUSA, Brooks City Base, Randolph AFB, Lackland AFB, and various training institutions. Many of the major aerospace industry leaders have significant operations in San Antonio, such as Boeing, Lockheed Martin, General Electric, Pratt & Whitney, Raytheon, Cessna, San Antonio Aerospace –a division of Singapore Technologies, Southwest Airlines, American Airlines, Delta, Continental, FedEx, UPS, and others. The industry in San Antonio is very diversified with continued growth in air passenger service, air cargo, maintenance repair and overhaul (MRO), and general aviation.

San Antonio International Airport (SAT) added four new non-stop passenger routes during Fiscal Year 2005 for a total of 31 destinations, which does not include seasonal charter service to Mexico available during the spring and summer. Seven additional new non-stop flights have been announced to start during the first quarter of 2006. SAT is currently developing construction plans for a new 3,000 space parking garage and Terminals B and C, with groundbreaking expected, respectively, in the spring and summer of 2006. SAT is also in the process of an Environmental Assessment for implementation of proposed airfield capacity enhancement projects recommended in the Airport Master Plan. Stinson Municipal Airport is at 100.0% occupancy rate and has a tenant waiting list for the facilities. A Master Plan for Stinson was approved by the City Council in October 2002. Implementation of the Master Plan recommendations is currently in process pending the successful completion of an Environmental Assessment for certain airfield improvements. Groundbreaking is planned during the first quarter of 2006 for the Expanded Terminal and Office Facility Project. At KellyUSA, the MRO business is strong as tenants such as Boeing and Lockheed Martin continue to secure long-term government contracts. KellyUSA is also working to add air cargo activity as recommended by the Air Cargo Study and Strategic Plan completed in June 2002. This study also provided San Antonio International Airport with an Air Cargo Strategic Plan that includes recommendations on expanding the existing integrator service primarily provided by UPS, FedEx, and Airborne Express. Additionally, Brooks Air Force Base 311th Human Systems Wing's School of Aerospace Medicine, conducts research related to human effectiveness in aviation and is opening a new aircraft sustainability laboratory that will conduct research and development applicable to commercial aviation.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Downtown Development Projects

2005 was a landmark year for downtown development. La Cascada, a 150-unit high-end condominium project opened its door and is near capacity. Construction has begun on a second tower adjacent to the first. In November, a new 265 all-suites hotel, La Contessa, opened its doors on the Riverwalk. During 2005, renovation of the Alamo Bank Building began on the flagship Drury Plaza Hotel. Financing of the hotel was partially funded by Empowerment Zone Facility Bonds. In addition to the hotel, Drury Southwest has partnered to renovate the Aztec Theatre building into a state of the art multimedia theatre experience. Drury is also providing, at its own expense, the final linkage to complete the downtown Riverwalk on the main channel of the San Antonio River. The Riverwalk linkage has an expected completion date of summer of 2006. The 300-room, limited service hotel is expected to open in the fall of 2006.

Earlier in the year, construction was completed on a 350-room La Quinta hotel near the convention center. In the summer ground was broken for a new 1,000-room convention center hotel adjacent to the recently remodeled Henry B. Gonzalez Convention Center. The amount of \$130 million in Empowerment Zone Facility Bonds were used to help finance the project. In addition to the hotel, 120 condominiums and an underground parking facility will also be included in the project.

Adjacent to the convention center on the Hemisfair property, a Master plan was approved to develop the area with more green space and encourage neighborhood utilization. Response from stakeholders was very positive. In accordance with the Plan, a land swap was completed with UTSA, which gave up ownership of the property that houses the Institute of Texas Cultures for space near their downtown campus to develop additional instructional buildings.

International Trade

The International Affairs Department was created to provide a clear entrance or “front door” to City programs and services in order to attract and promote trade and foreign investment, and to establish San Antonio as the “Center of the Americas.” In doing so, it has identified and interfaced with over 500 local companies that do business internationally.

During fiscal year 2005, the International Affairs Department worked with 75 protocol delegations and 78 business/trade delegations that included a total 1,881 delegates that visited San Antonio. This accounted for \$1.7 million in direct expenditures by official guests in San Antonio. The department also assisted more than 600 business clients, generating over \$34 million in bilateral trade between San Antonio and Mexico.

As of November 30, 2005, the North American Development Bank (NADB) is participating in the development and financing of 90 environmental infrastructure projects with approximately \$703.8 million in loans and grants. These projects are estimated to cost a total of \$2.35 billion to build, and will benefit an estimated 7.8 million border residents throughout the 10 states that comprise the U.S.-Mexico border region.

NADB has been the catalyst to significant and unprecedented levels of investment in environmental infrastructure along the U.S.-Mexico border. NADB participation represents about 30% of the total investment in these projects. Of these, 35 have been completed, 50 are currently under construction or in various stages of completion and 13 are in the design or bidding stage. In the area of local capacity building, NADB to date has authorized technical assistance for 192 projects in 92 communities on both sides of the border.

The Free Trade Alliance San Antonio, through its International Business Development Center is an incubator program for foreign companies. As of the fourth quarter of 2005, they had 29 companies enrolled in their program. The economic impact of these companies is over \$1.5 million for the year.

International Outlook

The International Affairs Department continues to develop the Export Leaders Program that focuses on San Antonio companies with a high potential and strong commitment to develop and expand international markets. The San Antonio Export Leaders Program offers the tools, training, consultation, and coaching necessary for

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

International Outlook (Continued)

companies to be successful in exporting, and offers the participants the availability to grow their company internationally. This cutting edge program has graduated 66 companies and generated \$24 million in trade in 2004. San Antonio continues to develop itself as an INLAND PORT for imports and exports to/from Mexico, China, Japan, Spain, Latin America and other regions of the world. This encompasses transportation, manufacturing and logistics facilities, professional services and value-added services involved in producing, marketing, and moving freight within the San Antonio region. In 2004-2005, the International Affairs Department worked through their foreign offices in Mexico on a logistic survey that focused on potential foreign investment prospects in San Antonio. It has identified over 50 potential leads. Over the past 13 years, the City of San Antonio has operated three commercial trade offices in Mexico; Mexico City, Guadalajara, and Monterrey which has generated over \$100 million in bilateral trade since its inception. For over 20 years, the International Affairs Department has operated a trade representative in Japan attracting multi-million dollar operations to San Antonio including Takata Seat Belt, Sony Corporation, Mycom International, Hyatt Hill Country Resort (a major Japanese investment joint venture), Colin Medical Equipment and Toyota, to name a few.

The City's commitment to international trade is evidenced in the City's International Center which houses the North American Development Bank, International Conference Center, The Trade Commission of Mexico, Foreign Commercial State Offices for Mexico and Spain, the Free Trade Alliance San Antonio, the U.S. Department of Commerce, the City's International Affairs Department, and the Convention & Visitors Bureau.

Hospitality Industry

The City's diversified economy includes a significant sector relating to the hospitality industry, which ranks second in its local economic impact. A recent study by the Greater San Antonio Chamber of Commerce found that the hospitality industry had an economic impact of nearly \$7.2 billion. The estimated annual payroll for the industry was \$1.2 billion, and the industry employed over 80,000. The economic impact study is scheduled for update in 2006.

San Antonio tourism attracts over 21.3 million visitors with direct spending across all industries in the City of \$4.3 billion and ranked tenth among U.S. destinations for overnight leisure travel, according to the National Performance Monitor survey conducted by D.K. Shifflet & Associates. The list of attractions in the San Antonio area includes among many others, the Alamo, (and other sites of historic significance), the River Walk, two major theme parks (SeaWorld of Texas and Six Flags Fiesta Texas), and the professional basketball team, the San Antonio Spurs. San Antonio is also one of the top convention cities in the country. The City is proactive in attracting convention business through its management practices and marketing efforts.

In 2004, the City's overall performance for hotel occupancy increased by 1.5%. Revenue per available room ("REVPAR") increased by 4.4%, and total room nights sold in the destination increased by 2.1%. In 2005, from January through November, hotel occupancy increased by 6.5%, REVPAR increased by 12.3%, and total room nights sold in the destination increased by 7.8%, as compared to the same prior period in 2004.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's accounting system supports an adequate internal control structure. The structure helps to safeguard the City's assets against loss, theft, or misuse. The accounting system provides reliable financial records for preparing financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure provides reasonable, but not absolute, assurance that the City's assets are safeguarded. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits require estimates and judgments by management.

FINANCIAL INFORMATION (Continued)

Accounting System and Budgetary Control (Continued)

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established by function and activity within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year-end, these same, encumbrances are generally appropriated as part of the following year's budget. For the fiscal year ending September 30, 2004, the Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City.

As demonstrated by the statements and schedules in the Financial Section of this report, the City continues to meet its responsibility for sound financial management. As in the Financial Section, all monetary amounts presented in the remainder of this letter are expressed in thousands, except where noted.

Fiscal Management and Administrative Topics

Pension and Postemployment Retirement Benefits

The City provides pension retirement benefits for its eligible employees through two plans. For uniformed Fire and Police employees, retirement benefits are provided through the Fire and Police Pension Fund, a single-employer defined benefit retirement plan. Contribution and benefit levels are established under State statute. For fiscal year 2005, active members contributed 12.3% of covered payroll, or \$24.9 million and the City contributed 24.6% or \$49.7 million.

The City provides all other eligible employees, exclusive of fire and police employees, retirement benefits through the Texas Municipal Retirement System (TMRS), a nontraditional, joint contributory, hybrid defined benefit plan. TMRS is a statewide agent multiple-employer public employee retirement system. Contributions to the system are actuarially determined. The required contribution from City employees is 6.0%, while the City matches at a rate of approximately 12.5%. Both the City and its covered employees made the required contributions of \$25.13 million and \$12.32 million, respectively. For additional information on the City's pension plans, see Note 8 in the notes to the financial statements.

With respect to postemployment health benefits, the City provides benefits for all non-uniformed City retirees and for all pre-October 1, 1989 uniformed fire and police retirees. The cost of the program is reviewed annually and actuarially determined costs of medical claims are funded jointly on a pay-as-you-go basis with the City contributing 2/3 and the retirees contributing 1/3 of the cost. As of September 30, 2005, there were 1,301 retirees participating in the program and currently there are 6,060 active civilian employees who may become eligible for this program in the future.

The second postemployment health benefit program provides retirement healthcare benefits for eligible fire and police retirees under the Fire and Police Retiree Healthcare Fund (Fund). Contribution and benefits levels are established under the City's collective bargaining agreements with the Fire and Police Unions, respectively. The benefits of this plan are financed on a prefunded basis. For fiscal year 2005, the City contributed \$17.2 million to the Fund and active employees and retirees contributed \$3.3 million. For additional information on the City's post-employment health benefits, see Note 9 of the notes to the financial statements.

Employee Benefits Program

The City's Self-Insurance Fund continues to experience increased expenses due to rising healthcare costs, increased prescription drug costs, increased claims volume, and changing employee demographics. The City continues to focus on cost containment programs such as hospital audits, hospital pre-certification, utilization review, large case management, prescription benefit management, disease management and a preferred provider organization to assist in managing the rising cost of medical care. Such strategies have been effective for the City

FINANCIAL INFORMATION (Continued)

Fiscal Management and Administrative Topics (Continued)

Employee Benefits Program (Continued)

in managing medical costs in a changing healthcare industry. In addition to continuing the enhancement of these cost containment programs, the City engaged in a contract with a benefit consultant, The Hay Group, in 2005 to perform a comprehensive review of the Employee Benefits Program. The Hay Group, with the assistance of City staff, developed approaches to further reduce cost by developing a partnership-strategy between the City, employees, and retirees to manage healthcare costs with the goal of lowering healthcare spending by maintaining premium levels while increasing deductibles and out-of-pocket (OPP) maximums in conjunction with the funding of flexible spending accounts. Maintaining 2005 premiums and co-insurance levels through 2006 allows time to engage in the upcoming negotiations with the Police & Fire associations. The total cost savings projected for fiscal year 2006, as a result of the program changes with no premium increase for civilian active and retirees, is estimated at \$1.1 million. In fiscal year 2005, the Employee Benefits Fund had cash and investment in reserve of \$3.5 million and a negative net assets balance of \$20.69 million. For additional information on the City's risk and employee benefit programs, see Note 12 of the notes to the financial statements.

Risk Management Programs

For fiscal year 2005, the Insurance Reserve Fund maintained a positive net assets balance of \$3.61 million. The Workers' Compensation Fund reflected a negative net assets balance of \$4.25 million for fiscal year 2005. The Insurance Reserve and Workers' Compensation Funds carried cash reserves as of September 30, 2005 in the amount of \$16.42 million and \$9.76 million, respectively.

The City's Liability and Workers' Compensation Self-Insurance Funds operate under the direction of the Risk Management Division within the Human Resources Department. Programs are reviewed continuously to reduce liability exposure, minimize losses, and strategize to reduce the frequency of injuries and illnesses, and the cost of workers' compensation.

Appropriate insurance policies are purchased by the City to cover standard risks associated with commercial property coverage for its buildings, airport liability, boilers and machinery, commercial crime, medical professional insurance, and public official bonds. Excess insurance policies are also purchased to cover large liability and workers' compensation exposures.

In addition, the City engages an actuary to review the City's self-insurance funds. Such reviews estimated outstanding losses, project the ultimate losses and recommend overall funding each year. Contributions to the City's self-insurance funds include: department assessments from the general fund, special revenue funds, and other proprietary funds.

Cash and Investment Management

The City's investment policies are governed by state statute and the City's own written investment policies. Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity, investment diversification, yield, maturity, and the quality and capability of investment management. This includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "investment strategy statement" that specifically addresses each fund's investment. Each investment strategy statement will describe strategy objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

The City is authorized to use demand accounts, time accounts, certificates of deposit, and other permissible investments including obligations of the U.S. Treasury and U.S. Agencies, obligations of States and Cities, Commercial Paper, Repurchase Agreements, Money Market Funds, and Investment Pools. The City's investment portfolio does not include callable obligations or any derivative products. It is not the City's policy to use derivative products in its portfolio, nor does the City leverage its investments. At September 30, 2005, at fair

FINANCIAL INFORMATION (Continued)

Fiscal Management and Administrative Topics (Continued)

Cash and Investment Management (Continued)

value, City investment funds were 92.0% invested in obligations of the United States, or its agencies and instrumentalities, and 6.9% invested in a money market mutual fund, with the weighted average maturity of the portfolio being less than one year. The remaining 1.1% of the City's portfolio includes the Convention Center Debt Service Reserve Fund of \$8.5 million, which was invested in a fully collateralized repurchase agreement that is fully secured by obligations of the United States or its agencies and instrumentalities. The investments and maturity terms are consistent with State law, and the City's investment policy. For additional information on Cash and Investments, see Note 3 of the notes to the financial statements.

Debt Administration

The City utilizes a comprehensive debt management financial planning program (The Debt Management Plan), which is updated annually. The Debt Management Plan is a major component of the City's financial planning. The model projects financing needs while measuring and assessing the cost and timing of each debt issuance. It involves comprehensive financial analysis which utilizes computer modeling, and incorporates variables such as interest rate sensitivity, assessed values changes, annexations, and current ad valorem tax collection rates. Use of this financial management tool has assisted the City in meeting its financing needs by facilitating timely and thorough planning which has allowed the City to capitalize on market opportunities.

Strict adherence to conservative financial management has allowed the City to meet its financing needs while at the same time maintaining its "Aa2", "AA+" and "AA+" bond rating by Moody's Investors Service, Inc. (Moody's), Standard & Poor's Public Ratings Services, a division of McGraw-Hill Corporation (S&P), and Fitch Ratings, Inc. (Fitch), respectively. For additional information on the City's long-term debt, see Note 6 of the notes to the financial statements.

OTHER INFORMATION

Independent Audit

State statutes require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firms KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA in 2002. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The Independent Auditors' Report on the basic financial statements, management's discussion and analysis (required supplementary information), required disclosures and schedules are included in the Financial Section of this CAFR. The Independent Auditors' Report along with other required reports and schedules mandated by the Single Audit Act Amendments of 1996 and OMB Circular A-133 and the State of Texas Audit Circular are in a separate document.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2004. This was the 29th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

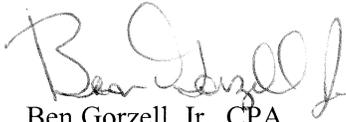
OTHER INFORMATION (Continued)**Awards (Continued)**

The San Antonio Planning Department has recently received both national and state recognition. The International City/County Management Association recognized the Community Building and Neighborhood Planning Program in 2005 for Excellence in Citizen Involvement. In 2004, the Texas Chapter of the American Planning Association also honored the City of San Antonio's Planning Department with two awards: the Current Planning Award for the Flex Zoning Districts in conjunction with the Southside Initiative, and the Project Planning Award for the River Improvement Overlay District.

The City of San Antonio Development Services Department was recognized by Hansen as its Outstanding Power User Survey Award for the department's use of online permitting and inspection scheduling which is one of the highest in the nation.

The preparation of the City of San Antonio, Texas Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005, was made possible by the dedication and hard work of the Finance Department, particularly the staff of the Accounting Division. Each member of the Department has my sincere appreciation for their contributions to the preparation of this document. In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Managers, Assistant City Managers, Assistant to the City Manager, and their staff, for their continued support.

Respectfully Submitted,



Ben Gorzell, Jr., CPA
Director
Finance Department

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

CITY OF SAN ANTONIO, TEXAS

Incorporated December 14, 1837

Charter Adopted October 2, 1951

Council - Manager Form of Government

CITY COUNCIL

Phil Hardberger, Mayor

Roger O. Flores
Sheila D. McNeil
Roland Gutierrez
Richard Perez
Patti Radle

Delicia Herrera
Elena Guajardo
Art A. Hall
Kevin A. Wolff
Christopher “Chip” Haass

CITY MANAGER

Sheryl L. Sculley

DEPUTY CITY MANAGER
Jelynn LeBlanc Burley

DEPUTY CITY MANAGER
Pat DiGiovanni

ASSISTANT CITY MANAGER
Michael Armstrong

ASSISTANT CITY MANAGER
Frances A. Gonzalez

ASSISTANT CITY MANAGER
Erik J. Walsh

ASSISTANT TO THE CITY MANAGER
Roland A. Lozano

**MEMBER OF THE GOVERNMENT FINANCE OFFICERS
ASSOCIATION OF THE UNITED STATES & CANADA**



***City of San Antonio
Texas***

Financial Section

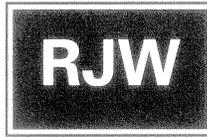


***City of San Antonio
Texas***

Independent Auditors' Report



300 Convent, Suite 1200
San Antonio, TX 78205



Robert J. Williams
Certified Public Accountant
1100 N.W. Loop 410, Suite 700
San Antonio, TX 78213

LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
11122 Wurzbach Rd. / Suite 200
San Antonio, TX 78230-2573

Independent Auditors' Report

The Honorable Mayor
and Members of City Council
City of San Antonio, Texas:

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of and for the year ended September 30, 2005, which collectively comprise the City of San Antonio, Texas' basic financial statements as listed in the accompanying table of contents under "Basic Financial Statements." These financial statements are the responsibility of the City of San Antonio, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of certain discretely presented component units and blended component units included in the governmental and fiduciary funds of the City of San Antonio, Texas, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, including KPMG LLP, Robert J. Williams, CPA, and Leal & Carter, P.C., acting separately, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units, are based solely on the reports of the other auditors.

	Percent not jointly audited	
	Total assets	Total revenue
Government-wide		
Governmental activities	0%	0%
Business-type activities	0%	0%
Discretely presented component units	100%	100%
Fund statements		
Major funds	0%	0%
Aggregate remaining fund information	75%	35%

	Percent audited by KPMG separately		Percent audited by Leal & Carter separately		Percent audited by Robert J. Williams separately	
	Total assets	Total revenue	Total assets	Total revenue	Total assets	Total revenue
Government-wide						
Discretely presented component units	71%	79%	1%	2%	71%	79%
Fund statements						
Aggregate remaining fund information	0%	0%	6%	4%	0%	0%

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of San Antonio, Texas' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of September 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The City of San Antonio, Texas adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures, an Amendment to GASB Statement No. 3*, as of September 30, 2005.

The Management's Discussion and Analysis on pages 1 through 12, the Budgetary Comparison Schedule on page 129, and Schedules of Funding Progress on page 130 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we, and the other auditors, did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Antonio, Texas' basic financial statements. The introductory section, the combining financial statements, schedules and other supplementary information, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining financial statements and schedules and other supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

KPMG LLP Robert Williams CPA Seal & Carter, P.C.

June 28, 2006



***City of San Antonio
Texas***

***Management's Discussion and Analysis
(Required Supplementary Information)***

(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2005. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities by \$2,517,663 (net assets). Of this amount, \$134,771 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$772,954, an increase of \$236,226 compared to the fiscal year 2004 fund balance. The total unreserved fund balance of \$573,286 is available for spending at the government's discretion. Of this amount, \$40,860 is designated and \$532,426 is undesignated fund balance.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$107,490 or 18.5% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as the introduction to the City of San Antonio's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business financial presentation.

The *statement of net assets* is a presentation of the City's assets and liabilities, including capital and infrastructure assets, and long-term liabilities. This statement reports the difference between assets and liabilities as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the fiscal year. Changes in net assets are recorded when the underlying event giving rise to the change occurs regardless of the timing of the cash flows. Therefore, revenues and expenses reported in this statement for some items will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, sanitation, health services, culture and recreation, convention and tourism, conservation, urban redevelopment and housing, welfare and economic development opportunity. The business-type activities of the City include the airport system, parking system, and environmental services.

In addition, the basic financial statements provide information regarding the City's legally separate discretely presented component units. Component unit financial information is reported separately from the primary government in the government-wide financial statements.

(amounts are expressed in thousands)

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three categories: governmental, proprietary, and fiduciary. Fund financial statements allow the City to present information regarding fiduciary funds, since they are not reported in the government-wide financial statements.

Governmental funds. Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The City of San Antonio maintains five individual governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Convention Center Hotel Finance Corporation Fund and the debt service funds, all of which are considered to be major funds. Data from the other funds is combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund data for each non-major governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, parking, and environmental services funds. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, other internal services and information technology services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements that are reported alongside the business activities.

Proprietary fund financial statements provide separate and more detailed information for the airport, parking, and environmental services funds. The airport and parking funds are considered major funds of the City while internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's programs and operations. The accounting for fiduciary funds is much like that used for the proprietary funds.

(amounts are expressed in thousands)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information on the City's General Fund budget, which is adopted on an annual basis, and schedules of funding progress related to pension and retirement plans. A budgetary comparison statement has been provided for this fund in order to demonstrate budgetary compliance with this budget.

Government-wide Financial Analysis

GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, requires that the City provide a comparative analysis of government-wide data. Below is a comparative summary of the governmental activities and business-type activities as required by GASB Statement No. 34:

City of San Antonio, Texas						
Net Assets						
Year Ended September 30, 2005						
(With Comparative Totals for September 30, 2004)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 990,155	\$ 708,633	\$ 236,980	\$ 202,559	\$ 1,227,135	\$ 911,192
Capital assets	3,068,559	3,047,629	307,740	296,394	3,376,299	3,344,023
Total assets	<u>4,058,714</u>	<u>3,756,262</u>	<u>544,720</u>	<u>498,953</u>	<u>4,603,434</u>	<u>4,255,215</u>
Current and other liabilities	168,847	135,687	30,074	11,900	198,921	147,587
Long-term liabilities	1,613,274	1,312,631	273,576	259,433	1,886,850	1,572,064
Total liabilities	<u>1,782,121</u>	<u>1,448,318</u>	<u>303,650</u>	<u>271,333</u>	<u>2,085,771</u>	<u>1,719,651</u>
Net assets:						
Investment in capital assets, net of related debt	2,042,288	2,118,418	212,715	197,929	2,255,003	2,316,347
Restricted	101,253	89,867	26,636	23,720	127,889	113,587
Unrestricted	133,052	99,659	1,719	5,971	134,771	105,630
Total net assets	<u>\$ 2,276,593</u>	<u>\$ 2,307,944</u>	<u>\$ 241,070</u>	<u>\$ 227,620</u>	<u>\$ 2,517,663</u>	<u>\$ 2,535,564</u>

For the year ended September 30, 2005, total assets exceeded liabilities by \$2,517,663. The largest portion of the City's net assets, \$2,255,003 (89.6%) represents its investment in capital assets less any related debt used to acquire those assets that are still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment.

Capital assets are used to provide services to the citizens of San Antonio and are not available for further spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate these liabilities.

Of the total net assets, \$127,889 (5.1%) represents resources that are subject to external restrictions on how they may be used. The remaining \$134,771 (5.3%) represents unrestricted net assets, which can be used to meet the government's ongoing obligations to citizens and creditors.

(amounts are expressed in thousands)

City of San Antonio, Texas
Changes in Net Assets
Year ended September 30, 2005
(With Comparative Totals for September 30, 2004)

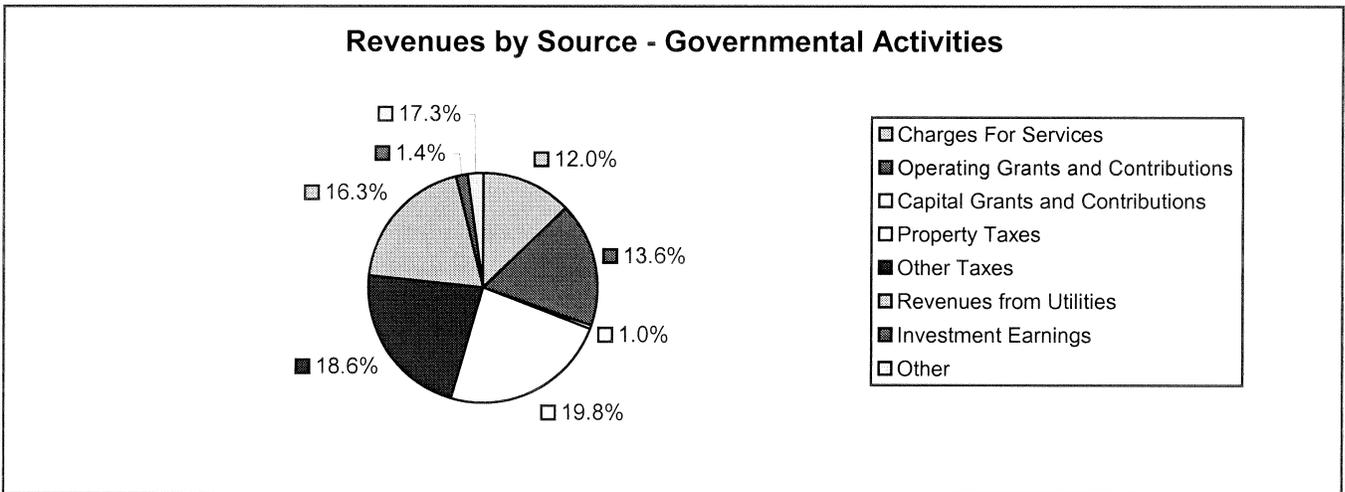
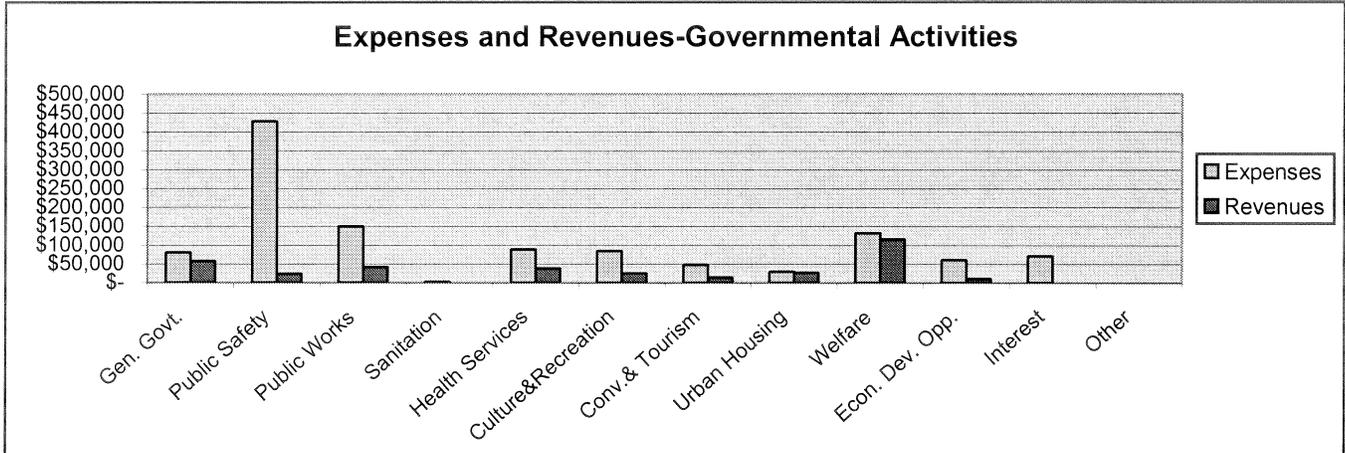
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 147,109	\$ 133,709	\$ 107,869	\$ 103,739	\$ 254,978	\$ 237,448
Operating grants and contributions	198,185	168,120			198,185	168,120
Capital grants and contributions	8,256	16,614	2,223	27	10,479	16,641
General revenues:						
Property taxes	269,138	257,514			269,138	257,514
Other taxes	253,239	238,700			253,239	238,700
Revenues from utilities	222,162	196,793			222,162	196,793
Investment earnings	19,931	7,189	5,434	2,046	25,365	9,235
Miscellaneous	22,431	28,542	9,962	10,378	32,393	38,920
Gain on sale of capital assets	1,507	611	96		1,603	611
Capital contributions		1,585				1,585
Total revenues	<u>\$ 1,141,958</u>	<u>\$ 1,049,377</u>	<u>\$ 125,584</u>	<u>\$ 116,190</u>	<u>\$ 1,267,542</u>	<u>\$ 1,165,567</u>
Expenses:						
Primary government:						
Governmental activities:						
General government	80,018	63,610			80,018	63,610
Public safety	428,582	428,607			428,582	428,607
Public works	149,476	116,629			149,476	116,629
Sanitation	2,731	2,787			2,731	2,787
Health services	89,011	82,233			89,011	82,233
Environmental protection and control		36				36
Culture and recreation	84,555	80,051			84,555	80,051
Convention and tourism	48,364	50,100			48,364	50,100
Conservation	2				2	
Urban redevelopment and housing	29,764	23,981			29,764	23,981
Welfare	131,840	116,701			131,840	116,701
Economic development opportunity	60,461	21,277			60,461	21,277
Interest on long-term debt	70,655	55,855			70,655	55,855
Business-type activities:						
Airport			46,868	49,427	46,868	49,427
Parking facilities			8,413	6,264	8,413	6,264
Environmental services			54,703	51,227	54,703	51,227
Total expenses	<u>1,175,459</u>	<u>1,041,867</u>	<u>109,984</u>	<u>106,918</u>	<u>1,285,443</u>	<u>1,148,785</u>
Increase (decrease) in net assets before transfers	(33,501)	7,510	15,600	9,272	(17,901)	16,782
Transfers	2,150	2,443	(2,150)	(2,443)		
Net increase in net assets	<u>(31,351)</u>	<u>9,953</u>	<u>13,450</u>	<u>6,829</u>	<u>(17,901)</u>	<u>16,782</u>
Beginning, net assets	2,307,944	2,297,991	227,620	220,791	2,535,564	2,518,782
Ending, net assets	<u>\$ 2,276,593</u>	<u>\$ 2,307,944</u>	<u>\$ 241,070</u>	<u>\$ 227,620</u>	<u>\$ 2,517,663</u>	<u>\$ 2,535,564</u>

(amounts are expressed in thousands)

Governmental Activities

The City's total revenues were \$1,267,542 for fiscal year ended September 30, 2005. Revenues from governmental activities totaled \$1,141,958 and revenues from business-type activities totaled \$125,584. General revenues represented 63.4% of the City's total revenue, while program revenues provided 36.6% of revenue received in fiscal year 2005.

Expenses for the City totaled \$1,285,443. Governmental activity expenses totaled \$1,175,459, or 91.4% of total expenses.



Governmental Activities decreased the City's net assets by \$31,351. The reason for the change is as follows:

- Revenues from utilities increased by \$25,369 because of rate increases and because of an unusually hot and dry year.
- General Government expenses increased by \$16,408 because of budgeted increases in salaries and benefits and increases in other expenditures.
- Interest on Long Term Debt increased \$14,800 because of increased bond activity.
- The increase of Public Work expenses was primarily attributed to a \$7,261 increase for street maintenance and improvement projects and \$12,694 was related to expenses incurred for Hurricane Katrina.
- Expenditures for Economic Development increased by \$39,184 was related to construction costs of the Convention Center Hotel Project

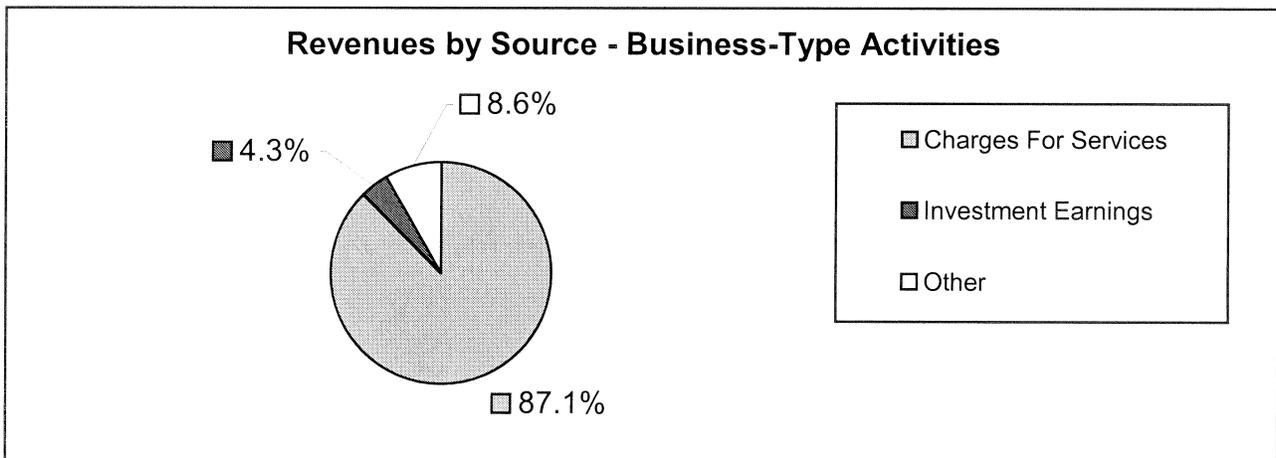
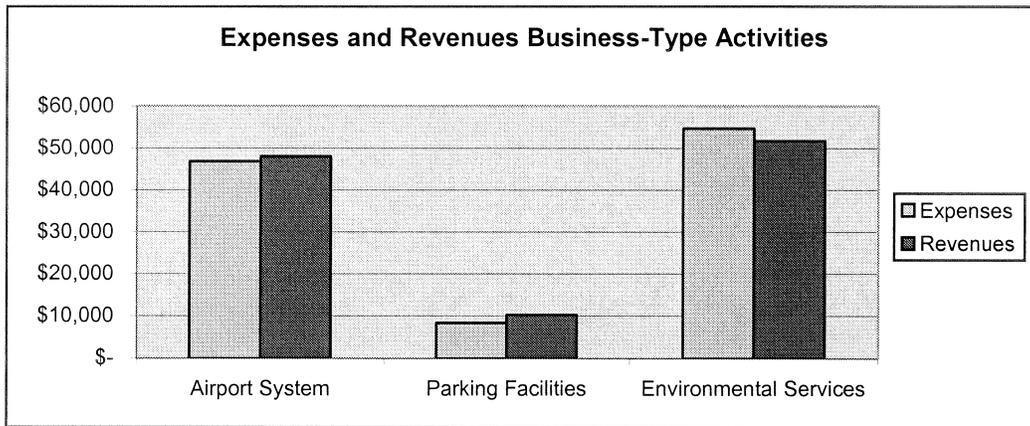
(amounts are expressed in thousands)

Business-Type Activities/Proprietary Funds

Program revenues for the City's business-type activities totaled \$107,869, which is \$4,130 higher than the previous fiscal year. Expenses for business-type activities were \$109,984 compared to prior year's expenses of \$106,918. The current year's increase in expenses is attributed to increased expenses incurred in the Parking and Environmental Services funds over the prior year. The remaining revenue was a result of interest and other miscellaneous items.

Business-Type Activities increased the City's net assets by \$13,450 primarily because of the following:

- Charges for Services increased \$4,130 because of an increase in customers served as well as various fee increases implemented in FY 2005.
- Investment earnings increased by \$3,388 when compared to FY 2004.
- A \$2,196 increase in Capital Grant Contributions in the Airport System Fund.



Financial Analysis of Governmental Funds

Activities of the Primary Government's General Fund, Special Revenue Funds, Debt Service Funds, and Convention Center Hotel Finance Corporation are considered general government functions. The General Fund is the City's general operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted as to expenditure. The Debt Service Funds are used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. The Convention Center Hotel Finance Corporation Fund, established in 2005, is used to account for finance and costs associated with the design, development, and construction of the Hotel Project.

(amounts are expressed in thousands)

Revenues from taxes increased by \$26,163 which is primarily attributable to: (1) a \$11,624 or 4.5% increase in property tax revenue in the General Fund, (2) a \$14,294 or 9.6% increase in sales tax revenue in the General Fund, and (3) a \$4,867 or 4.9% increase in property tax revenue for the Debt Service Fund as a result of increased property valuation, new construction, and annexation. Revenues for the utilities category, which is represented in the City's General Fund increased by \$25,369 or 12.9%. This is primarily attributed to an increase of \$23,878 in the City's payment from CPS, which is based on CPS' gross revenues. CPS revenues are impacted by a number of variables such as fuel costs, weather, types of electric generation used as well as other factors. In this first year of operation, the Convention Center Hotel Finance Corporation received revenues from the sale of revenue bonds in the amount of \$208,145 and interest of \$2,022.

The total fund balance of the General Fund at year-end was \$118,413, an increase of \$19,903 from the total fund balance of \$98,510 for the close of fiscal year 2004. The total unreserved general fund balance for fiscal year 2005 is \$107,491, which represents \$31,950 in designated and \$75,540 in undesignated fund balance. The undesignated fund balance, which represents amounts available for additional appropriations, in the General Fund at the close of the fiscal year increased by \$14,305 from the previous year.

The total fund balance of the Debt Service Fund at year-end was \$85,127; an increase of \$1,405 from the total fund balance for the close of fiscal year 2004. The entire fund balance is reserved for payment of debt service.

The Convention Center Hotel Finance Corporation has a total fund balance of \$173,286, which is available for the payment of costs associated with the design, development, and construction of the Convention Center Hotel Project.

General Fund Budgetary Highlights

Significant Variances in Budget Appropriations			
(Budgetary Basis)			
General Fund			
	Original Budget	Final Budget	Actual Results
General Government	\$ 79,513	\$ 87,406	\$ 66,747
Public Safety	400,696	405,154	404,491
Public Works	10,698	10,698	10,478
Health Services	13,948	14,245	14,379
Sanitation	2,886	2,886	2,583
Welfare	20,837	22,019	21,578
Culture and Recreation	66,032	66,727	63,479
Economic Development and Opportunity	4,054	4,525	4,553
Transfers to Other Funds	75,210	87,057	86,649
Total	<u>\$ 673,874</u>	<u>\$ 700,717</u>	<u>\$ 674,937</u>

(amounts are expressed in thousands)

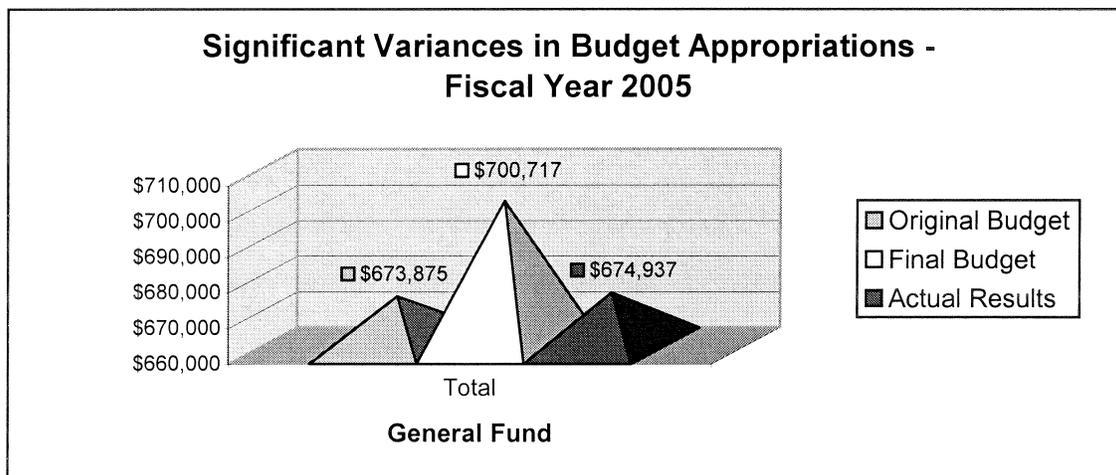
Changes in original budget appropriations to the final amended budget appropriations were a \$26,843 increase in appropriations. This increase can be summarized by the following discussion.

- General Government has a \$7,893 increase composed of \$8,247 of budget carry forwards and a \$354 budget decrease. Of the \$8,247 of budget carry forwards, \$5,079 is for Special Projects and \$2,007 is non-departmental carry forwards. The \$354 budget decrease is made up of decreases in special projects and non-departmental of \$2,635 and \$324, respectively, offset by budget increases in various departments of \$2,607.
- Of the \$4,458 increase in Public Safety, \$2,227 is due to budget carry forwards and \$2,231 of budget increases. Major increases to budget carry forwards include \$1,276 within the Police Department and \$462 for the Fire Department. The \$2,231 budget increase is attributable to increases to the Police and Fire Departments of \$618 and \$1,569 respectively.
- Health Services had a \$297 budget increase, which consists of \$26 of budget carry forwards and \$271 of budget increases.
- All of the \$1,182 increase in Welfare is due to a budget increase.
- Culture and Recreation's \$695 increase is due to a \$1,340 increase for budget carry forwards and \$645 as a decrease in budget. The increase in budget carry forwards is due to increases in the Library and Parks and Recreation departments of \$851 and \$489, respectively. The \$645 decrease in budget is within the Parks and Recreation department.
- The \$471 increase in Economic Development and Opportunity is due to a \$294 increase in budget carry forwards and a \$177 budget increase.
- The \$11,847 increase in transfers is due to amounts funded from various government functions.

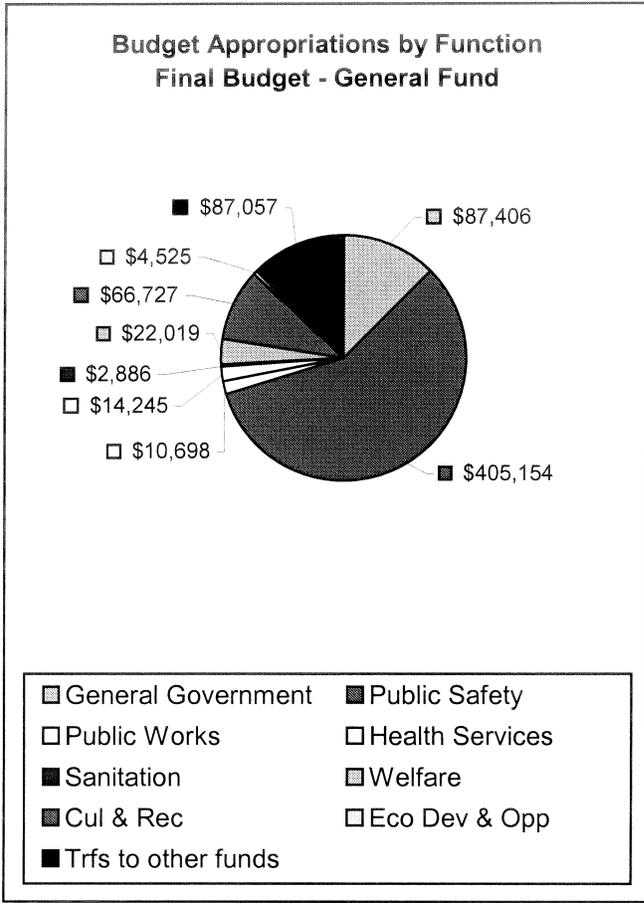
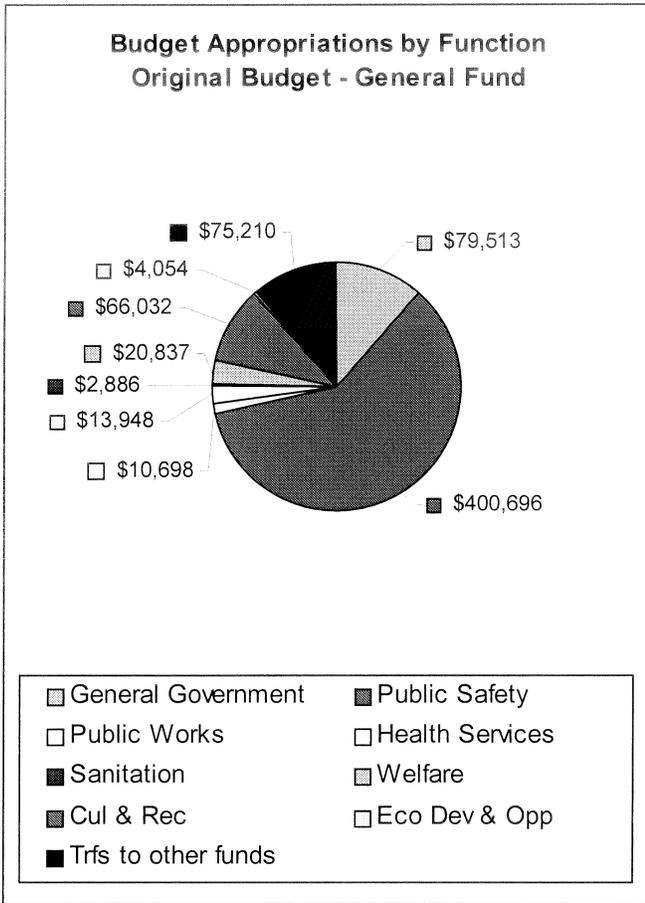
Final budgeted appropriations for the General Fund were \$700,717 while actual expenditures were \$674,937, creating a positive variance of \$25,780. Significant variances are as follows:

- General Government had a \$20,659 positive variance, which is composed of \$11,819 of budgeted personnel expenditures, \$1,226 of improvements to computers to include software licenses, \$5,582 in various contractual services, and \$1,888 in unrealized expenditures for commodities such as supplies, repair and maintenance, and \$34 in unrealized capital expenditures.
- Culture and Recreation had a positive variance of \$3,248, which is due to a negative variance of (\$1,921) of budgeted salaries, \$4,751 in contractual services, \$657 in expenditures for commodities, \$112 in other expenses and negative variance of (\$351) in capital expenditures.

The following charts provide a comparison of the City's budget appropriations.



(amounts are expressed in thousands)



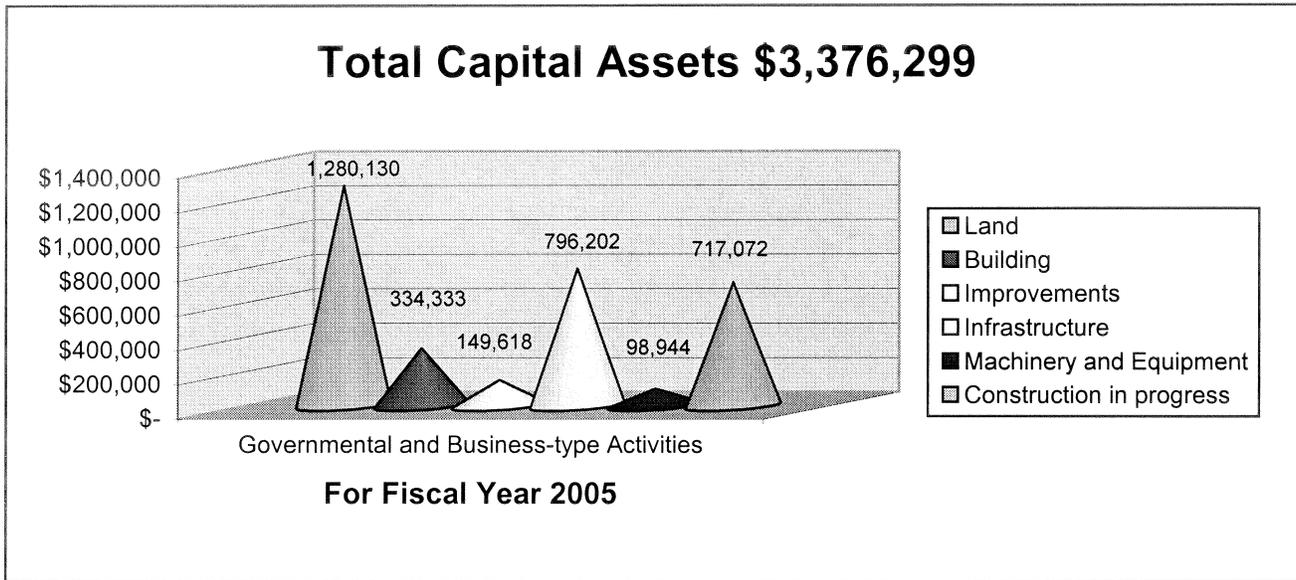
Capital Assets

The City of San Antonio's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$3,376,299 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 0.9%, which is comprised of a 0.7% increase for governmental activities and a 3.9% increase for business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,268,142	\$ 1,259,362	\$ 11,988	\$ 11,988	\$ 1,280,130	\$ 1,271,350
Buildings	228,284	220,650	106,049	72,140	334,333	292,790
Improvements	65,579	40,379	84,039	88,052	149,618	128,431
Infrastructure	796,202	788,894			796,202	788,894
Machinery and Equipment	95,589	92,823	3,355	3,594	98,944	96,417
Construction in Progress	614,763	645,521	102,309	120,620	717,072	766,141
Totals	\$ 3,068,559	\$ 3,047,629	\$ 307,740	\$ 296,394	\$ 3,376,299	\$ 3,344,023

(amounts are expressed in thousands)

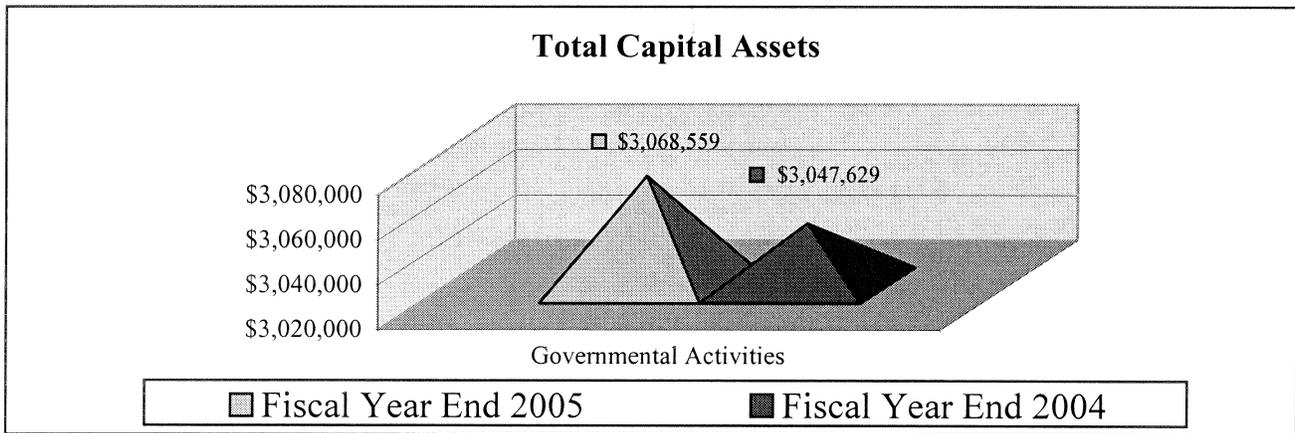
The following schedule provides a summary of the City's capital assets:



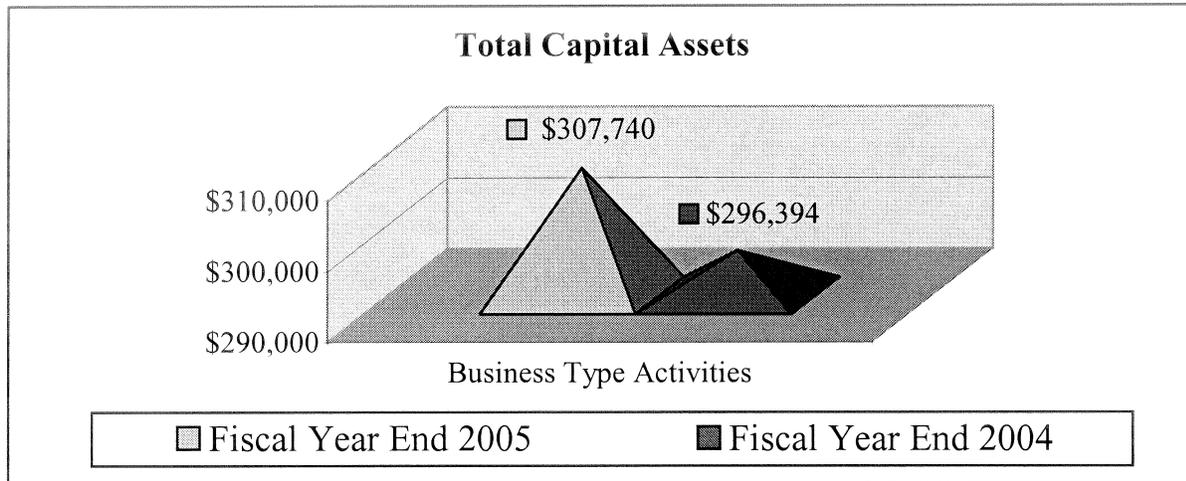
Change in Capital Assets September 30, 2005

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 3,047,629	\$ 296,394	\$ 3,344,023
Additions	119,455	21,379	140,834
Deletions	(9,441)	(219)	(9,660)
Accumulated Depreciation	(89,084)	(9,814)	(98,898)
Ending Balance	<u>\$ 3,068,559</u>	<u>\$ 307,740</u>	<u>\$ 3,376,299</u>

The following charts provide a summary of the changes in capital assets:



(amounts are expressed in thousands)



Additional information on the City’s capital assets can be found in Note 4 of the notes to the financial statements.

Debt Administration

Long-term Debt

At the end of the current fiscal year, the City of San Antonio had a total of \$1,700,342 in bonds, certificates, and revenue bonds, an increase of 21.9% over last year. Additional information on the City of San Antonio’s long-term debt, including descriptions of the new issues, can be found in Note 6 in the Notes to the Financial Statements.

**City of San Antonio’s Outstanding Debt
September 30, 2005 and 2004**

	Governmental Activities	
	2005	2004
Bonds Payable:		
General Obligation Bonds	\$ 658,450	\$ 655,141
Tax-Exempt Certificate of Obligation	194,675	214,470
Taxable Certificates of Obligation	6,850	4,580
Revenue Bonds	556,152	264,697
Total	<u>\$ 1,416,127</u>	<u>\$ 1,138,888</u>
	Business-Type Activities	
	2005	2004
Bonds Payable:		
General Obligation Bonds	\$ 12,115	\$ 13,245
Revenue Bonds	272,100	242,855
Total	<u>\$ 284,215</u>	<u>\$ 256,100</u>

(amounts are expressed in thousands)

On September 30, 2005, outstanding bonds and certificates debt totaled \$1,416,127. In 2005, the City issued additional indebtedness for a total of \$129,605. The \$129,605 is comprised of \$13,435 in certificates of obligation and \$116,170 in general obligation bonds. The general obligation bonds will be utilized to refund a portion of the City's outstanding tax-supported debt, fund capital improvements to include streets and pedestrian improvements; drainage improvements; park and recreation facilities improvements; library improvements; public health and safety improvements. In April 2005, the City issued \$10,535 in tax-exempt certificates of obligation bonds that will be utilized to fund capital improvements to include public safety, consisting of constructing, renovating, and improving existing fire stations; street, sidewalk, bridge, and drainage improvements; improvements and renovations to existing municipal facilities; acquiring, constructing, renovating the City's park facilities; constructing improvements for flood control, dams, landscaping, amenities along the San Antonio River; the purchase of materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street, parks, and public works purposes; and professional services related to the construction and financing of the aforementioned projects. In May 2005, the City issued \$2,900 in taxable certificates of obligations, which were used to fund improvement projects to the Alamodome. Also, in April 2005, the City issued \$61,060 of Municipal Drainage Utility System Revenue Bonds, Series 2005. Proceeds of the 2005 Municipal Drainage Utility System Revenue Bonds will be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment, and facilities for the City's Municipal Drainage Utility System. The City issued the following; \$129,930 Contract Revenue Empowerment Zone Bonds, Series 2005A and \$78,215 Contract Revenue Bonds, Series 2005B for Texas Convention Center Hotel Finance Corporation. Hotel Investments, L.P. will be loaned the proceeds from the Series 2005 bonds by the Texas Convention Center Hotel Finance Corporation. Hotel Investments, L.P. will use the proceeds of the Series 2005 Bonds to finance a portion of the costs to design, develop, construct, equip, furnish, and open a full-service hotel.

Standard & Poor's, Moody's and Fitch's underlying rating for City obligations are as follows:

	Standard & Poor's	Moody's	Fitch
General Obligation/ Certificates of Obligation	AA+	Aa2	AA+
Airport	A+	A1	A+
Airport PFC	A-	A2	A+
Convention Center – Prior Lien	A+	A1	A+
Convention Center – Subordinate Lien	A+	A2	A
Parking	A+	A2	A+
Drainage	AA-	A1	A+

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10% of the total assessed valuation. The total assessed valuation for the fiscal year ending 2005 was \$51,824,208, which provides a debt ceiling of \$5,182,421.

Requests for Information

This financial report is designed to provide a general overview of the City's position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 839966, San Antonio, TX 78283-3966.

(amounts are expressed in thousands)



***City of San Antonio
Texas***

Basic Financial Statements

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2005
(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 242,753	\$ 1,450	\$ 244,203	\$ 67,158
Investments	531,510	14,647	546,157	310,854
Receivables, net	125,559	6,771	132,330	213,500
Due from Fiduciary Funds	700		700	
Due from Other Governmental Agencies, net	55,397		55,397	3,530
Internal Balances	4,392	(4,392)		
Materials and Supplies, at Cost	5,948	718	6,666	119,859
Prepaid Expenses	731	17	748	34,501
Deposits	542		542	
Restricted Assets:				
Cash and Cash Equivalents		22,622	22,622	141,614
Investments		189,072	189,072	1,244,247
Receivables - Accrued Interest		1,315	1,315	7,591
Capital Assets:				
Non-depreciable	1,882,905	114,297	1,997,202	868,665
Depreciable, net	1,185,654	193,443	1,379,097	6,167,103
Assets Held for Resale				8,210
Prepaid Rent Long-Term - Leaseback				516,182
Unamortized Debt Expense	22,623	4,760	27,383	37,661
Total Assets	<u>4,058,714</u>	<u>544,720</u>	<u>4,603,434</u>	<u>9,740,675</u>
<u>Liabilities</u>				
Accounts Payable and Other Current Liabilities	131,558	12,407	143,965	228,412
Unearned Revenues	20,178	596	20,774	1,897
Accrued Interest	11,960	1	11,961	
Liabilities Payable from Restricted Assets		13,465	13,465	19,294
Accrued Bond and Certificate Interest		3,605	3,605	150,911
Due To:				
Other Governmental Agencies	5,151		5,151	1,108
Noncurrent Liabilities:				
Due Within One Year	108,862	334	109,196	1,416,157
Due in More Than One Year	1,504,412	273,242	1,777,654	3,767,143
Total Liabilities	<u>1,782,121</u>	<u>303,650</u>	<u>2,085,771</u>	<u>5,584,922</u>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	2,042,288	212,715	2,255,003	2,976,175
Restricted for:				
Debt Service	88,219	26,636	114,855	17,254
Capital Projects				579,546
Equipment Renewal and Replacement				175,396
Perpetual Care:				
Expendable	10,209		10,209	
Nonexpendable	2,825		2,825	
Unrestricted	133,052	1,719	134,771	407,382
Total Net Assets	<u>\$ 2,276,593</u>	<u>\$ 241,070</u>	<u>\$ 2,517,663</u>	<u>\$ 4,155,753</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General Government	\$ 80,018	\$ 57,660	\$ -	\$ -
Public Safety	428,582	7,861	12,535	3,130
Public Works	149,476	34,201	3,421	3,862
Sanitation	2,731		193	7
Health Services	89,011	10,252	27,459	76
Culture and Recreation	84,555	19,583	4,588	965
Convention and Tourism	48,364	14,740		
Conservation	2		2	
Urban Redevelopment and Housing	29,764		26,761	7
Welfare	131,840	327	114,822	209
Economic Development Opportunity	60,461	2,485	8,404	
Interest on Long-Term Debt	70,655			
Total Governmental Activities	<u>1,175,459</u>	<u>147,109</u>	<u>198,185</u>	<u>8,256</u>
Business-Type Activities:				
Airport System	46,868	45,791		2,223
Parking Facilities	8,413	10,325		
Environmental Services	54,703	51,753		
Total Business-Type Activities	<u>109,984</u>	<u>107,869</u>		<u>2,223</u>
Total Primary Government	<u>\$ 1,285,443</u>	<u>\$ 254,978</u>	<u>\$ 198,185</u>	<u>\$ 10,479</u>
Component Units:				
San Antonio Water System	265,029	262,687		59,742
City Public Service	1,465,600	1,422,405		47,666
Other Component Units	53,747	14,039		38,409
Total Component Units	<u>\$ 1,784,376</u>	<u>\$ 1,699,131</u>	<u>\$ -</u>	<u>\$ 145,817</u>

General Revenues:
Taxes:
Property Taxes
General Sales and Use Taxes
Selective Sales and Use Taxes
Gross Receipts Business Taxes
Occupancy Taxes
Penalties and Interest on Delinquent Taxes
Revenues from Utilities
Investment Earnings
Miscellaneous
Gain on Sale of Capital Assets
Transfers (Net)
Total General Revenues, Special Items, and Transfers
Change in Net Assets
Net Assets, Beginning
Prior Period Adjustment
Net Assets, Ending

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2005

(In Thousands)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
PRIMARY GOVERNMENT			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (22,358)	\$ -	\$ (22,358)	\$ -
(405,056)		(405,056)	
(107,992)		(107,992)	
(2,531)		(2,531)	
(51,224)		(51,224)	
(59,419)		(59,419)	
(33,624)		(33,624)	
-			
(2,996)		(2,996)	
(16,482)		(16,482)	
(49,572)		(49,572)	
(70,655)		(70,655)	
<u>(821,909)</u>		<u>(821,909)</u>	
	1,146	1,146	
	1,912	1,912	
	<u>(2,950)</u>	<u>(2,950)</u>	
	108	108	
<u>(821,909)</u>	<u>108</u>	<u>(821,801)</u>	
			57,400
			4,471
			<u>(1,299)</u>
			<u>60,572</u>
269,138		269,138	
167,332		167,332	
4,473		4,473	
26,274		26,274	
51,726		51,726	
3,434		3,434	
222,162		222,162	
19,931	5,434	25,365	57,352
22,431	9,962	32,393	13,345
1,507	96	1,603	5,262
2,150	(2,150)		
<u>790,558</u>	<u>13,342</u>	<u>803,900</u>	<u>75,959</u>
(31,351)	13,450	(17,901)	136,531
2,307,944	227,620	2,535,564	4,014,155
			5,067
<u>\$ 2,276,593</u>	<u>\$ 241,070</u>	<u>\$ 2,517,663</u>	<u>\$ 4,155,753</u>

The accompanying notes are an integral part of these basic financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2005
(In Thousands)

	MAJOR FUNDS				
	GENERAL	DEBT SERVICE	CONVENTION CENTER HOTEL FINANCE CORPORATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>Assets</u>					
Cash and Cash Equivalents	\$ 1,928	\$ 21,946	\$ 177,355	\$ 36,817	\$ 238,046
Investments	26,057	60,080		395,030	481,167
Receivables	103,948	9,416	466	50,683	164,513
Allowance for Uncollectibles	(19,827)	(937)		(19,991)	(40,755)
Prepaid Expenditures	2				2
Due from Other Funds	44,687	1,539		22,149	68,375
Due from Other Governmental Agencies	83			54,698	54,781
Materials and Supplies, at Cost	2,712			1,190	3,902
Deposits				261	261
<u>Total Assets</u>	<u>\$ 159,590</u>	<u>\$ 92,044</u>	<u>\$ 177,821</u>	<u>\$ 540,837</u>	<u>\$ 970,292</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Vouchers Payable	\$ 4,000	\$ -	\$ 4,535	\$ 4,901	\$ 13,436
Accounts Payable - Other	4,620			41,466	46,086
Accrued Payroll	8,974			5,056	14,030
Accrued Leave Payable	5,031			1,261	6,292
Unearned Revenues	16,888	6,917		19,073	42,878
Due To:					
Other Funds	1,664			68,512	70,176
Other Governmental Agencies				4,440	4,440
<u>Total Liabilities</u>	<u>41,177</u>	<u>6,917</u>	<u>4,535</u>	<u>144,709</u>	<u>197,338</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	8,209		3,698	99,067	110,974
Reserved for Materials and Supplies, at Cost	2,712			853	3,565
Reserved for Prepaid Expenditures	2				2
Reserved for Debt Service		85,127			85,127
Unreserved:					
Designated	31,950				31,950
Designated: Special Revenue Funds				6,085	6,085
Designated: Permanent Funds				2,825	2,825
Undesignated	75,540				75,540
Undesignated: Special Revenue Funds				85,644	85,644
Undesignated: Capital Projects Funds			169,588	191,532	361,120
Undesignated: Permanent Funds				10,122	10,122
<u>Total Fund Balances</u>	<u>118,413</u>	<u>85,127</u>	<u>173,286</u>	<u>396,128</u>	<u>772,954</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 159,590</u>	<u>\$ 92,044</u>	<u>\$ 177,821</u>	<u>\$ 540,837</u>	<u>\$ 970,292</u>

The accompanying notes are an integral part of these basic financial statements.

CITY OF SAN ANTONIO, TEXAS

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
AS OF SEPTEMBER 30, 2005
(In Thousands)

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances - Total Governmental Funds		\$ 772,954
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets:		
Land and Land Improvements	1,268,142	
Construction In Progress	614,763	
Buildings	396,373	
Improvements	106,838	
Infrastructure Assets	2,054,838	
Machinery and Equipment	96,481	
Less: Accumulated Depreciation	<u>(1,514,558)</u>	
Total Capital Assets		3,022,877
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current periods expenditures and, therefore, are not reported in the governmental funds (See Footnote 14).		
		23,958
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Assets.		
		50,741
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds (See Footnote 14).		
Governmental Bonds Payable	(1,438,372)	
Premium on Bonds	(49,799)	
Deferred Amount on Refunding	13,839	
Leases Payable	(6,079)	
Amounts received from notes & loans	(1,369)	
Unamortized Debt Expense	22,623	
Accrued Interest	(11,960)	
Arbitrage Rebate	(1,688)	
Compensated Absences	<u>(121,132)</u>	
		<u>(1,593,937)</u>
Net assets of Governmental Activities		<u>\$ 2,276,593</u>

The accompanying notes are an integral part of these basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	MAJOR FUNDS				
	GENERAL	DEBT SERVICE	CONVENTION CENTER HOTEL FINANCE CORPORATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues					
Taxes:					
Property Taxes	\$ 171,229	\$ 98,923	\$ -	\$ 1,338	\$ 271,490
General Sales and Use Taxes	162,786			4,546	167,332
Selective Sales and Use Taxes	4,473				4,473
Gross Receipts Business Taxes	26,274				26,274
Occupancy Taxes				51,717	51,717
Penalties and Interest on Delinquent Taxes	2,268	1,137		29	3,434
Licenses and Permits	20,716				20,716
Intergovernmental	3,055			187,196	190,251
Revenues from Utilities	221,775				221,775
Charges for Services	33,622			73,642	107,264
Fines and Forfeits	12,025				12,025
Miscellaneous	11,841		16	14,991	26,848
Investment Earnings	2,445	3,970	2,022	10,107	18,544
In-Kind Contributions				24,872	24,872
Total Revenues	672,509	104,030	2,038	368,438	1,147,015
Expenditures					
Current:					
General Government	64,020			5,312	69,332
Public Safety	402,544			17,090	419,634
Public Works	10,478			75,462	85,940
Health Services	13,995			74,538	88,533
Sanitation	2,576			192	2,768
Welfare	19,757			111,255	131,012
Culture and Recreation	63,010			16,576	79,586
Convention and Tourism				48,315	48,315
Conservation				2	2
Urban Redevelopment and Housing				25,557	25,557
Economic Development and Opportunity	4,392			11,945	16,337
Capital Projects			36,963	109,887	146,850
Debt Service:					
Principal Retirement		57,581			57,581
Interest		60,202			60,202
Issuance Costs		1,027			1,027
Total Expenditures	580,772	118,810	36,963	496,131	1,232,676
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	91,737	(14,780)	(34,925)	(127,693)	(85,661)
Other Financing Sources (Uses)					
Long-Term Debt Issued		86,010		106,319	192,329
Payments to Refunded Bond Escrow Agent		(93,163)			(93,163)
Amounts from Notes and Loans			208,145	2,462	210,607
Premium on Long-term Debt		6,914	66	5,924	12,904
Transfers In	14,122	16,423		129,276	159,821
Transfers Out	(85,956)			(74,655)	(160,611)
Total Other Financing Sources (Uses)	(71,834)	16,184	208,211	169,326	321,887
Net Change in Fund Balances	19,903	1,404	173,286	41,633	236,226
Fund Balances, October 1	98,510	83,723		354,495	536,728
Fund Balances, September 30	\$ 118,413	\$ 85,127	\$ 173,286	\$ 396,128	\$ 772,954

The accompanying notes are an integral part of these basic financial statements.

—— CITY OF SAN ANTONIO, TEXAS ——

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2005**

(In Thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in Fund Balances - Total Governmental Funds	\$	236,226
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Donated capital assets	364	
Expenditures for Capital Assets	99,821	
Less Current Year Deletions	(201)	
Less Current Year Depreciation	<u>(84,483)</u>	15,501

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(11,194)
--	--	----------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments (See Footnote 14).

Bond and Loan Amounts	(440,525)	
Payments to Escrow Agent	93,163	
Amortization of Bond Premiums and Deferred Charges (Net)	14,721	
Principal Payments	<u>57,581</u>	(275,060)

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 (See Footnote 14).		(9,990)
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Internal service funds are used by management to charge the cost of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities.		<u>13,166</u>
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Change in Net Assets of Governmental Activities	\$	<u><u>(31,351)</u></u>
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STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 968	\$ 213	\$ 269	\$ 1,450	\$ 4,707
Investments	12,170	1,749	728	14,647	50,343
Receivables:					
Other Accounts	2,018	114	17	2,149	967
Less: Allowance for Uncollectibles	(440)			(440)	(125)
Accrued Interest	75	20	19	114	391
Accrued Revenue	788		4,160	4,948	3
Due From Other Funds	543	2,724	10	3,277	13,630
Due From Other Governmental Agencies					759
Less: Allowance for Uncollectibles					(143)
Materials and Supplies, at Cost	500	209	9	718	2,046
Prepaid Expenses	17			17	729
Deposits					281
Total Current Assets	<u>16,639</u>	<u>5,029</u>	<u>5,212</u>	<u>26,880</u>	<u>73,588</u>
Noncurrent Assets:					
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	9,184	2,849		12,033	
Investments	17,477	5,421		22,898	
Receivables-Accrued Interest	68	15		83	
Due From Other Funds		4,845		4,845	
Construction Accounts:					
Cash and Cash Equivalents	7,622	151	18	7,791	
Investments	122,181	1,653	269	124,103	
Receivables-Accrued Interest	713	50	23	786	
Due From Other Funds	2,224	6,035		8,259	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	2,272	93	5	2,370	
Investments	34,165	1,398	81	35,644	
Receivables-Accrued Interest	376	9	3	388	
Due from Other Funds			409	409	
Other Restricted Accounts:					
Cash and Cash Equivalents	323	105		428	
Investments	4,851	1,576		6,427	
Receivables-Accrued Interest	47	11		58	
Due From Other Funds	4,938			4,938	
Total Restricted Assets	<u>206,441</u>	<u>24,211</u>	<u>808</u>	<u>231,460</u>	
Capital Assets:					
Land	2,970	8,125	893	11,988	
Buildings	144,248	29,192	46	173,486	464
Improvements Other Than Buildings	156,110	1,283	3,025	160,418	195
Machinery and Equipment	10,866	579	3,840	15,285	119,580
Construction in Progress	98,382	3,329	598	102,309	
Total Capital Assets	412,576	42,508	8,402	463,486	120,239
Less: Accumulated Depreciation	142,056	10,236	3,454	155,746	74,557
Net Capital Assets	<u>270,520</u>	<u>32,272</u>	<u>4,948</u>	<u>307,740</u>	<u>45,682</u>
Unamortized Debt Expense	4,017	743		4,760	
Total Noncurrent Assets	<u>480,978</u>	<u>57,226</u>	<u>5,756</u>	<u>543,960</u>	<u>45,682</u>
Total Assets	<u>\$ 497,617</u>	<u>\$ 62,255</u>	<u>\$ 10,968</u>	<u>\$ 570,840</u>	<u>\$ 119,270</u>

The accompanying notes are an integral part of these basic financial statements.

— CITY OF SAN ANTONIO, TEXAS —

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES		INTERNAL SERVICE FUNDS
			TOTAL		
LIABILITIES					
Current Liabilities:					
Vouchers Payable	\$ 397	\$ 59	\$ 1,169	\$ 1,625	\$ 3,966
Accounts Payable-Other	6,439	111	2,142	8,692	52,996
Accrued Payroll	487	109	646	1,242	1,044
Accrued Leave Payable	174	16	144	334	616
Unearned Revenues	596			596	693
Accrued Interest			1	1	
Lease Purchase Agreement					355
Due to Other Funds		6,895	409	7,304	13,277
Total Current Liabilities Payable from Current Assets	<u>8,093</u>	<u>7,190</u>	<u>4,511</u>	<u>19,794</u>	<u>72,947</u>
Current Liabilities Payable from Restricted Assets:					
Vouchers Payable	484	362	2	848	
Accrued Bond and Certificate Interest	3,311	294		3,605	
Current Portion of Bonds and Certificates	9,615	1,930		11,545	
Due to Other Funds	5,477	6,799		12,276	
Lease Purchase			148	148	96
Other Payables	1,565	7	200	1,772	
Total Current Liabilities Payable from Restricted Assets	<u>20,452</u>	<u>9,392</u>	<u>350</u>	<u>30,194</u>	<u>96</u>
Total Current Liabilities	<u>28,545</u>	<u>16,582</u>	<u>4,861</u>	<u>49,988</u>	<u>73,043</u>
Noncurrent Liabilities:					
Revenue Bonds (Net of Current Portion)	238,490	23,395		261,885	
General Obligation Bonds and Certificates (Net of Current Portion)		10,785		10,785	
Unamortized Premium/Discount on new Series	3,773	(761)		3,012	
Less: Deferred Amount on Refunding	(3,502)	(1,551)		(5,053)	
Accrued Leave Payable	868	82	718	1,668	613
Lease Purchase			115	115	702
Due to Other Governmental Agencies					711
Other Payables			830	830	
Total Noncurrent Liabilities	<u>239,629</u>	<u>31,950</u>	<u>1,663</u>	<u>273,242</u>	<u>2,026</u>
Total Liabilities	<u>268,174</u>	<u>48,532</u>	<u>6,524</u>	<u>323,230</u>	<u>75,069</u>
NET ASSETS					
Invested In Capital Assets, Net of Related Debt	198,354	9,413	4,948	212,715	44,528
Restricted:					
Debt Service	23,411	3,225		26,636	
Unrestricted	7,678	1,085	(504)	8,259	(327)
Total Net Assets	<u>\$ 229,443</u>	<u>\$ 13,723</u>	<u>\$ 4,444</u>	<u>\$ 247,610</u>	<u>\$ 44,201</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(6,540)	
Net assets of business-type activities.				<u>\$ 241,070</u>	

The accompanying notes are an integral part of these basic financial statements.

— CITY OF SAN ANTONIO, TEXAS —

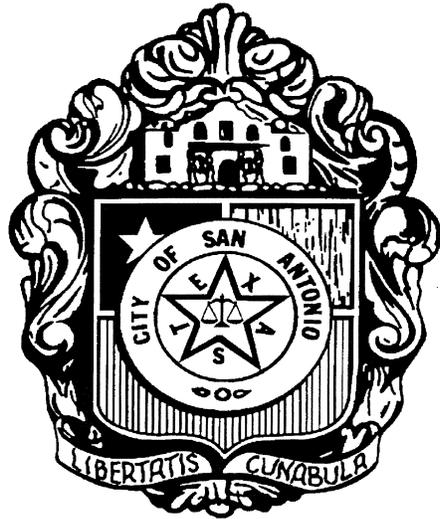
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTAL	GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	INTERNAL SERVICE FUNDS		
<u>Operating Revenues</u>						
Charges for Services	\$ 45,791	\$ 10,325	\$ 51,753	\$ 183,422	\$ 107,869	\$ 183,422
Total Operating Revenues	<u>45,791</u>	<u>10,325</u>	<u>51,753</u>	<u>183,422</u>	<u>107,869</u>	<u>183,422</u>
<u>Operating Expenses</u>						
Personnel Services	17,421	3,885	22,508	32,364	43,814	32,364
Contractual Services	2,881	686	19,558	12,073	23,125	12,073
Commodities	745	148	1,878	4,727	2,771	4,727
Materials				16,740		16,740
Other	5,303	999	10,935	100,482	17,237	100,482
Depreciation	8,874	780	369	12,351	10,023	12,351
Total Operating Expenses	<u>35,224</u>	<u>6,498</u>	<u>55,248</u>	<u>178,737</u>	<u>96,970</u>	<u>178,737</u>
Operating Income (Loss)	<u>10,567</u>	<u>3,827</u>	<u>(3,495)</u>	<u>4,685</u>	<u>10,899</u>	<u>4,685</u>
<u>Nonoperating Revenues (Expenses)</u>						
Interest and Other	4,788	461	185	1,387	5,434	1,387
Other Nonoperating Revenue	9,145	24	793	3,491	9,962	3,491
Gain (Loss) on Sale of Capital Assets	10		86	1,507	96	1,507
Interest and Debt Expense	(11,262)	(1,981)	(20)	(46)	(13,263)	(46)
Other Nonoperating Expense	(549)			(549)		(549)
Total Nonoperating Revenues (Expenses)	<u>2,132</u>	<u>(1,496)</u>	<u>1,044</u>	<u>6,339</u>	<u>1,680</u>	<u>6,339</u>
Change in Net Assets Before Contributions and Transfers	<u>12,699</u>	<u>2,331</u>	<u>(2,451)</u>	<u>11,024</u>	<u>12,579</u>	<u>11,024</u>
Capital Contributions	2,223				2,223	
Transfers In (Out)						
Transfers In		499	515	5,886	1,014	5,886
Transfers Out	(615)	(1,027)	(1,522)	(2,946)	(3,164)	(2,946)
Total Transfers	<u>(615)</u>	<u>(528)</u>	<u>(1,007)</u>	<u>2,940</u>	<u>(2,150)</u>	<u>2,940</u>
Change In Net Assets	<u>14,307</u>	<u>1,803</u>	<u>(3,458)</u>	<u>13,964</u>	<u>12,652</u>	<u>13,964</u>
Net Assets, Beginning	<u>215,136</u>	<u>11,920</u>	<u>7,902</u>	<u>30,237</u>	<u>215,136</u>	<u>30,237</u>
Net Assets, Ending	<u>\$ 229,443</u>	<u>\$ 13,723</u>	<u>\$ 4,444</u>	<u>\$ 44,201</u>	<u>\$ 229,443</u>	<u>\$ 44,201</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net assets of business-type activities.

The accompanying notes are an integral part of these basic financial statements.



STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	INTERNAL SERVICE FUNDS		
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$ 45,114	\$ 10,213	\$ 51,672	\$ 106,999	\$ 183,877	
Cash Payments to Suppliers for Goods and Services	(6,470)	(1,748)	(31,827)	(40,045)	(131,953)	
Cash Payments to Employees for Service	(17,359)	(3,865)	(22,364)	(43,588)	(32,100)	
Net Cash Provided by (Used for) Operating Activities	21,285	4,600	(2,519)	23,366	19,824	
<u>Cash Flows from Noncapital Financing Activities</u>						
Other Nonoperating Revenues	9,145	24	793	9,962	3,492	
Transfers In from Other Funds	(1,027)	(1,027)	515	(512)	5,886	
Transfers Out to Other Funds	(615)	499	(1,522)	(1,638)	(2,946)	
Due to Other Funds	4,956	12,909	(419)	17,446	(9,058)	
Due from Other Funds	(6,207)	(13,604)	409	(19,402)	10,218	
Net Cash Provided by (Used for) Noncapital Financing Activities	7,279	(1,199)	(224)	5,856	7,592	
<u>Cash Flows from Capital and Related Financing Activities</u>						
Acquisitions and Construction of Capital Assets	(18,615)	(1,259)	(481)	(20,355)	(19,244)	
Proceeds from Issuance of Long-Term Debt	39,388	226		39,614		
Principal Payments on Long-Term Debt	(8,390)	(1,580)	(143)	(10,113)	(91)	
Interest Paid on Long-Term Debt	(10,890)	(1,694)	(21)	(12,605)		
Debt Issuance Costs	(971)			(971)		
Principal Payments on Notes					662	
Interest Paid on Notes	10		109	119	(46)	
Proceeds from Sale of Assets	532	(4,307)	(536)	(4,311)	2,971	
Net Cash Provided by (Used for) Capital and Related Financing Activities	10	(4,307)	(536)	(4,311)	(15,748)	
<u>Cash Flows from Investing Activities</u>						
Purchases of Investment Securities	(394,347)	(24,765)	(2,218)	(421,330)	(82,820)	
Maturity of Investment Securities	373,376	26,222	4,898	404,496	69,181	
Investment Earnings	3,847	391	150	4,388	1,112	
Net Cash Provided by (Used for) Investing Activities	(17,124)	1,848	2,830	(12,446)	(12,527)	
Net Increase (Decrease) in Cash and Cash Equivalents	11,972	942	(449)	12,465	(859)	
Cash and Cash Equivalents, October 1	8,397	2,469	741	11,607	5,566	
<u>Cash and Cash Equivalents, September 30</u>	\$ 20,369	\$ 3,411	\$ 292	\$ 24,072	\$ 4,707	

The accompanying notes are an integral part of these basic financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES		
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ 10,567	\$ 3,827	\$ (3,495)	\$ 10,899	\$ 4,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	8,874	780	370	10,024	12,351
Changes in Assets and Liabilities:					
(Increase) / Decrease In Other Accounts Receivable	(376)	(55)	(15)	(446)	(53)
(Increase) / Decrease In Allowance for Uncollectibles	3	(57)		(54)	9
(Increase) / Decrease In Accrued Revenues	(32)		(66)	(98)	553
(Increase) In Due from Other Gov'tl. Agencies					(81)
(Increase) / Decrease In Materials and Supplies	(165)	(10)	3	(172)	(434)
(Increase) / Decrease In Prepaid Expenses	1			1	(726)
(Increase) In Deposits					(124)
Decrease In Vouchers Payable	397	59	1,169	1,625	3,966
Increase (Decrease) In Other Payables	2,226	36	(629)	1,633	(586)
Increase In Accrued Payroll	66	29	104	199	223
Increase (Decrease) In Accrued Leave Payable	(4)	(9)	40	27	41
(Decrease) In Unearned Revenue	(272)			(272)	
Net Cash Provided by (Used for) Operating Activities	\$ 21,285	\$ 4,600	\$ (2,519)	\$ 23,366	\$ 19,824
Noncash Investing, Capital and Financing Activities:					
Acquisitions and Construction of Capital Assets					
from Capital Contributions	\$ 2,223	\$	\$	\$ 2,223	\$

The accompanying notes are an integral part of these basic financial statements.

STATEMENT OF FIDUCIARY NET ASSETS/BALANCE SHEET
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2005
(In Thousands)

<u>ASSETS</u>	FIRE AND POLICE PENSION AND HEALTHCARE FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 110,707	\$ 2	\$ 7,186
Security Lending Collateral	177,712		
Investments, at Fair Value:			
U.S. Government and Agency Issues	205,413	29	947
Corporate Bonds	85,628		
Preferred Common Stock	68,448		
Other	1,381,748		
Total Investments, at Fair Value	<u>1,741,237</u>	<u>29</u>	<u>947</u>
Receivables:			
Other Accounts	4,571		384
Accrued Interest	4,785		7
Accrued Revenue	1,441		
Prepayments	13		
Total Current Assets	<u>2,040,466</u>	<u>31</u>	<u>8,524</u>
<u>Capital Assets</u>			
Computer Equipment	76		
Buildings	590		
Total Capital Assets	<u>666</u>		
Less: Accumulated Depreciation	344		
Net Capital Assets	<u>322</u>		
Total Assets	<u>2,040,788</u>	<u>31</u>	<u>\$ 8,524</u>
<u>LIABILITIES</u>			
Vouchers Payable	4,724		1
Accounts Payable- Other	4,296		7,823
Accrued Payroll	76		
Due to Other Funds			700
Unearned Revenue	355		
Securities Lending	177,712		
Total Liabilities	<u>187,163</u>		<u>\$ 8,524</u>
<u>NET ASSETS</u>			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,853,625</u>	<u>\$ 31</u>	

— CITY OF SAN ANTONIO, TEXAS —

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2005
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTHCARE FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer	\$ 69,602	\$ -
Employee	25,422	
Other Contributions		3
Total Contributions	95,024	3
Investment Earnings:		
Net Increase in Fair Value of Investments	189,534	
Real Estate Income, Net	2,160	
Interest and Dividends	39,256	1
Securities Lending	4,606	
Other Income	795	
Total Investment Earnings	236,351	1
Less Investment Expenses:		
Investment Management Fees and Custodian Fees	(8,852)	
Securities Lending Expenses:		
Borrower Rebates	(4,052)	
Lending Fees	(194)	
Net Investment Income	223,253	1
Total Additions	318,277	4
DEDUCTIONS:		
Benefits	82,800	
Refunds of Contributions	510	
Administrative Expense	1,690	5
Salaries, Wage, and Employee Benefits	535	
Total Deductions	85,535	5
Change in Net Assets	232,742	(1)
Net Assets, Beginning	1,620,883	32
Net Assets, End	\$ 1,853,625	\$ 31

The accompanying notes are an integral part of these basic financial statements.

STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF SEPTEMBER 30, 2005
(In Thousands)

<u>ASSETS</u>	<u>SAN ANTONIO WATER SYSTEM</u>	<u>CITY PUBLIC SERVICE</u>	<u>NONMAJOR COMPONENT UNITS</u>	<u>TOTAL</u>
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ -	\$ 50,920	\$ 16,238	\$ 67,158
Investments	43,542	258,406	8,906	310,854
Receivables, net:				
Notes			12,200	12,200
Other Accounts	32,037	161,419	3,947	197,403
Accrued Interest	1,211	2,629	57	3,897
Materials and Supplies, at Cost	4,538	115,272	49	119,859
Due from Other Governmental Agencies			3,530	3,530
Prepaid Expenses	3,035	30,951	515	34,501
Total Current Assets	<u>84,363</u>	<u>619,597</u>	<u>45,442</u>	<u>749,402</u>
<u>Noncurrent Assets:</u>				
<u>Restricted Assets:</u>				
<u>Debt Service Accounts:</u>				
Cash and Cash Equivalents	73	738		811
Investments	18,785			18,785
<u>Construction Accounts:</u>				
Cash and Cash Equivalents	15,738	93,255		108,993
Investments	205,161	44,851		250,012
<u>Repair and Replacement Account:</u>				
Investments		572,057		572,057
Receivables-Accrued Interest		4,948		4,948
<u>Conservation Accounts:</u>				
Investments	2,503			2,503
<u>Other Restricted Accounts:</u>				
Cash and Cash Equivalents		26,300	5,510	31,810
Investments	21,966	378,924		400,890
Receivables-Accrued Interest		2,643		2,643
Total Restricted Assets	<u>264,226</u>	<u>1,123,716</u>	<u>5,510</u>	<u>1,393,452</u>
<u>Capital Assets:</u>				
Land	82,339	56,482	12,534	151,355
Infrastructure			42,580	42,580
Buildings			167,449	167,449
Utility Plant in Service	2,293,502	7,005,400		9,298,902
Machinery and Equipment	103,052		2,247	105,299
Construction in Progress	509,362	180,594	14,755	704,711
Utility Property Leased		18,785		18,785
Nuclear Fuel - Net		319,186		319,186
Non-utility Property - Land		12,599		12,599
Total Capital Assets	<u>2,988,255</u>	<u>7,593,046</u>	<u>239,565</u>	<u>10,820,866</u>
Less: Accumulated Depreciation	798,457	2,947,052	39,589	3,785,098
Net Capital Assets	<u>2,189,798</u>	<u>4,645,994</u>	<u>199,976</u>	<u>7,035,768</u>
Assets Held for Resale	8,210			8,210
Prepaid Rent Long Term-Leaseback		516,182		516,182
Unamortized Debt Expense	10,660	27,001		37,661
Total Noncurrent Assets	<u>2,472,894</u>	<u>6,312,893</u>	<u>205,486</u>	<u>8,991,273</u>
Total Assets	<u>\$ 2,557,257</u>	<u>\$ 6,932,490</u>	<u>\$ 250,928</u>	<u>\$ 9,740,675</u>

The accompanying notes are an integral part of these basic financial statements.

— CITY OF SAN ANTONIO, TEXAS —

STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF SEPTEMBER 30, 2005
(In Thousands)

<u>LIABILITIES</u>	<u>SAN ANTONIO WATER SYSTEM</u>	<u>CITY PUBLIC SERVICE</u>	<u>NONMAJOR COMPONENT UNITS</u>	<u>TOTAL</u>
Current Liabilities:				
Accounts Payable and Other Current Liabilities	\$ 28,384	\$ 184,238	\$ 12,580	\$ 225,202
Sewer Collections Payable	256			256
Unearned Revenues			1,897	1,897
Notes Payable	627		2,327	2,954
Due to Other Governmental Agencies			1,108	1,108
Total Current Liabilities (Payable from Current Assets)	<u>29,267</u>	<u>184,238</u>	<u>17,912</u>	<u>231,417</u>
Current Liabilities (Payable from Restricted Assets):				
Accrued Bond and Certificate Interest	7,151			7,151
Current Portion of Bonds and Certificates	16,505	127,255		143,760
Other Payables	16,949		2,345	19,294
Total Current Liabilities (Payable from Restricted Assets)	<u>40,605</u>	<u>127,255</u>	<u>2,345</u>	<u>170,205</u>
Total Current Liabilities	<u>69,872</u>	<u>311,493</u>	<u>20,257</u>	<u>401,622</u>
Noncurrent Liabilities:				
Revenue Bonds (Net of Current Portion)	1,145,905	2,533,970		3,679,875
Commercial Paper	238,400	350,000		588,400
Unamortized Premium on New Series Bonds	9,078	89,149		98,227
Plus: Unamortized Discount on New Series Bonds	(14,382)			(14,382)
Deferred Amount on Refunding	(22,727)	(134,227)		(156,954)
Long-Term Lease/Notes Payable	1,388	588,455	87,268	677,111
Other Payables	1,879	308,049	1,095	311,023
Total Noncurrent Liabilities	<u>1,359,541</u>	<u>3,735,396</u>	<u>88,363</u>	<u>5,183,300</u>
Total Liabilities	<u>1,429,413</u>	<u>4,046,889</u>	<u>108,620</u>	<u>5,584,922</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,041,888	1,821,531	112,756	2,976,175
Restricted for Renewal and Replacement		577,005	2,400	579,405
Restricted for Debt Service	11,706	738	4,810	17,254
Restricted for Conservation	2,504	172,752	140	175,396
Temporarily Restricted			141	141
Unrestricted	71,746	313,575	22,061	407,382
Total Net Assets	<u>\$ 1,127,844</u>	<u>\$ 2,885,601</u>	<u>\$ 142,308</u>	<u>\$ 4,155,753</u>

The accompanying notes are an integral part of these basic financial statements.



**STATEMENT OF ACTIVITIES
COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2005**
(In Thousands)

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			TOTALS
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO WATER SYSTEM	CITY PUBLIC SERVICE	
San Antonio Water System	\$ 265,029	\$ 262,687	\$ 59,742	\$ 57,400	\$	\$ 57,400
City Public Service	1,465,600	1,422,405	47,666		4,471	4,471
Nonmajor Component Units	53,747	14,039	38,409		(1,299)	(1,299)
Total	\$ 1,784,376	\$ 1,699,131	\$ 145,817	\$ 57,400	\$ 4,471	\$ 60,572
General Revenues:						
Investment Earnings				7,060	49,327	965
Miscellaneous					2,427	10,918
Gain on Disposal of Capital Assets				131		5,131
Total General Revenues				7,191	51,754	17,014
Change in Net Assets				64,591	56,225	15,715
Net Assets, Beginning				1,058,186	2,829,376	126,593
Prior Period Adjustment				5,067		5,067
Net Assets, Ending				\$ 1,127,844	\$ 2,885,601	\$ 142,308

The accompanying notes are an integral part of these basic financial statements.



**TABLE OF NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2005**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of San Antonio (City) have been prepared in conformance with U.S. generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of significant accounting policies of the City.

A. Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. The underlying concept of the financial reporting entity is that elected officials are "accountable" to their constituents for their actions. One of the objectives of this concept is to provide users of governmental financial statements with a basis for assessing the accountability of those elected officials, and accordingly, the definition of the financial reporting entity is based on accountability.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable (blended), and (c) component units, which the nature and significance of their relationship with the City is such that exclusion from the reporting entity's financial statements would be misleading or incomplete (discretely presented).

Using the criteria of GASB Statement No. 39 and Statement No. 14 outlined below, potential component units were evaluated for inclusion in or exclusion from the reporting entity, whether the organizations were financially accountable or not, and were further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others only discretely presented.

The following criteria (as set forth in GASB Statement No. 14 and Statement No. 39) were used in the evaluation of potential component units of the City:

- 1) Legally separate
- 2) Financial accountability
 - a) Appointment of a voting majority
 - b) Imposition of will
 - c) Financial benefit to or burden on the City
 - d) Fiscal dependency
- 3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete.
- 4) Service rendered by the potential component unit is provided entirely or almost entirely to the City.
- 5) The City, or its component units, are entitled to, or have the ability to access, the majority of the resources received or held by the separate organization.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The criteria outlined above were excerpted from GASB Statement No. 14 and Statement No. 39. For a more detailed explanation of the criteria established by the statements, the reader is referred to the Codification of Governmental Accounting and Financial Reporting Standards, as of June 30, 2004, published by GASB, Section 2600. GASB Statement No. 39 further clarifies that a not-for-profit may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of their relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity:

Blended with the Primary Government (the relationship among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14 and Statement No. 39, for inclusion in the Reporting Entity and is such that the financial statements are blended in with those of the City):

As set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the City excludes fiduciary funds and component units that are fiduciary in nature from the government-wide financial statements. The City's component units that are fiduciary in nature are the San Antonio Fire and Police Pension Fund and the San Antonio Fire and Police Retiree Health Care Fund. These component units are presented in the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

City of San Antonio Health Facilities Development Corporation

The City of San Antonio Health Facilities Development Corporation (HFDC) was established by Ordinance No. 55400, dated June 3, 1982, in accordance with state laws for the purposes of, and to act on behalf of the City as a health facilities development corporation under the Texas Health Facilities Development Act of 1981. The HFDC is authorized to issue tax-exempt health facility revenue bonds, for which the City is not obligated in any manner to finance health related projects in support of the promotion, expansion, and improvement of health facilities. The HFDC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

City of San Antonio Industrial Development Authority

The City of San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100 dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as an industrial development corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects that may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and the public welfare. The IDA is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

San Antonio Fire and Police Pension Fund

The San Antonio Fire and Police Pension Fund (Pension Fund) is a Single Employer Defined Benefit Plan established in accordance with state law. The Pension Fund is administered by a nine-member Board of Trustees, including three City Council members. The City and Pension Fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state law. Benefit levels are also set by state law. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers upon retirement.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

San Antonio Fire and Police Retiree Health Care Fund

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989, in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide postemployment healthcare benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the Fire and Police Retiree Health Care Fund (Health Fund), was created to provide these postemployment healthcare benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including three City Council Members, and is funded primarily by contributions from the City and contributions made by active employees and retirees on behalf of their dependents. The City and active employee and retiree contribution rates are established pursuant to the Fire and Police collective bargaining agreements.

City of San Antonio Texas Municipal Facilities Corporation

The City of San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state law for the purposes of, and to act on behalf of the City in acquiring, constructing, equipping, financing, operating, and maintaining land and other municipal facilities for the City. The TMFC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

City of San Antonio Texas Starbright Industrial Development Corporation

The City of San Antonio Texas Starbright Industrial Development Corporation (TSIDC) was established in fiscal year 2003 in accordance with state law for the purposes of, and to act on behalf of the City in the promotion and development of commercial, industrial, and manufacturing enterprises, to advance and encourage employment and the public welfare, including but not limited to the acquisition of land. The TSIDC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

City of San Antonio Texas Convention Center Hotel Finance Corporation

The City of San Antonio, Texas Convention Center Hotel Finance Corporation (TCCHFC) was established in fiscal year 2005 in accordance with the state law for the purposes of, and to act on behalf of City local economic development and stimulate business and commercial activity in the City. The TCCHFC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

Discretely Presented With the Primary Government (the relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statement No. 14 and Statement No. 39, for inclusion in the reporting entity, and accordingly are included; however, are such that the financial statements are discretely presented alongside, but not blended with those of the City):

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

San Antonio Water System

On February 13, 1992, the City Council determined it was in the best interest of the citizens of San Antonio and the customers served by the water and wastewater utilities to consolidate all water utilities, agencies, and activities into one institution. It was determined that the best mechanism for effecting the consolidation of all water systems, agencies, and activities into a single institution was through a refunding of all the then outstanding water and sewer bonds. The consolidation was consummated on May 19, 1992, with the creation of the San Antonio Water System (SAWS) that included the former City Water Board, Alamo Water Conservation and Re-use District, and the City's Sewer and Stormwater system.

It was further determined by the City Council that the interests of the citizens and customers would best be served by placing authority for management and control of SAWS, as consolidated, in a Board of Trustees. This Board of Trustees includes the City's Mayor as an ex-officio member, along with six members appointed by the City Council for four-year staggered terms. The user rates for user charges and bond issuance authorizations are approved by the City Council.

City Public Service

City Public Service (CPS), a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS is governed by a Board of Trustees, which is comprised of four members appointed by City Council and the Mayor of the City as an ex-officio member. The user rates for user charges and bond issuance authorizations are approved by the City Council.

San Antonio Development Agency

The San Antonio Development Agency (SADA) was created under the provisions of the Urban Renewal Law of the State of Texas. SADA is responsible for implementing the City's Urban Renewal Program and may designate for urban renewal such areas as it deems advisable, subject to approval by the City Council and the Federal Agency, which administers the overall program. SADA receives a majority of its operating funds from the City as pass-through grant funds and is governed by a seven-member Board of Commissioners appointed by the City Council.

San Antonio Education Facilities Corporation

The City of San Antonio Higher Education Authority (SAHEA) was established in 1984, in accordance with state laws for the purpose of aiding non-profit institutions of higher education in providing educational, housing, and other related facilities in accordance with and subject to the provisions of Section 53.35 (b) Texas Education Code, all to be done on behalf of the City and as its duly constituted authority and instrumentality. In 2001, the SAHEA changed its name to the San Antonio Education Facilities Corporation (SAEFC). The Act authorizes the SAEFC to issue revenue bonds for these purposes on behalf of the City, but the bonds are not obligations of the City. SAEFC is governed by an eleven-member Board of Directors appointed by the City Council for two-year terms. Board members are subject to removal by the City Council for cause or at will, and the City reserves the right to terminate and dissolve the SAEFC at any time.

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Greater Kelly Development Authority

The Greater Kelly Development Corporation (GKDC) was established in 1996 as the local development authority on an interim basis under the Development Corporation Act of 1979 for the development and redevelopment of Kelly Air Force Base (Kelly). In November 1999, the City established the Greater Kelly Development Authority (GKDA) as the successor-in-interest to the GKDC pursuant to the newly enacted Senate Bill 655. In accordance with the Act, the GKDA has the powers previously enjoyed by the GKDC while at the same time clarifying such powers and preserving the property tax-exempt status of prior commercial tenants at Kelly. The GKDA is a special district and political subdivision of the State of Texas and was established for the purpose of monitoring the proposed closing of Kelly; conducting comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly; reviewing all options relative to the most appropriate uses of Kelly and the surrounding area; formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly and submitting such plan to the appropriate agency or agencies of the federal government; and implementing such plan as it relates to Kelly and the surrounding area. The GKDA is governed by an eleven-member Board of Directors, appointed by the City Council. The City Council also has the ability to remove appointed members of the organization's governing board at will. The GKDA is authorized to issue bonds to finance any project as permitted by Texas Law, but said bonds are not obligations of the City.

San Antonio Housing Trust Foundation, Inc.

The San Antonio Housing Trust Foundation, Inc. (SAHTF) is a non-profit corporation incorporated in 1990 under the laws of the State of Texas. SAHTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low and middle-income families, and to provide administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Permanent Fund of the City. The Housing Trust Fund was established by the City for the purposes of providing additional and continuing housing opportunities for low and moderate-income families; promoting public health, safety, convenience, and welfare; and revitalizing neighborhoods and the downtown area through appropriate housing activities. SAHTF is governed by an eleven-member Board of Directors appointed by the City Council. SAHTF administers The San Antonio Housing Trust Finance Corporation. The City has the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the SAHTF as it authorizes a contract for the administration and management of the operations on an annual basis.

San Antonio Local Development Company, Inc. dba South Texas Business Fund (STBF)

The San Antonio Local Development Company Inc. (SALDC) is a non-profit corporation organized in 1978 under the laws of the State of Texas and the auspices of the City. In 2004, SALDC changed its name to the San Antonio Local Development Company dba South Texas Business Fund (STBF). The STBF also expanded the area served from twelve counties to all of the counties in the State of Texas. STBF was formed to participate in the Neighborhood Business Revitalization Program (NBRP), which is co-sponsored by the Small Business Administration (SBA), the Economic Development Administration, and the U.S. Department of Housing and Urban Development (HUD). STBF is governed by a thirty-three member Board of Trustees, appointed by the City Council, and an eleven-member Board of Directors appointed from the Board of Trustees. STBF, under agreement with the City, administers and operates a revolving loan fund, NBRP, that provides qualifying local businesses with loans under economic development programs administered by the SBA. STBF also administers, by agreement with the City, a U.S. Department of Commerce Title IX Revolving Loan Fund, SBA MicroLoan Program, and a HUD 108 Fund. Currently, STBF has an outstanding note payable to HUD, which is guaranteed by the City.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Brooks Development Authority

The Brooks Development Authority (BDA) is a special district and political subdivision of the State of Texas. It was established on September 27, 2001, as a defense base development authority in accordance with state law for the purposes of, and to act on behalf of the City in improving mission effectiveness, reducing the cost of providing quality installation support through improved capital asset management, and promoting economic development on Brooks Air Force Base and in the surrounding community. An eleven-member Board of Directors appointed by the City Council, governs the BDA for two-year terms and will oversee the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City has the ability to impose its will on this organization as the City Council has the power to remove board members by adopting a resolution.

Essential disclosures related to the above mentioned discretely presented and blended component units are included in the complete financial statements of each of the individual component units. These statements may be obtained at the respective entity's administrative office. The addresses are as follows:

Discretely Presented Component Units

San Antonio Water System
 P.O. Box 2449
 San Antonio, Texas 78298-2449
 Contact Person: Doug Evanson
 Telephone No. (210) 233-3803

City Public Service
 P.O. Box 1771
 San Antonio, Texas 78296-1771
 Contact Person: Richard E. Williamson
 Telephone No. (210) 353-2397

San Antonio Development Agency
 P. O. Box 831386
 San Antonio, Texas 78283-1386
 Contact Person: Felix Lopez
 Telephone No. (210) 207-5444

San Antonio Education Facilities Corporation
 P.O. Box 830504
 San Antonio, Texas 78283-0504
 Contact Person: Ramiro Cavazos
 Telephone No. (210) 207-8040

Greater Kelly Development Authority
 143 Billy Mitchell Blvd., Ste 6
 San Antonio, Texas 78226-1816
 Contact Person: Bruce Miller
 Telephone No. (210) 362-7800

San Antonio Housing Trust Foundation, Inc.
 2515 Blanco Rd.
 San Antonio, Texas 78212-2796
 Contact Person: John Kenny
 Telephone No. (210) 735-2772

San Antonio Local Development Company Inc.
 dba South Texas Business Fund
 P.O. Box 830505
 San Antonio, Texas 78283-0505
 Contact Person: Ramiro Cavazos
 Telephone No. (210) 207-8040

Brooks Development Authority
 8030 Challenger Drive
 Brooks City-Base, Texas 78235-5355
 Contact Person: Bart Sanchez
 Telephone No. (210) 536-6710

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units

San Antonio Health Facilities Development Corporation
P.O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

San Antonio Industrial Development Authority
P.O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

San Antonio Fire and Police Retiree Health Care Fund
300 Convent Street, Suite 2500
San Antonio, Texas 78205-3716
Contact Person: James Bounds
Telephone No. (210) 220-1385

San Antonio Fire and Police Pension Fund
311 Roosevelt
San Antonio, Texas 78210-2700
Contact Person: Warren Schott
Telephone No. (210) 534-3262

San Antonio Texas Convention Center
Hotel Finance Corporation
100 Military Plaza
4th Floor, City Hall
San Antonio, Texas 78205-2425
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

San Antonio Texas Municipal
Facilities Corporation
P.O. Box 839966
San Antonio, Texas 78283-3966
Contact Person: Ben Gorzell Jr.
Telephone No. (210) 207-8620

San Antonio Texas Starbright Industrial
Development Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact Person: Ben Gorzell Jr.
Telephone No. (210) 207-8620

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

It is management’s belief that to exclude essential disclosures from the City’s financial statements as they pertain to CPS and SAWS would be misleading. CPS and SAWS have been identified as major discretely presented component units both as they relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City’s financial statements. Discretely presented component units with different fiscal year ends from the City are the San Antonio Water System with a fiscal year-end of December 31, and City Public Service with a fiscal year-end of January 31.

Related Organizations

The City Council appoints the members to the Board of Directors for the San Antonio Housing Authority; however, the City’s accountability for this entity does not extend beyond making appointments to the Board of Directors and the coordination and approval of strategic plans.

B. Basic Financial Statements – GASB Statement No. 34

Effective October 1, 2001, the City implemented the provisions of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. In fiscal year 2003, the City implemented the portion of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, relating to the disaggregation of receivable and payable balances. These statements comply with the requirements of the new reporting model.

Government-wide and Fund Financial Statements

The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. Management’s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City’s financial activities. As part of the implementation of GASB Statement No. 34, the City has early implemented requirements for infrastructure reporting. GASB Statement No. 34 requires the historical cost of infrastructure assets, retroactive to 1980, to be included as part of the capital assets, as well as the related depreciation, to be reported in the government-wide financial statements. In addition, for the most part, the effect of interfund activity has been removed from the statements.

The Statement of Net Assets reflects both short-term and long-term assets and liabilities. In the Government-wide Statement of Net Assets governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues, whereas business-type activities are normally supported by fees and charges for services. Long-term assets, such as capital assets, infrastructure assets, and long-term obligations are now reported with the assets of governmental activity. The components of net assets, previously shown as fund balances, are presented in three separate components; 1) Invested in Capital Assets, net of related debt, 2) Restricted, and 3) Unrestricted. Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets, which minimizes the duplication of assets and liabilities within the governmental and business-type activities. Component units are also reported in the Statement of Net Assets.

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements – GASB Statement No. 34 (Continued)

Government-wide and Fund Financial Statements (Continued)

The Statement of Activities reflects both the gross and net cost format. The net cost (by function or business-type activity) is usually covered by general revenues (property tax, sales tax, intergovernmental revenues, etc.). Direct (gross) expenses of a given function or segment are offset by program revenue, and operating and capital grants. Program revenues must be directly associated with the function of business-type activity. The presentation allows users to determine which functions are self-supporting, and which rely on the tax base in order to complete their mission. Internal service fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown in the governmental and business-type activities of the Statement of Activities.

A reconciliation, detailing the change in net assets between the government-wide financial statements and the fund financial statements, is presented separately for governmental funds. In order to achieve a break-even result in the internal service fund activity, differences in the basis of accounting and reclassifications are allocated back to user departments. These allocations are reflected in the government-wide statements. Any residual amounts of the internal service funds are reported in the governmental activity column.

The proprietary funds have a reconciliation presented in the proprietary funds' Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Fund Net Assets. The only reconciling item is the internal service fund allocation.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund equity and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City has three types of Funds: Governmental Funds, Proprietary Funds, and Fiduciary Funds. The Fund Financial Statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major individual governmental funds and major enterprise funds are reported separately in the Fund Financial Statements. Nonmajor funds are independently presented in the combining statements.

The criteria used to determine if a governmental or enterprise fund should be reported as a major fund is as follows: The total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10.0% criterion above in the individual governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

The following is a brief description of the major governmental funds that are each presented in a separate column in the fund financial statements:

The General Fund is always presented as a major fund.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs except that which is accounted for in proprietary-type funds.

The City of San Antonio Texas Convention Center Hotel Fund accounts for the selling of debt to finance the Convention Center Hotel building project.

The following is a brief description of the major enterprise funds that are each presented in a separate column in the fund financial statements:

The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System operations is provided by user fees.

The Parking System accounts for the operations of the City’s parking facilities. Financing for the Parking Facilities operations is provided by user fees.

Governmental Funds

General Fund - The General Fund of the City is the primary operating fund, which accounts for all financial resources of the general government except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private-purpose trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Permanent Funds - Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs - that is, for the benefit of the government or its citizenry.

The governmental funds, which have legally adopted budgets are the General Fund, Special Revenue Funds (excluding Project Management Office, HOME Program, Categorical Grant-In Aid, HUD 108 Loan Program, Community Development Program, Community Services, Advanced Transportation District, and Capital Project Funds), Official City Store Fund, San Jose Burial Fund, and the Debt Service Funds.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Proprietary Funds (Continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, and other internal service programs are accounted for in these funds.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include Pension Trust, Retiree Health Care Trust, Private Purpose Trust Funds, and Agency Funds. Pension Trust, Retiree Health Care Trust, and Private Purpose Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Assets and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City recognizes revenue from property taxes in the period for which they were levied. Property taxes receivable includes taxes due and amounts expected to be collected within 60 days after the period end, along with related interest and penalties. For additional disclosure related to property taxes, see Note 2. Other taxes and fees are recognized as revenue in the year they are earned. Revenues from grants and similar items are recognized in the fiscal year the qualifying expenditures are made and all other eligibility requirements have been satisfied.

Program Revenues are presented in the Government-wide Statement of Activities. The City reports program revenues into three categories: 1) Charges for services, 2) Operating grants and contributions, and 3) Capital grants and contributions. Further descriptions of these three categories follow. They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by transactions with outside parties who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those funds to specific programs. Investment earnings that are legally restricted to specific programs are also reported as program revenues.

1) Charges for services are revenues that are generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, vacant lot clean up, golf course fees, and food establishment licenses. Fines and forfeitures are also reported under charges for services.

2) Operating grants and contributions are those revenues that are restricted in the way they may be spent - either for operations of a particular program or to purchase a capital asset for a particular program.

3) Capital grants and contributions are also restricted revenues; the funds may only be spent to purchase capital assets for specified programs.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Revenues are recognized in the accounting period in which they become available and measurable. For this purpose, the City considers revenues, other than grants, to be available if the revenues are collected within sixty days after year-end. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by the provider are met. Grant funds received in advance and delinquent property taxes are recorded as unearned revenue until earned and available. Gross receipts and sales taxes are considered available when in the hands of intermediary collecting governments, and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recognized in the accounting period in which the fund liability is incurred; however, compensated absences, debt service expenditures, claims and judgments, and arbitrage rebates are recorded only when the liability is matured.

The reported fund balance (net current assets) for each fund is considered a measure of "current financial resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "current financial resources" during the period.

Special reporting treatments are applied to governmental fund inventories and prepaid expenditures to indicate that they do not represent "current financial resources," since they do not represent net current assets. Such amounts are generally offset by fund balance reserve accounts.

Proprietary, Pension Trust, Private Purpose Trust, and Retiree Health Care Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred. These funds are accounted for on a cost of services or "economic resources" measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The reported Proprietary Fund net assets are segregated into three components: 1) invested in capital assets, net of related debt, 2) restricted net assets, and 3) unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

Proprietary funds report both operating and non-operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The City defines operating revenues as those receipts generated by a specified program offering either a good or service. For example, parking garage and street lot fees are operating revenues of the Parking Fund. This definition is consistent with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing or investing activities. Operating expenses include personnel services, contractual services, commodities, other expenses (such as insurance), and depreciation. Revenues and expenses not fitting the above definitions are considered non-operating.

The City's enterprise funds, pension trust, private purpose trust and retiree health care funds and business-type activities, as well as its discretely presented component units, apply all applicable GASB Statements as well as FASB Statements and Interpretations, APB Opinions, and ARBs issued on or before November 30, 1989, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. The City and its discretely presented major proprietary component units, CPS and SAWS, have elected not to apply any FASB Statements and Interpretations issued after November 30, 1989.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

CPS' operating revenue includes receipts from energy sales and miscellaneous revenue related to the electric and gas systems operations. Miscellaneous revenue includes late payment fees, rental income, jobbing and contract work, ancillary services, and merchandise sales. Operating expenses include those expenses that result from the ongoing operations of the electric and gas systems. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues consist primarily of investment income, including the changes in fair value of investments. The amortization of net gains from the lease-leaseback and the sale of water rights in prior years are also included. Some miscellaneous income from renting general property and miscellaneous service is also recorded in non-operating when it is not directly identified with the electric or gas systems.

SAWS' principal operating revenues are charges to customers for water and wastewater services. Operating expenses include the cost of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues consist primarily of investment income, including the changes in fair value of investments. Some miscellaneous income from renting general property and miscellaneous service is also recorded in non-operating when it is not directly identified with the water or wastewater services.

E. Future GASB Implementations

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for the service utility of an asset which has declined significantly and unexpectedly. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2004.

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26. GASB Statement No. 43 follows a similar approach to GASB Statement No. 25 with modifications to reflect differences between pension plans and OPEB plans. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2005.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA Statement 1, addresses new standards to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section. The provisions of this Statement are effective for fiscal periods beginning after June 15, 2005.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2006.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, helps governments determine when net assets have been restricted to a particular use by the passage of enabling legislation, and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The provisions of this Statement are effective for fiscal periods beginning after June 15, 2005.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Future GASB Implementations (Continued)

GASB Statement No. 47, *Accounting for Termination Benefits*, requires employers to disclose termination benefit arrangements, the cost of the termination benefits, and significant methods and assumptions used to determine termination benefit liabilities. Termination benefits that are provided through an existing defined benefit OPEB plan should be implemented for the fiscal period beginning after December 15, 2006 (simultaneously with GASB Statement No. 45). For all other termination benefits, the provisions of this Statement are effective for periods beginning after June 15, 2005.

The City has not fully determined the effect that implementation of Statements No. 42-47 will have on the City's financial statements.

F. Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's Investment Policy. City cash is required to be deposited in FDIC-insured banks located within the State of Texas. A pooled cash and investment strategy is utilized which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. As of September 30, 2005, the City's investment portfolio did not contain any derivative products nor was it leveraged in any way, except as noted in the Fire and Police Pension Fund. For a listing of authorized investments, see Note 3.

The City, CPS, and SAWS account for and report investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The Fire and Police Pension Plan and the Fire and Police Health Care Fund report investments at fair value in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The City's policy with respect to money market investments, which had a remaining maturity of one year or less at the time of purchase, is to report those investments at amortized cost, which approximates fair value. Amortization of premium or accretion of discount is recorded over the term of the investments.

For purposes of the statement of cash flows, the City, SAWS, and CPS consider all highly liquid investments with an original maturity of approximately ninety days or less to be cash equivalents.

G. Materials and Supplies and Prepaid Items

Materials and supplies consist principally of expendable items held for consumption and are stated at cost, based on first-in, first-out and lower of average cost or market methods. For governmental and proprietary fund types, the "consumption" method is used to account for materials and supplies. Under the consumption method, these acquisitions are recorded in material and supply accounts and charged as expenditures (governmental fund types) or expenses (proprietary fund types) when used.

Prepaid items are goods and services that are paid for in advance. These payments reflect costs applicable to future accounting periods, and are recorded in both government-wide and fund financial statements. Using the consumption method, prepaid items are charged as expenditures for governmental funds and as expenses for proprietary funds as the goods or services are used.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation

Primary Government (City)

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets recorded under capital leases are recorded at the present value of future minimum lease payments. Depreciation on all exhaustible capital assets of the City is charged as an expense with accumulated depreciation being reported on the Statement of Net Assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. With the implementation of GASB Statement No. 34, the City has established capitalization thresholds for infrastructure and machinery and equipment that includes computer equipment. All infrastructure assets are reported in the financial statements, and the estimated useful lives and capitalization thresholds applied are as follows:

Assets	Useful Life Years	Capitalization Threshold
Buildings	15-40	\$ 100
Improvements (Other than buildings)	20-40	100
Machinery and Equipment	2-20	5
Furniture and Office Equipment	5-10	5
Infrastructure	15-100	250

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

City Public Service (CPS)

The CPS utility plant is stated at the cost of construction, including costs of contracted services, direct equipment, material and labor, indirect costs, including general engineering, labor, equipment, material overheads, and an allowance for funds used during construction (AFUDC). CPS computes AFUDC using rates that approximate the cost of borrowed funds or the short-term investment rate for other funds used for construction. AFUDC is applied to projects estimated to require 30 days or more to complete.

CPS computes depreciation using the straight-line method over the estimated service lives of the depreciable property using specifically identified service lives for each asset type. In 2003, a depreciation study was conducted to determine if existing depreciation rates remained applicable to the depreciable property groups. New rates were applied beginning in 2003. Total depreciation and depletion as a percentage of total depreciable assets net of nuclear fuel was 3.4% for both 2005 and 2004.

CPS amortizes its share of nuclear fuel for the South Texas Project (STP) to fuel expense on a unit-of-production method. Under the Nuclear Waste Policy Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. CPS is charged a fee for disposal of spent nuclear fuel, which is based upon CPS' share of the STP generation that is available for sale to CPS customers. The charge is included in fuel expense monthly. For further discussion regarding the STP, see Note 10.

The estimated useful lives of capital assets are as follows:

Buildings and structures	15-60 years
Systems and improvements:	
Generation	8-45 years
Transmission and distribution	20-55 years
Gas	50-65 years
Machinery and equipment	4-30 years
Lignite mineral rights and other	20-40 years
Nuclear fuel	1-2 years

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS)

The SAWS' capital assets in service are recorded on the unit cost equal to or greater than \$1. Assets acquired through capital leases are recorded on the cost basis and are included in utility plant in service. Assets acquired through contributions, such as those from land developers, are capitalized and recorded in the plant accounts at estimated fair value at date of donation. SAWS capitalizes certain interest costs on revenue bonds and commercial paper associated with newly constructed utility plant additions. Maintenance, repairs, and minor renewals are charged to operating expense, while major plant replacements are capitalized.

SAWS' capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains. Groups of mains are depreciated on the straight-line method using rates estimated to fully depreciate the costs of the asset group over their estimated average useful lives. The table below shows estimated average useful lives used in providing for depreciation of the SAWS' capital assets:

Structures and improvements	50 years
Pumping and purification equipment	10-50 years
Distribution and transmission system	25-50 years
Collection system	50 years
Treatment facilities	25 years
Equipment and machinery	5-20 years
Furniture and fixtures	10 years
Computer equipment	5 years
Software	3 years

I. General Bonded Debt Service

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. Amounts estimated to be required for debt service on general bonded debt are provided by allocated property taxes, interest earned within the Debt Service Fund, and transfers from other funds.

J. Compensated Absences

In the governmental fund financial statements, the City accrues annual leave and associated employee-related costs when matured (payable from available resources) for City non-uniformed employees and uniformed fire and police employees. In addition, the City accrues the matured portion of the City's uniformed fire and police employees accrued sick leave pay, holiday pay, and bonus pay. Compensatory time is also accrued for the matured portion of the City's non-uniformed, non-exempt employees as well as uniformed police officers.

For governmental fund types, the matured current portion of the liability resulting from the accrual of these compensated absences is recorded in the respective governmental fund and reported in the fund financial statements, while the entire vested liability is reported in the government-wide financials. The current and long-term portions of the liability related to proprietary fund types are accounted for in the respective proprietary fund.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Insurance

Activity for the City’s self-insurance programs is recorded in the Internal Service Funds. Assets and obligations related to property and casualty liability, employee health benefits, workers’ compensation, unemployment compensation, extended sick leave, and employee wellness are included.

The City is insured for property and casualty liability. As of the fiscal year end, Allianz Insurance Company and RSUI Indemnity Company insured the City’s property, while the State National Insurance Company provided excess liability coverage. Related liabilities are accrued based on the City’s estimates of the aggregate liability for claims made and claims incurred but not reported prior to the end of the fiscal year.

The City also provides employee health, workers’ compensation, and unemployment benefits under its self-insured programs. The City is a member of the Texas Municipal League Workers’ Compensation Joint Insurance Fund and uses this fund as a mechanism for administering workers’ compensation claims for employees that occurred prior to September 30, 1986. Workers’ compensation claims that occurred after October 1, 1986 are administered by third-party administrators. In addition, the City has excess workers’ compensation coverage through the State National Insurance Company, as of September 30, 2005. The City records all workers’ compensation loss contingencies, including claims incurred but not reported.

Employee health benefit liabilities are determined and accrued based upon the City’s estimates of aggregate liabilities for unpaid benefits. Regarding unemployment compensation, the City is subject to the State of Texas Employment Commission Act. Under this act, the City’s method for providing unemployment compensation is to reimburse the State for claims paid by the State.

All insurance carriers providing coverage for the City are required to possess an A.M. Best Company rating of A- or better; where A- denotes “Excellent.” A.M. Best is an industry recognized rating service for insurance companies. For a more detailed explanation of the City’s self-insurance programs, see Note 12.

L. Fund Equity

Reservations of fund equity represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund equity represent tentative plans identified by management and are subject to change. Designations are utilized in the City’s governmental funds for amounts that have been designated for subsequent years’ expenditures and amounts allocated to making future improvements and replacements. Such designations will be reflected on the fund financial statements.

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Revenue Recognition

Governmental fund types record revenues on the modified accrual basis of accounting and are reported as such in the fund financial statements. That is, revenues are recorded when they are both measurable and available to finance current operations or when they are considered susceptible to accrual. Revenues from property taxes, sales taxes, municipal court fines and fees, licenses, interest revenue, and charges for services are recorded on the modified accrual basis of accounting, and therefore, are considered susceptible to accrual. The City's availability period is no more than 60 days beyond the end of the fiscal year. When collections are delayed beyond the normal time of receipt due to unusual circumstances, the amounts involved are still recognized as revenues of the current period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by the provider have been met. Proprietary-type funds record revenues when earned. In the government-wide financial statements, all revenues are recorded when earned.

CPS revenues are recorded when earned. Customers' meters are read, and bills are rendered monthly. Rate schedules include fuel and gas cost adjustment clauses that permit recovery of fuel and gas costs in the month incurred. CPS reports fuel and distribution gas costs on the same basis as it recognizes revenue. SAWS revenues are recognized when earned under the accrual basis.

N. Allocation of Indirect Expenses

The City recovers indirect costs in the General Fund through the application of departmental indirect cost rates. These rates are developed and documented in the City's departmental indirect cost rate plan. In this plan, each department is classified by function. Indirect costs are budgeted by department and are used as a basis for the City's actual indirect cost allocation. Base rates are then applied to actual indirect costs recovered, and indirect costs are reclassified to reduce general government expenditures. For fiscal year 2005, general government expenditures were reduced by \$7,963, resulting in increased expenditures in other governmental functions and in business-type activities in the amounts of \$4,968 and \$2,995, respectively.

O. Nuclear Decommissioning

CPS, together with the other owners of the STP, filed with the Nuclear Regulatory Commission (NRC) a certificate of financial assurance for the decommissioning of the nuclear power plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1999, the owners conducted a review of decommissioning costs. The results estimated CPS' share of decommissioning costs at approximately \$311,000 in 1998 dollars. In 2004, the owners conducted an additional review of decommissioning, and results showed that CPS' share of decommissioning costs is now approximately \$397,000 in 2004 dollars.

In 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC regulations. The Decommissioning Trust assets and related liabilities are included in CPS' financial statements as a component unit. At December 31, 2004, CPS had accumulated approximately \$222,400 of decommissioning funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' Decommissioning Trust balance exceeded the calculated financial assurance amount of \$77,300 at December 31, 2004. Based upon the 1998 and 1994 decommissioning cost studies, the annual level funding into the trust of \$6,900 for 2005 was expensed by CPS.

(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 and debt issuance costs are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the funds in which proceeds of debt issuances are recorded.

Q. Elimination of Internal Activity

Eliminations of internal activity, particularly those related to internal service fund transactions, are needed to make the transition from governmental funds to government-wide activities. The overriding objective in “eliminating the effects of internal service fund activity” is to adjust the internal charges to cause a break-even result. Eliminating the “effect” of internal service fund activity requires the City to “look back” and adjust the internal service funds’ internal charges. Net income derived from internal service fund activity would cause a pro rata reduction in the charges made to the participating funds/functions. Conversely, an internal service fund net loss would require a pro rata increase in the amounts charged to the participating funds/functions. Therefore, eliminations made to the statement of activities remove the “doubling up” effect of internal service fund activity. The residual internal balances between the governmental and business-type activities are reported in the Statement of Net Assets and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports internal service fund balances in both governmental and business-type activities based on the pro rata share of the amounts charged to the participating funds/functions.

The City has three internal service funds: Other Internal Services, Information Technology Services, and Self-Insurance Funds. Other Internal Services and Information Technology Services charges users fees for requested goods or services. Building maintenance charges, a component of the Other Internal Services Fund, are based on the space occupied by departments. Through the tracking of these charges to the applicable departments, the net income or loss will be allocated back to the user department based on actual charges incurred.

The Self-Insurance Funds generate their revenues through fixed assessments charged to the various funds each year. The net income or loss generated by the Self-Insurance Funds is allocated back based on the same allocation by which the revenues are received.

R. Application of Restricted and Unrestricted Net Assets

The City may receive funding from an organization whose expenditure is restricted to certain allowable costs. In situations where both restricted and unrestricted net assets are expended to cover allowable expenses, the City will first expend the restricted net assets and cover additional costs with unrestricted net assets. The City reserves the right to selectively defer the use of restricted assets.

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(amounts are expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Other Budget Disclosures

Excess of expenditures, transfers, and encumbrances over appropriations occurred as follows:

Excess of Expenditures, Transfers, and Encumbrances Over Appropriations			
Fund/Expenditures	Appropriations	Expenditures, Transfers, and Encumbrances	Excess of Expenditures, Transfers, and Encumbrances over Appropriations
General Fund:			
Health Services	14,245	14,379	134
Economic Development and Opportunity	4,525	4,553	28
Debt Service Fund:	\$ 117,916	\$ 118,810	\$ 894
Special Revenue Funds:			
Stormwater Operations	\$ 22,005	\$ 28,413	\$ 6,408
Job Training, Neighborhood Revitalization and Economic Development	110	159	49
International Center	865	876	11
Capital Improvements Reserve	2,359	4,640	2,281
Nelson Wolff Stadium	667	703	36
Public Health Support Revenue	3,341	4,053	712
Official City Store	425	589	164
Permanent Funds:			
San Jose Burial	\$ 360	\$ 475	\$ 115

With the exception of the Public Health Support Revenue Fund, the excess expenditures over appropriations were fully offset by excess actual revenues or fund balances.

T. Prior Period Adjustments

SAWS' prior year net assets have been restated due to a reclass of 2002 stock dividends in the amount of \$96, settlement payment for a bankruptcy case in the amount of \$7, recording of a prior year payroll expense in the amount of \$26, recording of stock received from Principal Life and MetLife in the amount of \$4,708, and the correction of the capital assets beginning balance in the amount of \$296.

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(amounts are expressed in thousands)

2. PROPERTY TAXES

Property taxes are levied and due upon receipt on October 1, attached as an enforceable lien on property as of January 1, and become delinquent the following February 1. In fiscal year 1999, the City executed an inter-local agreement with the Bexar County Tax Assessor/Collector's Office to provide property tax billing and collection services at the same level of service to its citizens as previously provided by the City.

Property tax revenues are recognized when they become available, which means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property tax receivables, including related interest and penalty receivable, net of allowances for uncollectible amounts, represent amounts the City believes will ultimately be collected. Property tax receivable, net of allowances for uncollectible amounts, are offset by deferred revenues. The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable valuation (please note amounts are not reflected in thousands). The tax rate approved by City ordinance for the year ended September 30, 2005, was \$0.57854 per \$100 taxable valuation, which means that the City has a tax margin of \$1.92146 per \$100 taxable valuation (please note amounts are not reflected in thousands). This could raise an additional \$893,133 per year based on the net taxable valuation of \$46,481,975 before the limit is reached.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Primary Government (City)

City monies are deposited in demand accounts at the City's depository. The City utilizes a pooled cash and investment strategy with each fund's cash balance and pro rata share of highly liquid investments, including U.S. Treasury securities, U.S. government agency securities, and repurchase agreements with original maturities of ninety days or less, summarized by fund type and included in the combined Statement of Net Assets as Cash and Cash Equivalents. Overdrafts which result from a fund overdrawing its share of pooled cash are reported as inter-fund payables by the overdrawn fund and as inter-fund receivables of the General Fund.

Collateral is required for demand deposits and certificates of deposit at 100.0% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities, school districts, and district corporations. Collateral pledged for demand accounts and certificates of deposit is required to be held in the City's name in the custody of a third-party institution that customarily provides such custodial services.

Written custodial agreements are required which provide, among other things, that the collateral securities are held separate from the assets of the custodial banks. The City periodically determines that the collateral has a market value adequate to cover the deposits and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository with securities consisting of U.S. government or government agency or U.S. government guaranteed obligations held in book entry form by the Federal Reserve Bank in the City's name.

The City's investment portfolio is managed in accordance with its own Investment Policy and the Texas Public Funds Investment Act, as amended. Authorized investments include: demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, and repurchase agreements. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than ninety days. Each fund's pro rata share of these investments with original maturities greater than ninety days is combined with similar non-pooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities, and U.S. government agency securities, and are reported as investments in the combined statement of net assets, as of September 30, 2005.

The City accounts for and reports investments in accordance with the GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The City's policy with respect to money market investments that have a remaining maturity of one year or less at the time of purchase is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The decrease in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was \$167 for the year ended September 30, 2005. The City does not participate in external investment pools.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Exposure*, the following table and narrative addresses the interest rate risk exposure by investment type using the weighted average maturity (WAM) method, custodial credit risk, credit risk and concentration of credit risk. The City does not hold any foreign securities; therefore, foreign currency risk is not applicable.

A summary of the City's Cash and Cash Equivalents is provided at the conclusion of this note with a comparison to the Statement of Net Assets and Statement of Fiduciary Net Assets.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Primary Government (City) (Continued)

City Investments						
	Carrying 1	Fair 1				
	Amount	Value	Allocation ²	Rating ³	WAM	
U.S. Government Agency Securities	\$ 356,935	\$ 356,768	36.4%	AAA	.35 years	
U.S. Treasuries	379,436	379,436	38.8%	AAA	.24 years	
Money Market Mutual Fund	58,879	58,879	6.0%	AAA	N/A	
Repurchase Agreement	184,053	184,053	18.8%	N/A	N/A	
Total City Investments	\$ 979,303	\$ 979,136	100.0%			

1 The Carrying Amount and Fair Value include investments for the Starbright Industrial Development Corporation; Municipal Facilities Corporation, and Convention Center Hotel Finance Corporation which total \$178,960.
 2 The allocation is based on Fair Value
 3 Standard & Poors

Custodial Credit Risk (Deposits) – Collateral pledged for demand accounts and certificates of deposit is required to be held in the City's name in the custody of a third party institution that customarily provides such custodial services. The City periodically determines that the collateral has a market value adequate to cover the deposits and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository with securities consisting of U.S. government agency or securities held in book entry form by the Federal Reserve Bank in the City's name.

Custodial Credit Risk (Investments) – The City's investment securities are held at the City's depository bank's third party custodian, the Bank of New York in the City's name.

Interest Rate Risk – The City manages exposure to value losses resulting from rising interest rates by limiting the investment portfolio's weighted-average maturity to five years. Weighted-average maturity is defined as the weighted-average time to the return of a dollar of principal. It is used as an estimate of the interest rate risk of a fixed-income investment. The City invests in a money market mutual funds with 100.0% overnight liquidity. Additionally, the City entered into several repurchase agreements with 100.0% overnight liquidity for investment of certain bond proceeds. A weighted-average maturity in terms of years for the money market mutual funds and the repurchase agreements is not applicable.

Credit Risk – As of September 30, 2005, the City's investment portfolio with the exception of the repurchase agreement and the money market mutual fund investments, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank were rated Aaa by Moody's Investors Services and AAA by Standard & Poor's. The investments in the money market funds were rated Aaa by Moody's Investor Service and AAA by Standard & Poor's, and all repurchase agreements were over 100% collateralized with U.S. government agency securities. The City manages its exposure to credit risk by limiting its fixed income investments to a rating of "A" or better.

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to credit risk through diversification. As of September 30, 2005 the U.S. government agency securities allocation was as follows: Federal Home Loan Mortgage Corporation 18.6%, Federal National Mortgage Association 16.2%, and Federal Home Loan Bank 1.6 %.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Fire and Police Pension Fund

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Pension Fund are reported at fair value and include: corporate bonds; common stock; preferred stock; U.S. Treasury securities; U.S. government agency securities; notes, mortgages, hedge funds and contracts; and real estate. Equity and fixed income securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Notes, mortgages and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the trade date. Investments that do not have an established market are reported at estimated fair value. The Pension Fund's assets are invested as authorized by Texas state law. As of September 2005, the Pension Fund had the following investments:

	<u>2005</u>
Cash and short-term investments	\$ 98,847
Securities lending collateral-cash and cash equivalents:	
U.S. government agencies	11,214
Corporate Bonds	18,909
Common Stock	90,244
U.S. Treasury Bonds	28,264
GLOBAL equities	13,881
Corporate Bonds	78,780
Government and agency issues	201,868
Preferred Stock	622
Common Stock	853,687
Hedge Funds	161,968
Notes, mortgages, and contracts	81,912
Venture capital, partnerships, and other alternative investments	106,690
Real Estate	117,962
Total	<u>\$ 1,864,848</u>

Custodial Credit Risk (Deposits) - Cash and short term investments include demand deposits accounts, equity in pooled cash of the City, and short-term U.S. government and other investments. As of September 30, 2005, cash in demand deposit accounts and the pooled cash of the City were fully collateralized.

Custodial Credit Risk—(Investments) - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of September 30, 2005, the Pension Fund had investment in foreign currency in the amount of \$338 that were uninsured and uncollateralized.

Credit Risk - Using Standard and Poor's rating system for fixed-income securities as of September 30, 2005, 73.0% of the Pension Fund's bonds were rated AAA, 0.8% were rated AA, 6.6% were rated A, 3.5% were rated BBB, 3.7% were rated BB, 8.2% were rated B, 1.8% were rated below B, and 2.4% were not rated.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Fire and Police Pension Fund (Continued)

Interest Rate Risk - Only the fixed-income securities of the Pension Fund are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Total interest rate sensitive securities amount to \$267,130 and have a Weighted Average Maturity of 7.73 years. Securities that are subject to Interest Rate Risk are shown in the following table:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Corporate Bonds	\$ 72,710	7.54
Government Agencies	56,680	9.72
Government Bonds	54,935	5.99
Short Term Bills and Notes	26,689	0.23
Asset-Backed Securities	20,964	8.96
Government Mortgage-Backed Securities	17,146	16.68
Municipal/Provincial Bonds	10,736	4.8
Corporate Convertible Bonds	4,269	9.49
Non-Government Backed C.M.O.s	2,420	17.43
Commercial Mortgage-Backed	581	37.78
Total Interest Rate Sensitive Securities	<u>\$ 267,130</u>	
Portfolio Weighted Average Maturity		7.73

Foreign Currency Risk - The Pension Fund's investments include investments in stocks and bonds in foreign currency denominations. Stocks denominated in foreign currencies as of September 30, 2005 amounted to \$752 in cash and \$77,679 in common stock. Bonds denominated in foreign currencies amounted to \$65,031.

Stocks denominated in foreign currencies as of September 30, 2005 are as follows:

	<u>Cash</u>	<u>Common Stock</u>
Austrailian dollar	\$ 46	\$ 3,470
Swiss franc	18	5,159
Danish krone		939
Euro	287	26,808
British pound sterling	145	18,705
Hong Kong dollar	25	1,247
Japanese yen	106	18,192
Norwegian krone	1	861
Swedish krona	112	1,848
Singapore dollar	12	450
	<u>\$ 752</u>	<u>\$ 77,679</u>

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Fire and Police Pension Fund (Continued)

Bonds denominated in foreign currencies are as follows:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Values</u>
New South Wales TSY	Australian Dollar	05/01/12	\$ 4,064
New South Wales TSY	Australian Dollar	12/01/10	4,329
Queensland TSY CP	Australian Dollar	09/14/07	4,284
UK Treasury	British Pound Sterling	09/07/15	4,634
Canada Government	Canadian Dollar	06/01/11	5,257
Canada T-Bills	Canadian Dollar	01/26/06	10,647
Linsey Modern	Canadian Dollar	06/18/08	156
Rogers Cantel Mobi	Canadian Dollar	06/01/06	228
Germany (Fed Rep)	Euro	07/04/10	3,949
Germany (Fed Rep)	Euro	07/04/09	4,627
Germany (Fed Rep)	Euro	07/04/09	4,125
Ontario Provincial	New Zealand Dollar	06/16/15	2,139
New Zealand (Govt)	New Zealand Dollar	04/15/15	2,125
Poland (Rep Of)	Polish Zloty	06/24/08	8,336
Singapore Govt	Singapore Dollar	10/15/05	2,058
Singapore Govt	Singapore Dollar	03/01/07	1,756
Singapore Govt	Singapore Dollar	10/01/07	2,317
			\$ 65,031

Guaranteed Contract - One investment, a contract with Pacific Life Insurance Company, guarantees a return of the Lehman Brothers Aggregate Bond Index plus 15 basis points. The market value of this investment as of September 30, 2005, was \$81,912, which is approximately 5.0% of the invested assets of the fund at September 30, 2005. This investment, although not directly invested in bonds, is also sensitive to changes in interest rates and credit risk. The sensitivity and risk would be approximately the same as the index. As of September 30, 2005, the index had a weighted average maturity of seven years. 78.1% of the index is rated AAA, 4.9% of the index is rated AA, 8.8% is rated A and 8.3% is rated BBB.

Securities Lending - State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodial bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities are maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due, and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity of 27 days at September 30, 2005.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Fire and Police Pension Fund (Continued)

As of September 30, 2005, the Pension Fund had lending arrangements outstanding with a total market value of \$165,158 which were fully collateralized, with cash and securities. Of this amount, cash collateral of \$162,512 is recorded in the accompanying Statements of Plan Fiduciary Net Assets. Net income for the year ended September 30, 2005 under the securities lending arrangement was \$360.

The Pension Fund has only limited involvement with derivative and other structured financial instruments (as defined in GASB Technical Bulletin No. 94-1) and does not use them for trading purposes. The Pension Fund’s investment philosophy in bond portfolios has centered on using derivatives and other structured financial instruments only when comparable cash alternatives are not available. Specifically, the Pension Fund has used the following basic guidelines when entering into such transactions: (1) small allocations, (2) no use of leverage, (3) price floors, (4) short maturities to mitigate potential problems with liquidity, and (5) attention to credit risk of the issuer. The fair value of structured financial instruments held for the Pension Fund at September 30, 2005, was approximately \$2,420.

A summary of the Pension Fund’s Cash and Cash Equivalents is provided at the conclusion of this note with a comparison to the Statement of Fiduciary Net Assets

C. Fire and Police Retiree Health Care Fund

The Health Care Fund periodically participates in options and futures to hedge the value of a portion of its investments. Financial options and futures are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price on or before a specified expiration date. However, at September 30, 2005, there was no exposure to options or futures.

The Fire and Police Retiree Health Care Fund (Health Care Fund) Board of Trustees administers investments of the Fire and Police Retiree Health Care Fund, a blended component unit. Investments are reported at fair value, and short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments in Hedge Fund or Funds, real estate investment trusts and alternative investments are held in the form of Limited Partnership investments. The fair valuation of these investments is set by the Limited Partnerships and/or by independent appraisers.

The Health Care Fund’s assets are invested as authorized by the Investment Policy Statement and Guidelines of the San Antonio Fire and Police Retiree Health Care Fund, San Antonio (Investment Policy). The Health Care Fund utilizes an investment consultant to make recommendations as to the appropriate target portfolio weightings among the major assets classes (e.g. stocks, bonds, cash) within the fund. Additionally, the Health Care Fund has hired certain investment managers to exercise full discretionary authority as to all buy, hold and sell decisions for each security under management, subject to the guidelines as defined in the Investment Policy. All of the Health Care Fund’s assets are held by a custodian bank, Frost National Bank of San Antonio, Texas.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Fire and Police Retiree Health Care Fund (Continued)

Investments authorized by the Health Care Fund’s Investment Policy include U.S. equities, including common stocks, securities convertible into common stock, and open or closed-end mutual funds; international equity; certain fixed-income assets and alternative investments, including real estate, absolute return hedge funds and timber. The cash portion of the Health Care Fund will be invested in a short-term investment fund administered by the custodian bank, a Money Market Mutual Fund, or in individual permissible securities. The fair value of the Health Care Fund’s cash and investments at September 30, 2005 is \$164,808.

Cash	\$	535
Securities lending collateral-cash and cash equivalents		15,200
Cash equivalents and money market funds		11,325
U.S. Government and agency issues		3,545
Corporate Bonds		6,848
Common Stock		67,826
Bond mutual funds		10,665
Real estate investment trusts (REIT)		12,057
Mutual funds-Invest in Common stock		18,987
Hedge Fund of Funds		12,935
Alternative Investments		4,885
Total	\$	164,808

Custodial Credit Risk (Deposits) – The Health Care Fund’s deposits held with the custodian bank are insured up to \$100 by federal deposit insurance. Deposit balances over \$100 are not insured and are uncollateralized. There are no state regulations, however, which require the fund to maintain collateral for demand deposits not covered by federal deposit insurance. The bank balance of the Health Care Fund, which is exposed to custodial credit risk as of September 30, 2005, is \$712. The Health Care Fund does not have deposit or investment policies related to custodial credit risk as of September 30, 2005. The Health Care Fund is aware of these risks and monitors such risks as part of its day-to-day operations and through its daily dealings with the custodian bank.

Custodial Credit Risk (Investments) – The Health Care Fund’s investment securities, stocks, and bonds, are held at Frost National Bank’s third-party custodian, Bank of New York. All securities held for the Health Care Fund at the Bank of New York are in Frost Bank’s name, and Frost Bank tracks these securities as being held for the benefit of the Health Care Fund. Since the securities are not registered in the name of the Health Care Fund, are held by a counterparty, and are not insured, they are considered to be exposed to custodial credit risk. These investments are reported as follows, by investment type, as of September 30, 2005:

Government Bonds	\$	3,545
Corporate Bonds		6,848
Common Stock		67,826
Mutual Fund		18,987
Money Market Mutual Fund		11,325

Credit Risk – According to the Investment Policy of the Health Care Fund the average credit quality rating for the fixed-income portfolio will be at least “A.” Ninety percent of the securities must be rated BBB-/Baa3 or higher by a nationally recognized rating agency at time of purchase. For split-rated securities, the higher rating will be used in determining compliance with these guidelines. Credit quality ratings for investments with credit risk were AAA/Aaa for the Money Market Mutual Fund, AA- for Corporate Bonds, AAA for Bond Mutual Funds and U.S. Government and Agency Issues are not provided or required to have their rating disclosed.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Fire and Police Retiree Health Care Fund (Continued)

Concentration of Credit Risk – The Health Care Fund’s Investment Policy regarding concentration of credit risk for equities states that no more than 5.0% of any investment manager’s portfolio at cost and 8.0% at the market value shall be invested in the securities of any one company. Regarding fixed-income assets, no more than 10.0% of an investment manager’s bond portfolio at cost shall be invested in the securities of any one issuer. The policy further states there shall be no such limit on U.S. government securities, U.S. agency securities or government sponsored entities, U.S. agency mortgage-backed securities, or other sovereign issues rated “AAA” or “Aaa.” At year-end, the Health Care Fund did not have any investments in any one issuer that represented 5.0% or more of total investments.

Interest Rate Risk – The Health Care Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Health Care Fund is aware of this risk and has chosen to rely on the expert advice of professional money managers to manage its exposure to interest rate changes. The Weighted Average Maturity at September 30, 2005 is 7.99 years for Corporate Bonds, 24.62 years for U.S. Government and Agency issues and 6 years for Bond mutual funds. The respective fair value of each investment type is \$6,848, \$3,545 and \$10,665. The Money Market Mutual Fund had a fair value of \$11,324 at year-end and is payable on demand.

As of September 30, 2005, the Health Care Fund held a Collateralized Mortgage Obligation (CMO) position and mortgage-backed securities in the form of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and similar pass-through obligations. Because mortgage borrowers have the option of prepaying their mortgages, asset-backed securities such as mortgage pass-through securities issued by GNMA, FNMA, and FHLMC are considered to be highly sensitive investments. The overall return or yield on CMOs and asset-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although the Health Care Fund will receive the full amount of principal, if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost. The fair value of the CMO and mortgage-backed securities held by the Fund was approximately \$3,545 as of September 30, 2005.

Securities Lending - Securities Lending assets are reported at fair value. Investment Policy of the Health Care Fund and state statutes allow for securities lending transactions. The Health Care Fund entered into an agreement with its custodian bank in June 2003 to lend the Fund’s securities to one or more borrowers for a fee. It is the policy of the Health Care Fund and the custodian bank to require that collateral equal 100.0% of the loaned security’s market value plus accrued interest for domestic government or agency securities loaned and 102.0% of the loaned security’s market value plus accrued interest for approved, domestic non-government or agency securities loaned be maintained by the custodian bank. Collateral may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. If the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Health Care Fund may suffer a loss. Management of the Health Care Fund considers the possibility of such a loss to be remote. Cash collateral is invested in money market funds at September 30, 2005.

A summary of the Retiree Health Care Funds Cash and Cash equivalents is provided at the conclusion of this note with a comparison to the Statement of Fiduciary Funds.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS)

The investment policy of CPS, a major discretely presented component unit, is governed by state statute, local ordinance, and CPS Board Resolution and Policy. CPS' allowable investments include U.S. government or government agency or U.S. government guaranteed obligations, collateralized mortgage obligations issued by the U.S., fully secured certificates of deposit issued by a state, national bank, or savings bank domiciled in the State of Texas, direct repurchase agreements, reverse repurchase agreements, defined bankers acceptances and commercial paper, no-load money market mutual funds, and other types of specific secured or guaranteed investments.

CPS cash deposits at January 31, 2005, were entirely insured by federal depository insurance or collateralized by banks for the account of CPS. For deposits that were collateralized, the securities were U.S. government or government agency or U.S. government guaranteed obligations held in book entry form by the Federal Reserve Bank in CPS' name.

CPS' investments with a maturity date within one year of the purchase date are reported at amortized cost, which approximates fair value. Amortization of premium and accretion of discount are recorded over the terms of the investments that mature within one year. CPS investments with a maturity date of one year or longer from the purchase date are accounted for using fair value. Fair value is determined by using generally accepted financial reporting services and publications and approved dealers and brokers as necessary. The specific identification method is used to determine costs in computing gain or loss on sales of securities.

CPS' cash, cash equivalents, and investments can be separated by those that are directly managed by CPS, those managed through the Decommissioning Trust and those managed through the Employee Benefit Plans. For financial reporting purposes, cash, cash equivalents and investments managed directly by CPS have been consistently measured as the end of the applicable fiscal years as well as the results of the Decommissioning Trust and the Employee Benefit Plans. For fiscal year 2005, consolidation practices were modified whereby the results of the Decommissioning Trust and the Employee Benefit Plans were included as of their separately audited calendar year ends.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS) (Continued)

The following is a summary of CPS total Investments by types as well as detailed risk analysis and disclosures in accordance with GASB statement No 40. *Deposit and Investment Risk Disclosures*.

Summary of Investments by Type Fiscal Year Ending January 31, 2005	
<u>Total Investments By Category</u>	<u>2005</u>
CPS Investments:	
U.S. Treasuries, Government Agency Security & Money Market Funds	<u>\$ 1,020,104</u>
Decommissioning Trust:	
U.S. Treasuries, Government Agency Securities & Money Market Funds	<u>\$ 220,526</u>
Employee Benefit Plans	
Money Market Mutual Fund	20,442
Corporate Bonds	20,401
Common Stock	102,575
U.S. Treasury & Government Agency Securities	24,412
Global bonds	<u>9,147</u>
Total Employee Benefit Plans	<u>\$ 176,977</u>
Grand Total - All Investments	<u>\$ 1,417,607</u>

Cash equivalents and investments are exposed to interest rate risk, credit risk (including custodial credit risk and concentrations of credit risk), and foreign currency risk. Interest risk is the exposure to fair value losses arising from rising interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligations (will be unable to make timely principal and interest payments on the security). Foreign currency risk is the exposure to fair value losses arising from changes in exchange rates. Cash, cash equivalents, and fixed-income investments are also exposed to inflation, liquidity, political, legal, event, reinvestment, and timing (call) risk. Additionally, equity investments are exposed to political, legal, event and general economic risk. CPS identifies and manages all of these risks by following an appropriate investment oversight strategy, establishing and monitoring compliance with investment policies and procedures, and continual monitoring of prudent risk controls. All investments follow the “prudent person” concept.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS) (Continued)

CPS Direct Investments

In accordance with CPS' year end adoption of GASB Statement No. 40 the following table and narrative addresses interest rate risk exposure by investment type using the weighted average maturity (WAM) method, credit risk, and concentration of credit risk. Since CPS does not hold foreign instruments in its direct investments foreign currency risk is not applicable.

CPS Direct Investments						
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Allocation</u>	<u>Rating</u>	<u>WAM</u>	
U.S. Government Agency Securities	\$ 967,955	\$ 967,885	94.9%	AAA	.59 years	
U.S. Treasuries	7,980	7,980	0.8%	AAA	.22 years	
Money Market Mutual Fund	44,169	44,169	4.3%	AAA	N/A	
Total CPS Direct Investments	<u>\$ 1,020,104</u>	<u>\$ 1,020,034</u>	<u>100.0%</u>			

Interest Rate Risk - CPS manages exposure to fair value losses resulting from rising interest rates by limiting the portfolios weighted-average maturity to two years. Weighted-average maturity is defined as the weighted-average time to the return of a dollar of principal. It is used as an estimate of the interest rate risk of a fixed-income investment. CPS invests in money market mutual funds that have no fixed maturities. Accordingly, a weighted-average maturity in terms of years for money-market funds is not applicable.

Credit Risk - CPS manages exposure to credit risk by limiting its fixed income investments to a rating of "A" or better. As of January 31, 2005, CPS held no direct investments with a rating below AAA.

Concentration of Credit Risk - CPS manages exposure to credit risk through diversification and by limiting its investment in each government-sponsored entity to 50.0% and its investment in any other non-government issuer to 5.0% of the total fixed income portfolio. Investments in U.S. Government Agencies were allocated as follows: Federal Farm Credit Banks (FFCB) 3.8%; Federal Home Loan Bank (FHLB) 36.0%; Federal Home Loan Mortgage Corporation (FHLMC) 23.5%; and Federal National Mortgage Association (FNMA) 31.6%.

Decommissioning Trust - CPS' investments in the Decommissioning Trust are held by an independent trustee. Trust investments are limited to U.S. government or government agency or U.S. government guaranteed obligations by CPS Board Resolution and Policy, Trust Agreement, and State law. These investments are subject to market risk, and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded. Decommissioning Trust investments are reported at fair value.

The following table and narrative addresses interest rate risk exposure by investment type using the weighted average maturity (WAM) method, credit risk, and concentration of credit risk. Since the Decommissioning Trust does not hold foreign instruments, foreign currency risk is not applicable.

Decommissioning Trust Investments						
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Allocation</u>	<u>Rating</u>	<u>WAM</u>	
U.S. Government Agency Securities	\$ 206,088	\$ 206,088	93.5%	AAA	5.97 years	
U.S. Treasuries	8,935	8,935	4.1%	AAA	6.12 years	
Money Market Mutual Fund	5,503	5,503	2.4%	AAA	N/A	
Total Decommissioning Trust	<u>\$ 220,526</u>	<u>\$ 220,526</u>	<u>100.0%</u>			

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS) (Continued)

Interest Rate Risk - The Trust manages exposure to fair value losses resulting from rising interest rates by ensuring the total portfolio’s weighted-average maturities do not extend beyond the final decommissioning, which is currently scheduled for 2047. The Decommissioning Trust invests in money market mutual funds that have no fixed-income maturities. Accordingly, a weighted-average maturity in terms of years for money market funds is not applicable.

Credit Risk - The Trust manages its exposure to credit risk by limiting its fixed-income investments to a rating of “A” or better. As of this plan’s year-end, the Trust held no investments with a rating below AAA.

Concentration of Credit Risk - The Trust manages exposure to credit risk through diversification and by limiting its investment in each government-sponsored entity to 50.0% and its investment in any other non-government issuer to 5.0% of the total fixed income portfolio. Investments in U.S. government agencies were allocated as follows: FFCB 16.7%; FHLB 43.8%; FHLMC 6.2%; and FNMA 26.8%.

CPS Employee Benefit Plans - Investments in the Employee Benefit Plans are also held by an independent trustee. These investments are limited to those authorized by the plans’ Administrative Committees, the Trust Agreements, and State law. These investments are subject to market risk and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded. These investment policies follow the “prudent person” concept. CPS reports Employee Benefit Plan investments at fair value.

CPS employee benefit plans consist of three separate plans. The plans include the City Public Service of San Antonio Group Health Plan (the “Health Plan”), the Disability Income Plan (the “Disability Plan”) and the Life Insurance Plan (the “Life Plan”). The following tables and narrative address interest rate risk exposure by investment type using the weighted average maturity (WAM) method, credit risk, and concentration of credit risk.

	Weighted Average Maturity of Investments					
	Health Plan		Disability Plan		Life Plan	
	Fair Value	WAM	Fair Value	WAM	Fair Value	WAM
U.S. Treasuries and Government Agency						
Notes and Bonds	\$ 6,190	6.5 years	\$ 491	5.6 years	\$ 2,417	6.1 years
STRIPS					190	24.7 years
Collateralized Mortgage Obligations	4,191	6.0 years	110	5.2 years	2,786	5.1 years
Mortgage Pass-through Securities	4,295	2.9 years	140	2.3 years	2,096	2.5 years
Total U.S. Government Agency						
Securities	\$ 14,676		\$ 741		\$ 7,489	
Commercial Mortgage-backed Securities	\$ 1,347	7.2 years	\$ 79	8.4 years	\$ 375	8.9 years
Asset-backed Securities	2,259	3.9 years	140	.5 years	1,269	5.4 years
Corporate Bonds	12,572	.2 years	327	3.8 years	3,540	4.3 years
Foreign Bond Fund	6,679	NA			2,468	5.3 years
Money Market Mutual Funds	16,779		593	NA	3,180	NA
Total Employee Benefit Plans	\$ 54,312	3.4 years	\$ 1,880	3.0 years	\$ 18,321	6.4 years

Interest Rate Risk – The table above reflects each Employee Benefit Plans’ weighted average maturity (WAM) of the fixed-income classes. In accordance with its historical guidelines and investment policy the Administrative Committee manages exposure to fair value losses arising from rising interest rates by limiting the average maturity date of each manager’s portfolio to no more than ten years. Each Employee Benefit Plan invests in money market mutual funds that have no fixed maturities. Accordingly, a weighted average maturity in terms of years for money market mutual funds is not applicable.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS) (Continued)

Investments Allocated by Credit Rating						
Credit Rating	Health Plan		Disability Plan		Life Plan	
	Fair Value	Allocation	Fair Value	Allocation	Fair Value	Allocation
	Government	\$ 2,209	4.1%	\$ 226	12.0%	\$ 918
AAA	32,508	59.9%	1,327	70.6%	11,528	62.9%
AA	1,208	2.2%	55	2.9%	772	4.2%
A	5,074	9.3%	168	8.9%	2,295	12.5%
BBB	658	1.2%	104	5.6%	340	1.9%
Less than BBB	5,976	11.0%				
Navarro Investments, L.L.C.	6,679	12.3%			2,468	13.5%
Total Employee Benefit Plans	<u>\$ 54,312</u>	<u>100.0%</u>	<u>\$ 1,880</u>	<u>100.0%</u>	<u>\$ 18,321</u>	<u>100.0%</u>

Credit Risk - The table above presents the Employee Benefits Plans' percentage of fixed-income investments allocated by credit rating. In accordance with its historical guidelines and investment policy, the Administrative Committee manages exposure to credit risk by limiting investments rated below BBB to 7.5% of total fixed income investments. Excluding Navarro Investments, L.L.C. that were not evaluated as a fund by a rating agency, at December 31, 2004, investments with a rating below a BBB rating amounted to 11.0%. Policy constraints on less than BBB rated bonds will be reviewed in light of enhanced yields obtained during periods of low interest rates. Even though the Health Plan holds approximately 12.3% and the Life Plan holds approximately 13.5% of the fixed-income investments in funds that are not rated by a rating agency, the majority of the underlying securities are rated. Weighing the securities by market value (U.S. Dollars) and evaluating the corresponding rating of the underlying securities indicate that 1.9% of the investments are unrated or have a rating of less than BBB.

Fair Value of Issuer 5.0% or Greater						
Top Issuers	Health Plan		Disability Plan		Life Plan	
	Fair Value	Allocation	Fair Value	Allocation	Fair Value	Allocation
	AIM Short-Term Investment	\$ 16,669	30.7%	\$ 593	31.5%	\$ 3,180
FNMA	7,207	13.3%	202	10.8%	3,251	17.7%
Navarro Investments L.L.C.	6,679	12.3%			2,468	13.5%
FHLMC	4,327	8.0%	211	11.2%	2,081	11.4%

Concentration of Credit Risk - The table above presents the Employee Benefit Plans' fair values of investments by issuer representing 5.0% or more of the fixed-income investments. In accordance with historical guidelines and investment policy, the Administrative Committee has established maximum holdings of other than federal government issuers so that in the event of failure of any one issuer it would not affect the entire investment portfolio. Further, the Committee manages exposure to credit risk through diversification and by limiting the amount, which may be invested in any one corporate bond issuer to 10.0% of the corporate bond investment portfolio of each investment manager. There is no limit, which may be invested in U.S. Treasury securities, government-guaranteed, or government sponsored entity securities, other than the maximum of 50.0% in any one government-sponsored entity issuer.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. City Public Service (CPS) (Continued)

Foreign Currency Risk – The Health Plan and the Life Plan have \$6,679 and \$2,468, respectively, invested in the Navarro Investments L.L.C Foreign Bond Fund at December 31, 2004. The historical guidelines and new investment policy place a 6.5% of total investment portfolio limit on the amount, which may be invested, in foreign currency-denominated securities. The foreign currency risk is further mitigated by the investment guidelines in the fund.

A summary of the CPS Cash and Cash Equivalents is provided at the conclusion of this note with a comparison to the Statement of Net Assets.

E. San Antonio Water System (SAWS)

The investment policy of SAWS, a major discretely presented component unit, is governed by state statute, local ordinance, and their own respective written investment policy. SAWS is permitted by City Ordinance No. 75686 to invest in direct obligations of the United States or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by state and national banks domiciled in the State of Texas; defined bankers' acceptances and commercial paper; collateralized direct repurchase agreements; reverse repurchase agreements; no-load money market mutual funds; investment pools; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk and affect the value at which these investments are recorded.

Under the provisions of GASB Statement No. 31, SAWS reports money market investments with a remaining maturity at time of purchase of one year or less at amortized cost, which approximates fair values. The net decrease during fiscal year 2004 in the fair value of the money market investments with an original maturity of greater than one year was \$1,400. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at year-end was \$357.

Credit Risk (Deposit) - All funds are deposited at JP Morgan/Chase Bank One N.A., SAWS' general depository bank. The general depository agreement does not require that SAWS maintain an average monthly balance. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. The collateral pledged is being held by the Federal Reserve Bank of New York under SAWS' name on December 31, 2004. As of December 31, 2004, the bank balance of demand and savings account was \$9,583, and the reported amount was \$7,404, which includes \$191 of cash on hand.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

E. San Antonio Water System (SAWS) (Continued)

Credit Risk (Investment) - All investments, with the exception of those held in escrow, are in securities of the U.S. Treasury or Agencies of the United States and are held in safekeeping by the general depository bank, registered as accounts of SAWS. Funds held in escrow, are money market funds managed by Wachovia Bank and JP Morgan Chase/Bank One and are invested in U.S. Treasury obligations.

As of December 31, 2004, SAWS had the following investments and maturities:

Investments and Maturities						
Investment Type	Fair Value	Investment Maturities (in Days)				Reported Amount
		Less than 90	91 to 180	181 to 365	Greater Than 365	
U.S. Treasury Bills	\$ 27,876	\$ 6,396	\$ 13,295	\$ 8,185		\$ 27,892
U.S. Treasury Notes	69,735		5,540	50,836	13,359	69,853
U.S. Agency Discount Notes	91,994		4,874	87,120		92,125
U.S. Agency Coupon Notes	93,796		2,936	23,273	67,587	93,872
Money Market Funds:						
Wachovia Bank	7,877	7,877				7,877
JP Morgan Chase/Bank One	2,926	2,926				2,926
	<u>\$ 294,204</u>	<u>\$ 17,199</u>	<u>\$ 26,645</u>	<u>\$ 169,414</u>	<u>\$ 80,946</u>	<u>\$ 294,545</u>
Percentage of Portfolio	100%	6%	9%	58%	27%	

Interest Rate Risk - As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS investment policy limits its investment maturities to no more than five years. As indicated in the table above, more than half (73.0%) of SAWS' investment portfolio is invested in maturities less than one year.

Credit Risk - SAWS manages its exposure to credit risk by limiting its fixed-income investments to a rating of "A" or better. Investments in government sponsored entities such as Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank were rated Aaa by Moody's Investor Service and AAA by Standard & Poor's and Fitch's Ratings. The investments in money market funds were rated Aaa by Moody's Investor Service and AAA by Standard and Poor's.

Concentration of Credit Risk - There are no restrictions in SAWS' investment policy on the amount it may invest in any one issuer. Therefore, SAWS has invested more than five percent of its investments in government sponsored entities, in the form of discount or coupon notes. The percentage invested in each issuer as a percent of the total portfolio is as follows: 13.6% in the Federal Home Loan Bank, 10.0% in the Federal National Mortgage Association, and 37.8% in the Federal Home Loan Mortgage Corporation.

Pay-Fixed, Receive-Variable Interest Rate SWAP - Objective of the Interest Rate Swap: On March 27, 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas Water System subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the Series 2003 Bonds) issued in a variable interest rate mode. The Series 2003 bonds were issued to provide funds for the Capital Improvement program and to refund certain outstanding commercial paper notes. The swap was used to hedge interest rates on the series 2003 Bonds to a synthetic fixed rate that produced a lower expected interest rate cost to the SAWS than traditional long term fixed rate bonds.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

E. San Antonio Water System (SAWS) (Continued)

Terms, Fair Values, and Credit Risk - The terms, including the counterparty credit ratings of the outstanding swap, as of December 31, 2004, are included in the table below. The System’s swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500. The swap was structured to match the principal amortization structure and dates of the Series 2003 Bonds. The counterparty to the swap is Bear Stearns Financial Products, Inc. (“Bear Stearns”).

Related Bonds	Maturity	Counterparty	CP Rating by	Variable Rate	Fixed Rate	Market Value
			Moody's/S&P /Fitch	Received	Paid	
Series 2003	May 1, 2003	Bear Stearns	Aaa/ AAA/ AAA	BMA	4.18% \$	(3,125)

The combination of variable rate bonds and a floating-to-fixed swap create a synthetic fixed-rate issue for the SAWS. The synthetic fixed-rate protects against the potential of rising interest rates in conjunction with the SAWS Series 2003 Bonds issues in a weekly mode and achieves a lower fixed rate than in the traditional fixed rate bond market at the time of issuance.

Fair Value - The swap had a negative fair value as of December 31, 2004 of \$(3,125). This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipated future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk - As of December 31, 2004, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, Bear Stearns, was rated AAA by Fitch’s Ratings and Standard & Poor’s and Aaa by Moody’s Investor Service as of December 31, 2004. The swap agreement contains a collateral agreement with the counterparty. Collateralization of the fair value of the swap is required should Bear Stearns credit rating fall below the applicable thresholds in the agreement.

Basis Risk - SAWS is exposed to risk to the extent that the interest payments on its variable-rate bonds do not match the variable-rate payments received on the associated swap. SAWS mitigates this risk by (a) matching the notional amount and amortization schedule of the swap to the principal amount and amortization schedule of the Series 2003 Bonds, and (b) selecting an index for the variable-rate leg of the swap that is expected to match the interest rate resets on the Series 2003 Bonds over the life of the issue.

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

E. San Antonio Water System (SAWS) (Continued)

Termination Risk - SAWS may terminate for any reason. Bear Stearns may terminate a swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured, and Bears Stearns cannot terminate as long as the insurer does not fail to perform. If at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt - As of December 31, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same are below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Pay-Fixed, Receive-Variable Interest Rate Swap: Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments				
<u>Year</u>	<u>Variable-Rate Bonds</u>		<u>Interest Rate Swap, net</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2005	\$ 2,080	\$ 2,335	\$ 2,609	\$ 7,024
2006	2,170	2,293	2,562	7,025
2007	2,275	2,249	2,513	7,037
2008	2,375	2,203	2,462	7,040
2009	2,485	2,155	2,408	7,048
2010-2014	14,235	9,975	11,146	35,356
2015-2019	17,780	8,401	9,387	35,568
2020-2024	22,220	6,435	7,190	35,845
2025-2029	27,770	3,977	4,443	36,190
2030-2033	27,125	1,004	1,122	29,251
Total	<u>\$ 120,515</u>	<u>\$ 41,027</u>	<u>\$ 45,842</u>	<u>\$ 207,384</u>

Stock Investment - The demutualization of Metropolitan Life Insurance on April 7, 2000 made SAWS, a policyholder, eligible to receive compensation for the membership interest for the dental plan provided as a benefit for employees. The demutualization compensation consisted of a distribution of 7,567 shares of MetLife, Inc. Common Stock. On the date of issue, the stock was priced at \$14.25 per share for a total value of \$108.

On October 26, 2001, with the demutualization of Principal Financial Group, Inc. SAWS received compensation for the membership interest for the life insurance provided as a benefit for employees and retirees. The demutualization compensation consisted of a distribution of 134,652 shares of Principal Financial Group, Inc. Common Stock. On the date of issuance, the stock was priced at \$23.35 per share for a total value of \$3,144. These two stock transactions have been recorded on the financial records of SAWS and in accordance with GASB Statement No. 31, an unrealized gain has been recorded in the amount of \$1,060 for Principal Financial Group, Inc. and \$52 for Metlife, Inc.

A summary of the SAWS Cash and Cash equivalents is provided at the conclusion of this note with a comparison to the Statement of Net Assets.

(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

F. Summary of Cash and Cash Equivalents and Investments

A summary of cash and cash equivalents and investments are presented below as of year-end for the City, Fire and Police Pension, Retiree Health Care and its significant discretely presented Component Units, SAWS and CPS. The information is provided to give an indication of the proportionate amount of cash and investments held by each respective entity and to facilitate reconciliation to the statement of net assets.

Combined Cash, Cash Equivalents, and Investments			
	<u>City¹</u>	<u>SAWS²</u>	<u>CPS³</u>
Cash and Cash Equivalents	\$ 384,720	\$ 15,811	\$ 171,213
Security Lending Collateral			
Cash and Cash Equivalents	177,712		
Investments	2,720,373	300,364	1,417,607
Less: Investments with original maturities of less than ninety days included in cash and cash equivalents	<u>(242,931)</u>	<u>(8,407)</u>	<u>(163,369)</u>
Total	<u>\$ 3,039,874</u>	<u>\$ 307,768</u>	<u>\$ 1,425,451</u>
Totals from Statement of Net Assets and Statement of Fiduciary Net Assets			
	<u>City¹</u>	<u>SAWS²</u>	<u>CPS³</u>
Unrestricted:			
Cash and Cash Equivalents	\$ 362,098	\$ -	\$ 50,920
Security Lending Collateral	177,712		
Investments	2,288,370	43,542	258,406
Total Unrestricted	<u>2,828,180</u>	<u>43,542</u>	<u>309,326</u>
Restricted:			
Cash and Cash Equivalents	22,622	15,811	120,293
Investments	189,072	248,415	995,832
Total Restricted	<u>211,694</u>	<u>264,226</u>	<u>1,116,125</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 3,039,874</u>	<u>\$ 307,768</u>	<u>\$ 1,425,451</u>
¹ The following amounts were held by the City in a fiduciary capacity and are excluded from the Statement of net assets: Cash and Cash Equivalents of \$117,895; Security Lending Collateral- and Cash Equivalents of \$177,712; Investments of \$1,742,213. ² For the fiscal year ended December 31, 2004. ³ For the fiscal year ended January 31, 2005.			

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(amounts are expressed in thousands)

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

F. Summary of Cash and Cash Equivalents and Investments (Continued)

The composition of Cash and Cash Equivalents included in the financial statements for the City and its major discretely presented Component Units as of each respective year-end is presented below.

	City	SAWS ¹	CPS ²
Deposits with Financial Institutions	\$ 30,220	\$ 7,213	\$ 6,979
Investments with Original Maturities of Less than Ninety Days	242,931	8,407	163,369
Cash with Pension/Retiree Healthcare Fiscal Agents	111,195		
Cash with Other Financial Agents	24		735
Petty Cash Funds	169	191	130
Cash On Hand	181		
Total Cash and Cash Equivalents	<u>\$ 384,720</u>	<u>\$ 15,811</u>	<u>\$ 171,213</u>

¹ For the fiscal year ended December 31, 2004.
² For the fiscal year ended January 31, 2005.

Cash with fiscal agents of the Fire and Police Pension Fund of the City of San Antonio have been approved by the Fund’s Board of Directors and are invested as authorized by Texas State Statutes. Cash with fiscal agents of the Fire and Police Retiree Healthcare Fund of San Antonio have been approved by the Fund’s Board of Directors and are invested as authorized by the Investment Policy Statement and Guidelines of the San Antonio Fire and Police Retiree Health Care Fund, San Antonio.

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(amounts are expressed in thousands)

4. CAPITAL ASSETS

Capital asset activity for governmental activities, to include Internal Service Funds, for the year ended September 30, 2005, is as follows:

Capital Assets - Governmental Activities					
Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	\$ 1,259,362	\$ 8,780	\$ -	\$ -	\$ 1,268,142
Construction in Progress	645,521	82,119		(112,877)	614,763
Total Non-Depreciable Assets	<u>1,904,883</u>	<u>90,899</u>	<u>-</u>	<u>(112,877)</u>	<u>1,882,905</u>
Depreciable Assets:					
Buildings	387,826	1,155		7,856	396,837
Improvements	77,732			29,301	107,033
Infrastructure	1,979,118			75,720	2,054,838
Machinery and Equipment	198,101	27,401	(9,441)		216,061
Total Depreciable Assets	<u>2,642,777</u>	<u>28,556</u>	<u>(9,441)</u>	<u>112,877</u>	<u>2,774,769</u>
Accumulated Depreciation:					
Buildings	(167,176)	(1,377)			(168,553)
Improvements	(37,353)	(4,101)			(41,454)
Infrastructure	(1,190,224)	(68,412)			(1,258,636)
Machinery and Equipment	(105,278)	(22,944)	7,750		(120,472)
Total Accumulated Depreciation	<u>(1,500,031)</u>	<u>(96,834) ⁽¹⁾</u>	<u>7,750</u>		<u>(1,589,115)</u>
Total Depreciable Assets, net	<u>1,142,746</u>	<u>(68,278)</u>	<u>(1,691)</u>	<u>112,877</u>	<u>1,185,654</u>
Total Capital Assets, net ⁽²⁾	<u>\$ 3,047,629</u>	<u>\$ 22,621</u>	<u>\$ (1,691)</u>	<u>\$ -</u>	<u>\$ 3,068,559</u>
¹ Depreciation expense was charged to governmental functions as follows:					
General Government			\$ 6,323		
Public Safety			5,654		
Public Works			61,682		
Health Services			365		
Welfare			717		
Culture and Recreation			5,477		
Convention and Tourism			25		
Urban Redevelopment and Housing			4,240		
Depreciation on capital assets held by the City's internal service funds are charged to various functions based on asset usage			<u>12,351</u>		
Total Depreciation Expense for Governmental Activities			<u>\$ 96,834</u>		
² The capital assets of internal service funds are included in governmental activities. In fiscal year 2005, internal service funds capital assets increased by \$19,270, decreased by \$8,790, resulting in an ending balance of \$120,239. Depreciation expense of \$12,351 resulted in an ending accumulated depreciation balance of \$74,557, to arrive at net book value of \$45,682.					

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(amounts are expressed in thousands)

4. CAPITAL ASSETS (Continued)

The City capitalizes interest incurred on construction projects, in accordance with Statement of Accounting Standard No. 62 issued by the Financial Accounting Standards Board. In fiscal year 2005, the City capitalized construction period interest for the Aviation and Parking funds in the amount of \$1,258 and \$95, respectively. Capital asset activity for business-type activities for the year ended September 30, 2005, is as follows:

Capital Assets - Business-Type Activities				
	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Land:				
Aviation Fund	\$ 2,970	\$ -	\$ -	\$ 2,970
Parking Fund	8,125			8,125
Non-Major Fund	893			893
Total	<u>11,988</u>			<u>11,988</u>
Construction in Progress:				
Aviation Fund	107,750	19,224	(28,592)	98,382
Parking Fund	12,434	1,102	(10,207)	3,329
Non-Major Fund	436	162		598
Total	<u>120,620</u>	<u>20,488</u>	<u>(38,799)</u>	<u>102,309</u>
Total Non-Depreciable Assets	<u>132,608</u>	<u>20,488</u>	<u>(38,799)</u>	<u>114,297</u>
Depreciable Assets:				
Buildings:				
Aviation Fund	115,656	28,592		144,248
Parking Fund	18,985	10,207		29,192
Non-Major Fund	46			46
Total	<u>134,687</u>	<u>38,799</u>		<u>173,486</u>
Improvements:				
Aviation Fund	156,110			156,110
Parking Fund	1,283			1,283
Non-Major Fund	3,025			3,025
Total	<u>160,418</u>			<u>160,418</u>
Machinery and Equipment:				
Aviation Fund	10,299	587	(20)	10,866
Parking Fund	571	8		579
Non-Major Fund	3,743	296	(199)	3,840
Total	<u>14,613</u>	<u>891</u>	<u>(219)</u>	<u>15,285</u>
Total Depreciable Assets	<u>309,718</u>	<u>39,690</u>	<u>(219)</u>	<u>349,189</u>
Accumulated Depreciation:				
Buildings:				
Aviation Fund	(53,907)	(4,153)		(58,060)
Parking Fund	(8,412)	(736)		(9,148)
Non-Major Fund	(228)	(1)		(229)
Total	<u>(62,547)</u>	<u>(4,890)</u>		<u>(67,437)</u>
Improvements:				
Aviation Fund	(71,569)	(3,870)		(75,439)
Parking Fund	(478)	(41)		(519)
Non-Major Fund	(319)	(102)		(421)
Total	<u>(72,366)</u>	<u>(4,013)</u>		<u>(76,379)</u>
Machinery and Equipment:				
Aviation Fund	(7,718)	(851)	12	(8,557)
Parking Fund	(565)	(4)		(569)
Non-Major Fund	(2,736)	(267)	199	(2,804)
Total	<u>(11,019)</u>	<u>(1,122)</u>	<u>211</u>	<u>(11,930)</u>
Total Accumulated Depreciation	<u>(145,932)</u>	<u>(10,025)</u>	<u>211</u>	<u>(155,746)</u>
Total Depreciable Assets, net	<u>163,786</u>	<u>29,665</u>	<u>(8)</u>	<u>193,443</u>
Total Capital Assets, net	<u>\$ 296,394</u>	<u>\$ 50,153</u>	<u>\$ (38,807)</u>	<u>\$ 307,740</u>

(amounts are expressed in thousands)

4. CAPITAL ASSETS (Continued)

CPS and SAWS capitalize interest incurred on construction projects, in accordance with Statement of Accounting Standard No. 62 issued by the Financial Accounting Standards Board. CPS and SAWS capitalized construction period interest in the amount of \$2,427 and \$15,918, respectively. Capital asset activity for CPS and SAWS is as follows:

Capital Assets - City Public Service ¹				
	Beginning Balance	Increases	Decreases	Ending Balance
City Public Service:				
Non-Depreciable Assets:				
Land	\$ 55,196	\$ 1,286	-	\$ 56,482
Land held for future use				
Nonutility property - land	12,599			12,599
Construction in Progress	248,585	222,134	(290,125)	180,594
Total Non-Depreciable Assets	<u>316,380</u>	<u>223,420</u>	<u>(290,125)</u>	<u>249,675</u>
Depreciable Capital Assets:				
Utility Plant in Service	6,709,503	324,623	(28,726)	7,005,400
Utility Property Leased	18,785			18,785
Nuclear Fuel	302,379	16,933	(126)	319,186
Total Depreciable Assets	<u>7,030,667</u>	<u>341,556</u>	<u>(28,852)</u>	<u>7,343,371</u>
Accumulated Depreciation:				
Utility Plant in Service	(2,458,254)	(236,686)	32,021	(2,662,919)
Utility Property Leased	(336)			(336)
Nuclear Fuel	(266,893)	(16,904)		(283,797)
Total Accumulated Depreciation	<u>(2,725,483)</u>	<u>(253,590)</u>	<u>32,021</u>	<u>(2,947,052)</u>
Total Depreciable Assets, net	<u>4,305,184</u>	<u>87,966</u>	<u>3,169</u>	<u>4,396,319</u>
Total Capital Assets, net	<u>\$ 4,621,564</u>	<u>\$ 311,386</u>	<u>\$ (286,956)</u>	<u>\$ 4,645,994</u>

Capital Assets - San Antonio Water System ²				
	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
San Antonio Water System:				
Non-Depreciable Assets:				
Land	\$ 68,977	\$ 8,815	\$ (14,255)	\$ 63,537
Acquisition of Water Rights	18,077	725		18,802
Construction in Progress	428,226	224,216	(143,080)	509,362
Total Non-Depreciable Assets	<u>515,280</u>	<u>233,756</u>	<u>(157,335)</u>	<u>591,701</u>
Depreciable Assets:				
Utility Plant in Service	2,145,315	150,255	(2,068)	2,293,502
Machinery and Equipment	99,236	8,847	(5,031)	103,052
Total Depreciable Assets	<u>2,244,551</u>	<u>159,102</u>	<u>(7,099)</u>	<u>2,396,554</u>
Accumulated Depreciation:				
Utility Plant in Service	(683,594)	(53,092)	1,131	(735,555)
Machinery and Equipment	(60,098)	(7,554)	4,750	(62,902)
Total Accumulated Depreciation	<u>(743,692)</u>	<u>(60,646)</u>	<u>5,881</u>	<u>(798,457)</u>
Total Depreciable Assets, net	<u>1,500,859</u>	<u>98,456</u>	<u>(1,218)</u>	<u>1,598,097</u>
Total Capital Assets, net	<u>\$ 2,016,139</u>	<u>\$ 332,212</u>	<u>\$ (158,553)</u>	<u>\$ 2,189,798</u>

Beginning balances have been restated per SAWS December 31, 2004, CAFR

¹ For the fiscal year ended January 31, 2005

² For the fiscal year ended December 31, 2004

(amounts are expressed in thousands)

4. CAPITAL ASSETS (Continued)

Construction-in-progress relating to the Capital Assets is comprised of the following:

Construction-In-Progress: Assets-Governmental Activities				
	<u>Project Authorization</u>	<u>Expended to Sept. 30, 2005</u>	<u>Committed</u>	<u>Required Future Financing</u>
Buildings	\$ 56,761	\$ 26,023	\$ 30,738	None
Streets and Bridges	378,060	297,530	80,530	None
Storm Drainage and Flood Prevention	157,681	117,120	40,561	None
Improvements Other Than Buildings	420,885	174,090	246,795	None
Total	<u>\$ 1,013,387</u>	<u>\$ 614,763</u>	<u>\$ 398,624</u>	

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(amounts are expressed in thousands)

5. RECEIVABLES AND PAYABLES

A. Disaggregation of Receivables and Payables

Receivables

Net receivables at September 30, 2005, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Notes and Loans</u>	<u>Accrued Interest</u>	<u>Other</u>	<u>Total Net Receivables</u>
<u>Governmental Activities:</u>						
General Government	\$ 34,814	\$ 60,979	\$ -	\$ 3,430	\$ 680	\$ 99,903
Public Safety	23			88		111
Public Works	3,086			608		3,694
Health Services	9,321			4		9,325
Environmental Protection and Control	220			8		228
Culture and Recreation	544			355		899
Convention and Tourism	5,348			212		5,560
Urban Redevelopment and Housing	112			28		140
Welfare	17		5,347	23		5,387
Economic Development Opportunity	253			59		312
Total - Governmental Activities	<u>\$ 53,738</u>	<u>\$ 60,979</u>	<u>\$ 5,347</u>	<u>\$ 4,815</u>	<u>\$ 680</u>	<u>\$ 125,559</u>
<u>Business-Type Activities:</u>						
Airport System	\$ 2,366	\$ -	\$ -	\$ 75	\$ -	\$ 2,441
Parking Facilities	114			20		134
Non-Major Fund	4,177			19		4,196
Total - Business-Type Activities	<u>\$ 6,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 6,771</u>

The receivable balances for General Government, Public Health Services, Environmental Protection and Control, and Convention and Tourism have been reduced by the estimated allowance for doubtful accounts of \$17,132, \$19,898, \$15, \$79, respectively, and General Government Taxes of \$3,632. The receivable balance for Business-Type Activities has been reduced by the estimated allowance for doubtful accounts of \$440.

The only receivables not expected to be collected within one year are \$4,727 of notes and loans receivable in Welfare.

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(amounts are expressed in thousands)

5. RECEIVABLES AND PAYABLES (Continued)**A. Disaggregation of Receivables and Payables (Continued)****Payables**

Payables at September 30, 2005, were as follows:

	<u>Accounts</u>	<u>Accrued Payroll</u>	<u>Total Payables</u>
Governmental Activities:			
General Government	\$ 80,443	\$ 4,216	\$ 84,659
Public Safety	1,603	7,042	8,645
Public Works	14,437	690	15,127
Sanitation	1,282	764	2,046
Health Services	23	44	67
Culture and Recreation	3,033	941	3,974
Convention and Tourism	4,861	544	5,405
Urban Redevelopment and Housing	559	414	973
Welfare	9,097	870	9,967
Economic Development Opportunity	603	92	695
Total - Governmental Activities	<u><u>\$ 115,941</u></u>	<u><u>\$ 15,617</u></u>	<u><u>\$ 131,558</u></u>
Business-Type Activities:			
Airport System	\$ 7,320	\$ 487	\$ 7,807
Parking Facilities	532	109	641
Non-Major Fund	3,313	646	3,959
Total - Business-Type Activities	<u><u>\$ 11,165</u></u>	<u><u>\$ 1,242</u></u>	<u><u>\$ 12,407</u></u>

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(amounts are expressed in thousands)

5. RECEIVABLES AND PAYABLES (Continued)

B. Interfund Receivable and Payable Balances

The following is a summary of interfund receivables and payables for the City as of September 30, 2005:

Summary Table of Interfund Receivables and Payables		
As of September 30, 2005		
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Fiduciary Funds	\$ 700	\$ -
Nonmajor Governmental Funds	43,987	
Nonmajor Enterprise Fund		1,664
Total General Fund	<u>44,687</u>	<u>1,664</u>
Debt Service Funds:		
Nonmajor Governmental Funds	<u>1,539</u>	
Total Debt Service Funds	<u>1,539</u>	
Airport System Fund:		
Airport Operating Fund from the Airport I&C Fund	539	
Airport Debt Service Fund from the Airport I&C Fund	4,938	
Airport I&C Fund to the Airport Operating Fund		539
Airport I&C Fund to Airport Construction Fund		4,938
Nonmajor Governmental Funds	<u>2,228</u>	
Total Airport System Fund	<u>7,705</u>	<u>5,477</u>
Parking Fund:		
Parking Debt Service from Parking Operating	4,171	
Parking Debt Service from Parking Debt Service	641	
Parking Debt service from Parking Construction	33	
Parking Facilities from Parking Operating	2,724	
Parking Construction from Parking Debt Service	6,035	
Parking Operating to Parking Debt Service		4,171
Parking Debt Service to Parking Construction		6,035
Parking Debt Service to Parking Debt Service		641
Parking Construction to Parking Debt Service		33
Parking Operating to Parking Facilities		2,724
Nonmajor Governmental Funds		90
Total Parking Fund	<u>13,604</u>	<u>13,694</u>
Fiduciary Agency Funds:		
General Fund		700
Total Fiduciary Agency Funds		<u>700</u>
Internal Service Funds:		
Nonmajor Governmental Funds	353	
Internal Service Funds	<u>13,277</u>	<u>13,277</u>
Total Internal Service Funds	<u>13,630</u>	<u>13,277</u>
Nonmajor Governmental Funds:		
General Fund	1,664	43,987
Airport Fund		2,228
Debt Service Fund		1,539
Internal Service Funds		353
Parking Fund	90	10
Nonmajor Governmental Funds	<u>20,395</u>	<u>20,395</u>
Total Nonmajor Governmental Funds	<u>22,149</u>	<u>68,512</u>
Nonmajor Enterprise Fund:		
Nonmajor Governmental Funds	10	
Environmental Services Operating Fund from the I&C Fund	409	
Environmental Services I&C Fund to Operating Fund		409
Total Nonmajor Enterprise Fund	<u>419</u>	<u>409</u>
Total	<u>\$ 103,733</u>	<u>\$ 103,733</u>

(amounts are expressed in thousands)

5. RECEIVABLES AND PAYABLES (Continued)

B. Interfund Receivable and Payable Balances (Continued)

As of September 30, 2005, the balances represent short-term loans resulting from (1) timing differences between the dates that transactions are recorded in the accounting system and (2) short-term borrowings at year-end. Of the \$44,687 due from other funds in the General Fund, \$43,598 is a result of overdraws of pooled cash. All amounts are expected to be paid within one year.

6. LONG-TERM DEBT

A. Primary Government (City)

1. Governmental Activity Long-Term Debt

The City’s on-going capital improvement financing for infrastructure and “quality of life” purposes resulted in the issuance of additional indebtedness during fiscal year 2005. In April 2005, the City issued the following: \$116,170 in General Improvement Bonds and Refunding Bonds, Series 2005 and \$10,535 Combination Tax and Revenue Certificates of Obligations, Series 2005. The 2005 Obligations are payable from ad valorem taxes. The bonds are secured by a pledge of ad valorem taxes while the certificates are secured by a pledge of ad valorem taxes and revenues from certain revenues generating operations.

The net proceeds from the sale of the 2005 General Improvement Refunding Bonds, which included an original premium of \$9,031, were applied, together with a cash contribution from the City, to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2005 refunding, the City will realize a total reduction of \$10,430 in debt service payments. Through the transaction, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,680.

The General Improvement Bond, Series 2005 will be utilized to refund a portion of the City’s outstanding tax supported debt, fund capital improvements to include streets and pedestrian improvements; drainage improvements; park and recreation facilities improvements; library improvements; public health and safety improvements. The Series 2005 General Improvement Bonds are retired serially in the years 2010 through 2025 and bear interest rates ranging from 3.5% to 5.3%.

Proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 2005 will be utilized to fund capital improvements to include public safety, including constructing, renovating and improving existing fire stations; street, sidewalk, bridge, and drainage improvements; improvements and renovations to existing municipal facilities; acquiring, constructing, and renovating park facilities; constructing improvements for flood control, dams, landscaping, amenities along the San Antonio River; the purchase of materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street, parks, and public works purposes; and professional services related to the construction and financing of the aforementioned projects. The certificates are retired serially in the years 2005 through 2025 and bear interest rates ranging from 4.0% to 5.3%.

In May 2005, the City issued \$2,900 Taxable Combination Tax and Revenue Certificates of Obligation, Series 2005A. The certificates will be utilized to fund Alamodome improvement projects. The series 2005A certificates are retired serially in the year 2007 and bear the interest rate 4.6%.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Additionally in April 2005, the City issued \$61,060 of Municipal Drainage Utility System Revenue Bonds, Series 2005. Delivery of the bonds occurred on April 15, 2005. Pursuant to authority conferred by the Municipal Drainage Utility System Act, the City Council adopted an ordinance in 1997 declaring the drainage of the City to be a public utility, enabling the City to bill, along with other municipal utility system billings, a separate charge against lots and tracts of benefited property in the City for drainage services. Revenues are pledged to the payment of the Bonds to the extent and in the manner specified in the ordinance. The obligations bear interest ranging from 2.600% to 4.620% and will be retired in the years 2006 through 2030.

Proceeds of the 2005 Municipal Drainage Utility System Revenue Bonds will be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment, and facilities for the City's Municipal Drainage Utility System.

The City of San Antonio issued the following: \$129,930 Contract Revenue Empowerment Zone Bonds, Series 2005B for Texas Convention Center Hotel Finance Corporation. Hotel Investments, L.P. will be loaned the proceeds from the Series 2005 bonds by the Texas Convention Center Hotel Finance Corporation. Hotel Investments, L.P. will use the proceeds of the Series 2005 Bonds to finance a portion of the costs to design, develop, construct, equip, furnish, and open a full-service hotel. The bonds are secured by pledged Hotel Occupancy Tax revenues and are payable solely from payments made by the City sufficient to pay principal and interest on the bonds. As of September 30, 2005, the Texas Convention Center Hotel Finance Corporation Empowerment Zone Bonds and Contract Revenue Bonds outstanding balances are \$129,930 and \$78,215.

The Starbright Industrial Development Corporation was created to act on behalf of the City in the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and public welfare, including but not limited to the acquisition of land. The City of San Antonio, Starbright Industrial Development Corporation Contract Revenue Bonds, Series 2003 were issued to finance the acquisition and conveyance of land to Toyota Motor Manufacturing North America, Inc. for the construction of a training facility. The bonds are pledged by dedicated revenues transferred to the City by the City Public Service (CPS) Board and are payable solely from payments made by the City sufficient to pay principal and interest on the bonds. As of September 30, 2005, the Starbright Industrial Development Corporation contract Revenue Bonds outstanding totaled \$24,685.

Prior Years Defeased Debt

In preceding years, the City refunded, prior to maturity, certain General Obligation Bonds, Revenue Bonds, and Certificates of Obligation. The refunding bonds were utilized to purchase securities, which are direct obligations of United States of America (the Purchase Securities). The Purchased Securities plus cash were deposited into irrevocable escrow funds in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City, therefore, they are not included in the City's financial statements. On September 30, 2005, \$261,173 of previously defeased bonds were outstanding.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year ended September 30, 2005, for Governmental Activity Debt:

Governmental Activity Long-Term Debt (Ad Valorem Tax Pledge)							
Issue	Original Amount	Final Principal Payment ¹	Interest Rates (%) ¹	Balance Outstanding October 1, 2004	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2005
General Obligation Bonds¹							
1988 Refunding	\$ 132,978	2006	7.250-7.400	\$ 3,681	\$	\$ 1,946	\$ 1,735
1996	35,330	2005	5.100	1,585		1,585	
1996A Refunding	82,235	2016	4.800-6.000	49,750		3,510	46,240
1996B Refunding	6,030	2008	6.700	2,790		640	2,150
1998 Refunding	30,855	2018	4.500-5.000	26,715		9,325	17,390
1998 Forward Refunding	53,950	2008	5.500-6.000	20,755		2,960	17,795
1998A Refunding	47,955	2019	4.000-5.250	40,625		10,345	30,280
1999	12,000	2011	5.500	10,860		7,720	3,140
2000	27,565	2020	4.500-5.000	24,715		6,140	18,575
2000A	15,615	2021	5.250-5.375	14,680		7,045	7,635
2001	84,945	2022	3.000-5.250	83,370		35,160	48,210
2002 Forward Refunding	239,910	2013	5.000-5.250	200,525		22,185	178,340
2002	55,850	2023	3.000-5.500	51,565		2,025	49,540
2003	40,905	2014	2.750-5.000	34,290		2,275	32,015
2003A	55,710	2016	3.500-5.000	55,665			55,665
2004	33,570	2024	2.375-4.750	33,570			33,570
2005	116,170	2025	3.500-5.250		116,170		116,170
Subtotal	\$ 1,071,573			\$ 655,141	\$ 116,170	\$ 112,861	\$ 658,450
Tax-Exempt Certificates of Obligation							
Series 1996	\$ 8,415	2005	5.200	\$ 440	\$	\$ 440	\$ 0
Series 1996A	12,515	2006	4.650-4.750	1,125		550	575
Series 1998	4,315	2018	4.700-5.000	2,715		960	1,755
Series 1998A	36,535	2019	4.000-5.250	28,555		12,615	15,940
Series 1999	4,230	2011	5.750	3,830		2,720	1,110
Series 2000	8,490	2020	4.500-5.000	7,610		1,890	5,720
Series 2000A	8,810	2021	5.250-5.375	8,285		3,980	4,305
Series 2000C	6,415	2020	5.000-5.500	6,310		245	6,065
Series 2001	65,195	2014	4.000-5.250	58,490		4,810	53,680
Series 2002	69,930	2023	3.000-5.500	67,585		1,680	65,905
Series 2004	29,525	2024	2.000-5.000	29,525		440	29,085
Series 2005	10,535	2025	4.000-5.250		10,535		10,535
Subtotal	\$ 264,910			\$ 214,470	\$ 10,535	\$ 30,330	\$ 194,675
Taxable Certificates of Obligation							
Series 1996	\$ 6,160	2009	6.550-6.050	\$ 1,575	\$	\$ 275	\$ 1,300
Series 1996B	7,375	2008	6.8	1,345		305	1,040
Series 2000B	1,755	2021	7.450-7.550	1,660		50	1,610
Series 2005A	2,900	2007	4.61		2,900		2,900
Subtotal	\$ 18,190			\$ 4,580	\$ 2,900	\$ 630	\$ 6,850
Revenue Bonds²							
Series 1996 Occupancy Tax	\$ 182,012	2026	5.100-6.020	\$ 86,897	\$	\$	\$ 86,897
2003 Drainage	44,150	2028	3.500-5.000	43,115		1,065	42,050
2005 Drainage	61,060	2030	3.500-5.250		61,060		61,060
Series 2001 Municipal Facility Corp.	14,465	2020	3.800-5.200	12,870		570	12,300
Series 2004A	10,390	2029	5.000	10,390			10,390
Series 2004B	111,425	2020	2.000-5.000	111,425		800	110,625
Convention Center 2005A	129,930	2039	5.000		129,930		129,930
Convention Center 2005B	78,215	2028	4.500-5.310		78,215		78,215
Starbright Industrial Dev Corp	24,685	2033	2.180-5.110		24,685		24,685
Subtotal	\$ 656,332			\$ 264,697	\$ 293,890	\$ 2,435	\$ 556,152
Total	\$ 2,011,005			\$ 1,138,888	\$ 423,495	\$ 146,256	\$ 1,416,127

¹Accretion of interest on 1988 General Improvement Refunding Bonds for Fiscal Year 2005 has resulted in an increase of \$8,709 in General Obligation Bonds Payable.

¹This increase is reflected on the Statement of Net Assets but is not shown on above table.

²A portion of the Hotel Occupancy Tax Revenue Bonds, Series 1996 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS will accrete from date of delivery and will be payable only at maturity or redemption. Interest accreted through Fiscal Year 2005 has resulted in an increase of \$13,536 in Revenue Bonds Payable.

²This increase is reflected on the Statement of Net Assets but is not shown on above table.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation Bonds, Tax Exempt Commercial Paper, Certificates of Obligation, and Hotel Occupancy Tax Revenue Bonds outstanding as of September 30, 2005, are as follows:

Principal and Interest Requirements							
Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Revenue Bonds Hotel Occupancy Tax		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2006	\$ 44,850	\$ 37,146	\$ 11,900	\$ 9,600	\$ 4,385	\$ 26,975	\$ 134,856
2007	49,875	30,551	17,085	8,886	5,930	26,825	139,152
2008	53,370	28,037	16,370	8,112	6,665	26,621	139,175
2009	55,015	23,261	16,445	7,333	9,505	24,200	135,759
2010	59,055	20,958	15,340	6,609	12,630	23,878	138,470
2011-2015	214,995	68,478	70,910	21,018	53,043	113,756	542,200
2016-2020	123,725	29,878	32,610	9,482	81,744	102,064	379,503
2021-2025	57,565	4,789	20,865	1,928	118,880	77,650	281,677
2026-2030					116,050	47,720	163,770
2031-2035					92,180	24,802	116,982
2036-2039					55,140	7,056	62,196
Total	\$ 658,450	\$ 243,098 ¹	\$ 201,525	\$ 72,968	\$ 556,152 ²	\$ 501,547	\$ 2,233,740
<u>Total Principal & Interest Payable Within One Year</u>							
Principal	\$ 44,850		\$ 11,900		\$ 4,385		\$ 61,135
Interest	37,146		9,600		26,975		73,721
Total	\$ 81,996		\$ 21,500		\$ 31,360		\$ 134,856

¹ Accretion of interest on the 1998 General Improvement Bonds through the year ended September 30, 2005, has resulted in an increase of \$8,709 in General Obligation Bonds Payable. Total interest to be accreted is reflected in the interest portion of the above table.

² A portion of the Hotel Motel Occupancy Tax Revenue Bonds (Series 1996) was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from the date of delivery and will be payable only at maturity or redemption. The interest accreted through September 30, 2005, has resulted in an increase of \$13,536 in Revenue Bonds Payable. Total interest to be accreted is reflected in the interest portion of the above table.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Authorized But Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued	Bonds Authorized But Unissued
1-26-80 ¹	Drainage and Flood Control	\$ 21,637	\$ 17,413	\$ 4,224
1-26-80 ¹	Fire Protection	4,257	2,125	2,132
1-26-80 ¹	Libraries	4,978	3,926	1,052
1-26-80 ¹	Street, Bridge, and Related Improvements	43,287	34,035	9,252
5-07-94	Street Improvements	25,600	25,600	
5-07-94	Drainage Improvements	34,400	34,400	
5-07-94	Parks and Recreation	41,600	41,600	
5-01-99	Streets and Pedestrian Improvements	41,300	41,300	
5-01-99	Drainage	19,000	19,000	
5-01-99	Flood Control	12,200	12,200	
5-01-99	Parks and Recreation	24,200	24,200	
5-01-99	Library System	13,200	13,200	
5-01-99	Public Safety	30,300	30,300	
11-04-03 ²	Street & Pedestrian	29,398	18,828	10,570
11-04-03 ²	Drainage	18,913	15,492	3,421
11-04-03 ²	Parks and Recreation	27,224	24,522	2,702
11-04-03 ²	Library System	3,965	3,065	900
11-04-03 ²	Public Health & Safety	35,500	4,768	30,732
Total		<u>\$ 430,959</u>	<u>\$ 365,974</u>	<u>\$ 64,985</u>

¹ In addition to the debt authorized on May 1, 1999, and November 2003, the City has authority pursuant to an election held on January 26, 1980, to issue \$16,660 in bonds. The City does not currently intend to issue the bonds authorized in 1980.

² An additional \$115,000 was authorized November 4, 2003, of which \$48,325 remains to be issued.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year 2005 was \$51,824,208, which provides a debt ceiling of \$5,182,420. The total outstanding debt that is secured by an ad valorem tax pledge is \$872,090.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed \$2.50 for each one hundred dollars of assessed valuation of taxable property. There is no limitation within the \$2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from \$1.50 tax rate calculated at 90.0% collections.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Leases

The City leases property and equipment from others. Leased property having elements of ownership are recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when matured in the governmental fund financial statements. Total expenditures for operating leases for the fiscal year ended September 30, 2005, were approximately \$2,886.

The City has entered into various lease purchase agreements for the acquisition of computers, copiers, fire trucks, golf equipment, public works equipment, a high-capacity trailer, and a hazardous materials vehicle. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council.

The assets acquired through capital leases for governmental activities are as follows:

Asset:	
Machinery and Equipment	\$ 21,157
Less: Accumulated Depreciation	<u>(6,718)</u>
Total	<u><u>\$ 14,439</u></u>

As of September 30, 2005, the City (excluding discretely presented component units) had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

Leases - Governmental Activities			
	<u>Capital Leases</u>	<u>Operating Leases</u>	<u>Total</u>
Governmental Activities:			
Fiscal year ending September 30:			
2006	\$ 2,602	\$ 2,581	\$ 5,183
2007	2,153	1,457	3,610
2008	1,571	967	2,538
2009	771	943	1,714
2010	560	728	1,288
2011-2015		3,512	3,512
2016-2020		3,222	3,222
2021-2025		1,126	1,126
Future Minimum Lease Payments	<u>7,657</u>	<u>\$ 14,536</u>	<u>\$ 22,193</u>
Less: Interest	<u>(425)</u>		
Present Value of Future Minimum Lease Payments	7,232		
Less: Current Portion	<u>(2,406)</u>		
Capital Leases, net of current portion	<u><u>\$ 4,826</u></u>		

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Business-Type Long-Term Debt

Business-Type long-term debt applies to those City operations that relate to business and quasi-business activities where net income and capital maintenance are measured (Enterprise and Internal Service Funds). Long-term debt, which is to be repaid from proprietary funds resources, is reported in the respective proprietary fund. The long-term indebtedness of the City's Enterprise Funds is presented in the discussion that follows.

Airport System – The Airport System includes the City of San Antonio International Airport and Stinson Municipal Airport and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt is equally and ratably secured solely by a first lien on and pledge of the Gross Revenues of the Airport System. Gross Revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the System and its facilities.

On April 15, 2005, the City issued \$38,085 of System Revenue Improvement Bonds, Series 2005. Delivery of the bond occurred on May 24, 2005. The proceeds of the bonds will be utilized to acquire and construct improvements to the San Antonio International Airport. The bonds are special obligations of the City payable from gross revenues of the City's Airport System. Proceeds will be combined with a cash contribution from the City and used to refund other Airport System obligations. The bonds are retired serially in years 2006 to 2030 and bear interest rates ranging from 3.375% to 5.250%.

Parking System – The Parking System operation includes the ownership and operation of parking facilities, parking lots, parking meters, and retail/office space. Long-term debt is allocated to the Parking System on a pro-rata basis from proceeds received from the issuance of general obligation and certificate of obligation debt and is paid from revenues derived from the operation of the Parking System. This allocated debt is additionally secured by an ad valorem tax pledge. The bonds are payable from and secured by a first lien on and a pledge of the gross revenues derived from the ownership and operation of the City's Parking System.

Capitalized Interest Costs

Interest costs incurred on revenue bonds, general obligation bonds, and other borrowings totaled \$14,616. For fiscal year 2005, the amounts of \$1,258 and \$95 were capitalized for the Airport and Parking systems, respectively, as part of the cost of additions to the Airport and Parking systems.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Business-Type Long-Term Debt (Continued)

The following table is a summary of changes in revenue bonds, general obligation bonds, and tax-exempt certificates of obligation for the fiscal year ended September 30, 2005.

Business-Type Long-Term Debt							
Issues	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2004	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2005
<u>Airport System</u>							
Revenue Bonds:							
Series 1996	\$ 38,000	2014	5.700-5.750	\$ 18,325	\$ -	\$ 350	\$ 17,975
Series 2001	17,795	2016	5.375	17,795			17,795
Series 2002	92,470	2027	5.000-5.750	92,470		1,095	91,375
Series 2002 PFC	37,575	2027	4.000-5.750	35,995		845	35,150
Series 2003 Refunding	50,230	2013	5.500-6.000	46,360		4,080	42,280
Series 2003-A	8,175	2006	2.000-2.250	4,210		2,020	2,190
Series 2003-B	3,255	2009	2.300-3.000	3,255			3,255
Series 2005	38,085	2030	3.375-5.250		38,085		38,085
Subtotal	<u>\$ 285,585</u>			<u>\$ 218,410</u>	<u>\$ 38,085</u>	<u>\$ 8,390</u>	<u>\$ 248,105</u>
<u>Parking System</u>							
Revenue Bonds:							
Series 2000	\$ 24,845	2024	5.000-5.750	\$ 24,445	\$ -	\$ 450	\$ 23,995
General Obligation Bonds:							
Series 2004A Refunding	13,245	2016	1.400-4.650	13,245		1,130	12,115
Subtotal	<u>\$ 38,090</u>			<u>\$ 37,690</u>	<u>\$ -</u>	<u>\$ 1,580</u>	<u>\$ 36,110</u>
Total	<u><u>\$ 323,675</u></u>			<u><u>\$ 256,100</u></u>	<u><u>\$ 38,085</u></u>	<u><u>\$ 9,970</u></u>	<u><u>\$ 284,215</u></u>

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Business-Type Long-Term Debt (Continued)

The annual requirements to amortize long-term debt for the City’s Enterprise Funds related to revenue bonds, general obligations, and certificates of obligation outstanding at September 30, 2005, are as follows:

Business-Type Long-Term Debt						
Year End Sept. 30:	Airport System			Parking System		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 9,615	\$ 13,246	\$ 22,861	\$ 1,930	\$ 1,747	\$ 3,677
2007	9,605	12,819	22,424	1,720	1,692	3,412
2008	10,155	12,342	22,497	1,790	1,632	3,422
2009	11,595	11,831	23,426	1,950	1,565	3,515
2010	12,210	11,237	23,447	1,050	1,492	2,542
2011-2015	68,930	44,773	113,703	11,140	7,746	18,886
2016-2020	45,480	27,520	73,000	8,675	3,625	12,300
2021-2025	49,445	15,848	65,293	7,855	1,162	9,017
2026-2030	31,070	3,215	34,285			
Total	<u>\$ 248,105</u>	<u>\$ 152,831</u>	<u>\$ 400,936</u>	<u>\$ 36,110</u>	<u>\$ 20,661</u>	<u>\$ 56,771</u>

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Business-Type Long-Term Debt (Continued)

Leases

The City has entered into various lease purchase agreements for the acquisition of computers, copiers, fire trucks, golf equipment, public works equipment, a high-capacity trailer, and a hazardous materials vehicle. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council.

The assets acquired through capital leases for business-type activities are as follows:

Asset:	
Machinery and Equipment	\$ 709
Less: Accumulated Depreciation	<u>(375)</u>
Total	<u><u>\$ 334</u></u>

As of September 30, 2005, the City (excluding discretely presented component units) had future minimum payments under capital leases with a remaining term in excess of one year for business-type activities as follows:

Leases - Business-Type Activities: Nonmajor Enterprise Fund	
	Capital Leases
Proprietary Activities	
Fiscal year ending September 30:	
2006	\$ 156
2007	117
Future Minimum Lease Payments	<u>273</u>
Less: Interest	<u>(10)</u>
Present Value of Future Minimum Lease Payments	263
Less: Current Portion	<u>(148)</u>
Capital Leases, net of current portion	<u><u>\$ 115</u></u>

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Business-Type Long-Term Debt

Long-Term Obligations and Amounts Due Within One Year

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 655,141	\$ 116,170	\$ 112,861	\$ 658,450	\$ 44,850
Tax-Exempt Certificates of Obligation	214,470	10,535	30,330	194,675	11,900
Taxable Certificates of Obligation	4,580	2,900	630	6,850	
Revenue Bonds	264,697	293,890	2,435	556,152	4,385
	<u>1,138,888</u>	<u>423,495</u>	<u>146,256</u>	<u>1,416,127</u>	<u>61,135</u>
Unamortized (Discount)/Premium	40,343	12,904	3,448	49,799	3,766
Deferred Amount on Refunding	(15,863)	(5,058)	(7,082)	(13,839)	(6,538)
Total Bonds Payable	<u>1,163,368</u>	<u>431,341</u>	<u>142,622</u>	<u>1,452,087</u>	<u>58,363</u>
Other Liabilities:					
Accrued Arbitrage Rebate Payable	968	720		1,688	695
Capital Leases	7,126	3,236	3,130	7,232	2,406
Compensated Absences	121,536	57,059	49,942	128,653	46,029
Notes Payable		1,664	295	1,369	1,369
Total Other Liabilities	<u>129,630</u>	<u>62,679</u>	<u>53,367</u>	<u>138,942</u>	<u>50,499</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 1,292,998</u>	<u>\$ 494,020</u>	<u>\$ 195,989</u>	<u>\$ 1,591,029</u>	<u>\$ 108,862</u>
Business-Type Activities:					
Bond Payable:					
General Obligation Bonds	\$ 13,245	\$ 0	\$ 1,130	\$ 12,115	\$ 1,330
Revenue Bonds	242,855	38,085	8,840	272,100	10,215
	<u>256,100</u>	<u>38,085</u>	<u>9,970</u>	<u>284,215</u>	<u>11,545</u>
Unamortized (Discount)/Premium	1,984	1,310	282	3,012	
Deferred Amount on Refunding	(5,685)		(632)	(5,053)	
Total Bonds Payable	<u>252,399</u>	<u>39,395</u>	<u>9,620</u>	<u>282,174</u>	<u>11,545</u>
Other Payables:					
Aviation	3,084	1,453	2,972	1,565	1,565
Parking	519		512	7	7
Nonmajor Fund	1,051		21	1,030	200
Total Other Payables	<u>4,654</u>	<u>1,453</u>	<u>3,505</u>	<u>2,602</u>	<u>1,772</u>
Capital Leases-Nonmajor Fund	406		143	263	148
Compensated Absences	1,974	1,697	1,669	2,002	334
Total Other Liabilities	<u>7,034</u>	<u>3,150</u>	<u>5,317</u>	<u>4,867</u>	<u>2,254</u>
Total Business-Type Activities					
Long-term Liabilities	<u>\$ 259,433</u>	<u>\$ 42,545</u>	<u>\$ 14,937</u>	<u>\$ 287,041</u>	<u>\$ 13,799</u>

The accreted interest through Fiscal Year 2005 has resulted in an increase of \$13,536 in Hotel Tax Revenue Bonds Payable in governmental activities and an increase of \$8,709 in General Obligation Bonds Payable. The accreted interest in the amount of \$22,245 is reflected on the Statement of Net Assets, but is not reflected in this table.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Business-Type Long-Term Debt (Continued)

Compensated Absences

The following is a summary of compensated absences for the year ended September 30, 2005:

Governmental Activities					
<u>Fund Type</u>	<u>Short-Term Available</u>	<u>Short-Term Remaining</u>	<u>Total</u>		<u>Total</u>
			<u>Short-Term</u>	<u>Long-Term</u>	
Governmental Funds	\$ 6,292	\$ 39,532	\$ 45,824	\$ 81,600	\$ 127,424
Internal Service Funds		205	205	1,024	1,229
Total Governmental Activities	<u>\$ 6,292</u>	<u>\$ 39,737</u>	<u>\$ 46,029</u>	<u>\$ 82,624</u>	<u>\$ 128,653</u>

The General Fund, which houses approximately 65.0% of the City’s employees, has typically been used in prior years to liquidate the liability for compensated absences. However, the fund which liquidates compensated absences, is the same fund that the employee’s salary is charged to throughout the year.

Business-Type Activities			
<u>Fund</u>	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Airport	\$ 174	\$ 868	\$ 1,042
Parking	16	82	98
Non-Major Fund	144	718	862
Total Business-Type Activities	<u>\$ 334</u>	<u>\$ 1,668</u>	<u>\$ 2,002</u>

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Business-Type Long-Term Debt (Continued)

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable the San Antonio Industrial Development Authority, Health Facilities Development Corporation, and the Education Facilities Corporation (formerly known as Higher Education Authority), component units of the City, to provide financial assistance to various entities for the acquisition, construction, or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2005, there were 36 series of Industrial Revenue Bonds, 16 series of Health Facilities Development Bonds, and 13 series of Education Facility Revenue Bonds outstanding. The aggregate principal amount payable for the one series of Industrial Revenue Bonds, the one series of Health Facilities Development Bonds, and the four series Education Facility Revenue Bonds issued after October 1, 1997 was \$5,500, \$7,700, and \$60,940, respectively.

The City also facilitates the issuance of tax-exempt revenue bonds to enable the San Antonio Housing Finance Corporation to provide financing of residential developments for persons of low and moderate income. The bonds are secured by the property financed and are payable solely from and secured by a pledge of rental receipts. As of June 30, 2005, 27 series of tax-exempt revenue bonds were outstanding, with an aggregate principal amount payable of \$204,772 and an aggregate principal amount issued of \$224,775.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Facilities Airport Revenue Bonds, Series 1995 and Special Airport Facilities Revenue Refunding Bonds, Series 1999. The bonds are payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in-lieu of lease payments to the City. These payments are sufficient to pay when due the principal, premium, interest on, and purchase price of the bonds. The aggregate principal amount payable for the Special Facilities Airport Revenue Bonds, Series 1995 and for the Special Airport Facilities Revenue Refunding Bonds, Series 1999 at September 30, 2005, was \$0 and \$4,000, respectively.

Neither the City, the State of Texas, nor any political subdivision of the State of Texas, is obligated in any manner for repayment of the aforementioned bonds or loans. Accordingly, the bonds and loans are not reported as liabilities in the accompanying financial statements.

The City entered into an agreement with the Greater Kelly Development Authority (GKDA) to fund renovations at Kelly Air Force Base, in the amount of \$20,000. The funding for the loan is provided by the Department of Housing and Development (HUD) through a section 108 Loan. The loan is secured by pledged GKDA revenues and property and are payable solely from payments received by the GKDA. As of September 30, 2005, the aggregate amount of the outstanding loan totaled \$17,660.

B. City Public Service (CPS)

As of January 31, 2005, the Bond Ordinances for New Series Bonds issued on and after August 6, 1992, contain, among others, the following provisions:

Funds in CPS' General Account shall be pledged and appropriated to be used in the following priority: (a) for maintenance and operating expenses of the systems, (b) for payments of the New Series Bonds, (c) for the payment of any obligations inferior in lien to the New Series Bonds which may be issued, (d) for an amount equal to 6.0% of the gross revenues of the systems to be deposited in the Repair and Replacement Account, (e) for cash payments and benefits to the City not to exceed 14.0% of the gross revenues of the systems, and (f) any remaining net revenues in the General Account to the Repair and Replacement Account.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

The maximum amount in cash to be transferred or credited to the General Fund of the City from the net revenues of the systems during any fiscal year shall not exceed 14.0% of the gross revenues of the systems less the value of gas and electric services of the systems used by the City for municipal purposes and the amounts expended during the fiscal year for additions to the street lighting system. The percentage of gross revenues of the systems to be paid over or credited to the General Fund of the City each fiscal year shall be determined (within the 14.0% limitation) by the governing body of the City.

The net revenues of the systems are pledged to the payment of principal and interest on the New Series Bonds. All New Series Bonds and the interest thereon shall have a first lien upon the net revenues of the systems.

The City agrees that it will at all times maintain rates and charges for the sales of electric energy, gas, or other services furnished, provided, and supplied by the systems to the City and all other consumers that shall be reasonable and nondiscriminatory and that will produce income and revenues sufficient to pay:

- (a) all maintenance and operating expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502, as amended, Texas Government Code;
- (b) the interest on and principal of all New Series Bonds, as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the New Series Bonds;
- (c) the interest on and principal of the Prior Lien Bonds, including the Junior Lien Obligations and any Additional Junior Lien Obligations hereafter issued (all as defined in the New Series Bond Ordinances); as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the Junior Lien Obligations and any Additional Junior Lien Obligations;
- (d) to the extent the same are reasonably anticipated to be paid with available revenues (as defined in the ordinance authorizing the Commercial Paper), the interest on and principal of all Notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
- (e) a legal debt or obligation of the systems as and when the same shall become due.

Revenue Bonds

A summary of revenue bonds is as follows:

City Public Service Revenue Bonds		
Bond Series	Weighted-Average Interest Rate on Outstanding Bonds	2005
Tax Exempt New Series Bonds, 1992-2003; 2006-2021	5.0%	\$ 2,116,345
Taxable New Series		
Taxable New Series Bonds, 1998 & 2000; 2006-2021	6.7%	134,880
	5.1%	2,251,225
Tax-exempt Variable Rate Series Bonds, 2003, 2029-2033		410,000
Total Revenue Bonds outstanding		2,661,225
Less: Current maturities of bonds		127,255
Total Revenue Bonds, net of current maturities		<u>\$ 2,533,970</u>

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

Principal and interest amounts due for the next five years and thereafter to maturity are:

City Public Service Principal and Interest Requirements			
Year	Principal	Interest	Total
2006	\$ 127,255	\$ 127,008	\$ 254,263
2007	135,155	120,387	255,542
2008	142,155	113,407	255,562
2009	148,570	106,167	254,737
2010	154,790	98,485	253,275
2011-2015	824,195	360,383	1,184,578
2016-2020	657,315	165,914	823,229
2021-2025	101,790	44,013	145,803
2026-2030	220,000	27,693	247,693
2031-2033	150,000	5,640	155,640
Totals	<u>\$ 2,661,225</u>	<u>\$ 1,169,097</u>	<u>\$ 3,830,322</u>

In May 2003, CPS issued \$250,000 of variable rate Junior Lien Revenue Bonds. The bonds were issued initially in a weekly interest mode at par value. Of the proceeds, \$111,900 was issued to reimburse the Repair and Replacement Account for prior capital improvements. The mode for Junior Lien Revenue Bonds or any portion thereof may be converted to a different mode, or to an auction rate with an interest rate period of different duration, at the direction of the City. Following such a conversion, the Junior Lien Revenue Bonds or portion thereof, will bear interest at the corresponding daily rate, weekly rate auction rate, commercial paper rate, term rate, or fixed rate.

In June 2003, CPS entered into a Forward Delivery Bond Purchase Agreement to issue \$350,500 of New Series 2003 Refunding Bonds in November 2003. The bonds sold at a premium of \$37,600 were issued to refund \$375,500 of 1994-A New Series Bonds. The refunding transaction resulted in cash flow savings of \$32,900, which equated to a present value savings of \$24,000, or approximately 6.4% of the par amount of refunded bonds. This transaction resulted in a loss for accounting purposes of \$10,600, which has been deferred and will be amortized over the shorter of the life of the refunded or refunding bonds.

In July 2003, CPS issued \$93,900 of New Series 2003A Revenue Refunding Bonds. The bonds were sold at a premium of \$11,000 and were issued to advance refund \$24,400 of 1994-A New Series Bonds, and \$71,600 of 1995 New Series Bonds. The refunding transaction resulted in a cash flow savings of \$15,900, which equated to a present value savings of \$5,800, or 6.1% of the par amount of the refunded bonds. This transaction resulted in a loss for accounting purposes of \$7,900, which has been deferred and will be amortized over the shorter of the life of the refunded or refunding bonds.

In November 2004, CPS issued \$160,000 of variable-rate, Junior-Lien Revenue Bonds. The bonds were issued initially in a term mode at par value. Of the proceeds, approximately \$132,500 was issued to acquire an additional 300 megawatts of electric generating capacity in STP with the remaining proceeds to be used for system improvements and to pay costs and expenses relating to the issuance of the bonds.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

On March 9, 2005, CPS issued \$535,300 of tax-exempt New Series 2005 Bonds. Included were par amounts of \$294,600 of Revenue Refunding Bonds and \$240,700 of Revenue Bonds. The true interest cost of these bonds was approximately 4.5%. CPS expects to receive net proceeds of \$250,000 from the issuance of the Revenue Bonds. Proceeds will be used to partially fund Transmission, Electric Distribution, Information Technology & Communication, and General Property construction. The bonds to be refunded are expected to result in net present value (“NPV”) debt service savings of \$19,700, or approximately 6.7% of the par amount of the refunded bonds. Closing of the bond transaction is scheduled for April 13, 2005.

Long-Term Debt Activity							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance	Additions During Year	Decreases During Year	Balance
				Outstanding February 1, 2004			Outstanding January 31, 2005
Revenue and Refunding Bonds							
1992 Tax-exempt	\$ 700,805	2006	6.048	\$ 68,860	\$	\$ 31,985	\$ 36,875
1994-A Tax-exempt	684,700	2012	5.008	68,965			68,965
1994-C Tax-exempt	56,000	2006	5.008	42,710			42,710
1995 Tax-exempt	125,000	2007	5.500	14,800		3,500	11,300
1997 Tax-exempt	350,000	2020	5.738	169,715			169,715
1997 Tax-exempt	311,170	2014	5.509	103,055		340	102,715
1998A Tax-exempt	785,515	2021	4.918	619,030		36,065	582,965
1998B Taxable	99,615	2020	6.343	91,815		1,945	89,870
2000A Tax-exempt	170,770	2010	5.374	19,465		3,670	15,795
2000B Taxable	50,425	2021	7.403	46,495		1,485	45,010
2001 Tax-exempt	115,280	2011	3.843	106,430			106,430
2002 Tax-exempt	436,090	2017	4.055	436,090			436,090
2002 Tax-exempt	140,615	2020	4.751	140,615			140,615
2003 Tax-exempt Junior Lien	250,000	2033	Variable	250,000			250,000
2003A Tax-exempt	93,935	2014	3.675	93,935		4,165	89,770
2003 Tax-exempt	350,490	2013	3.081	350,490		38,090	312,400
2004 Tax-exempt Junior Lien	160,000	2027	Variable		160,000		160,000
				<u>2,622,470</u>	<u>160,000</u>	<u>121,245</u>	<u>2,661,225</u>
Less Bond current maturities				121,245	6,010		127,255
Less Bond discount/(premium)				(103,956)		(14,807)	(89,149)
Less Bond acquisition costs				<u>158,721</u>		<u>24,494</u>	<u>134,227</u>
Revenue Bonds, Net				<u>2,446,460</u>	<u>153,990</u>	<u>111,558</u>	<u>2,488,892</u>
Tax-Exempt Commercial Paper (TECP)				<u>350,000</u>			<u>350,000</u>
Long-term Debt, Net				<u>\$ 2,796,460</u>	<u>\$ 153,990</u>	<u>\$ 111,558</u>	<u>\$ 2,838,892</u>

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS)

On April 30, 1992, City Ordinance No. 75686 was adopted. This ordinance authorized the issuance of \$635,925 Water System Revenue Refunding Bonds, Series 1992, dated April 15, 1992. These bonds were issued to refund in advance of maturity \$253,065 Water Revenue Bonds authorized and outstanding under terms of City Ordinance No. 52091, \$330,125 of Sewer Revenue Bonds authorized and outstanding under terms of City Ordinance No. 51975, \$14,500 of other bonded debt of annexed water districts, and \$49,200 of Sewer System Commercial Paper. The purpose of this advance refunding was to release and discharge the covenants contained in City Ordinance No. 52091 and No. 51975 in order to permit the City to consolidate the operations of the water-related utilities.

The System – City Ordinance No. 75686 defines SAWS as all properties, facilities, plants owned, operated and maintained by the City and/or the Board of Trustees, for the supply, treatment, transmission, and distribution of treated potable water, chilled water and steam, for the collection and treatment of wastewater and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, and any other projects and programs of SAWS; however, the City retains the right to incorporate a stormwater system as provided by the Texas Local Government Code. See “Stormwater” below.

Funds Flow – City Ordinance No. 75686 requires that Gross Revenues of SAWS be applied in sequence to: (1) current maintenance and operating expenses including a two-month reserve based upon the budgeted amount of maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations; and (7) Transfers to the City’s General Fund and to the Renewal and Replacement Fund.

Reuse Contract – SAWS has a contract with City Public Service, the City owned electricity and gas utility, for the provision of reuse water. The revenues derived from the contract have been restricted in use to only reuse activities, and are excluded from the calculation of Gross Revenues, and are not included in any transfers to the City’s General Fund. Revenues derived from this contract were \$2,167 during the twelve months ended December 31, 2004.

SAWS is developing a recycled water system that will provide non-potable water to various customers now using Edwards Aquifer water. During the twelve months ended December 31, 2004, SAWS generated an additional \$2,669 in revenue from sales of recycled water. Revenue from recycled water sales is recorded as revenue of SAWS and has the same restrictions as the reuse contract.

Stormwater – In addition to the water related utilities which the Board has under its control, the City Council approved Ordinance No. 77949 on May 13, 1993, which established initial responsibilities over the Stormwater Program with the System and adopts a schedule of rates to be charged for stormwater services and programs. The Stormwater Program is deemed to not be a part of SAWS as the term is defined in City Ordinance No. 75686. Accordingly, operations of the Stormwater Program are not considered when determining compliance with debt covenants contained in City Ordinance 75686 or in calculating payments to be made to the City. In fiscal year 1997, the City Council placed the administrative responsibility with its own staff and entered into an interlocal agreement with SAWS for the provision of services related to certain water quality monitoring functions.

No Free Service – City Ordinance No. 75686 also provides for no free services except for municipal fire-fighting purposes.

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Revenue Bonds

On June 30, 2004, SAWS issued \$84,700 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2004. The proceeds from the sale of the Bonds were used to (i) provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging, and equipping SAWS, (ii) refund \$5,000 in outstanding commercial paper notes, and (iii) pay the cost of issuing the bonds. The bonds are secured together with other outstanding Senior Lien Obligations solely by a lien on and pledge of net revenues.

On July 7, 2004, SAWS issued \$10,635 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004 with the Texas Water Development Board. The Bonds were sold under the Federal Cross Cutter Program with interest rates ranging from 0.00% - 3.20%. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program (ii) refund \$4,800 in outstanding commercial paper notes, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate of outstanding Senior Lien Obligations.

On July 7, 2004, SAWS issued \$26,365 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A with the Texas Water Development Board. The bonds were sold under the State Revolving Fund (SRF) Program, with interest rates ranging from 0.75% - 4.20%. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, (ii) refund \$20,800 in outstanding commercial paper notes, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

All three issues resulted in the conversion of debt from short-term to long-term. As a result, there was no economic gain or loss associated with the refunding.

Senior Lien Water System Revenue Bonds, comprised of Series 1996, Series 1997, Series 1999, Series 2001, Series 2002, Series 2002-A, and Series 2004, outstanding in the amounts of \$822,860 at December 31, 2004, are collateralized by a senior lien and pledge of the Gross Revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining an operating reserve for operating and maintenance expenses. At December 31, 2004, these bonds are due in varying amounts, from a low of \$5,275 in 2033 to a high of \$62,485 in 2028.

Junior Lien Water System Revenue Bonds, comprised of Series 1999, Series 1999-A, Series 2001, Series 2001-A, Series 2002, Series 2002-A, Series 2003, Series 2004, and Series 2004-A outstanding in the amount of \$219,035 at December 31, 2004, are collateralized by a junior lien and pledge of the Gross Revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS maintaining an operating reserve for operating and maintenance expenses, and debt service on senior lien debt. At December 31, 2004, the Junior Lien bonds are due in varying amounts, from a low of \$3,120 in 2024 to a high of \$17,885 in 2019.

Subordinate Lien Water System Revenue Bonds, comprised of Series 2003-A and 2003-B, outstanding in the amount of \$120,515 at December 31, 2004, are collateralized by a subordinate lien and pledge of the Gross Revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS maintaining an operating reserve for operating and maintenance expenses, and debt service on senior lien and junior lien debt. At December 31, 2004, the Subordinate Lien bonds are due in varying amounts, from a low of \$2,080 in 2005 to a high of \$7,240 in 2033.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

Revenue bonds currently outstanding are as follows:

San Antonio Water System					
<u>Purpose</u>	<u>Interest Rates</u>		<u>Amount</u>		
Build, improve, extend, enlarge, and repair the System	0.00-6.25%		\$ 1,162,410		
The following summarizes transactions of the revenue bonds for the year ended December 31, 2004:					
	Beginning Balance Jan. 1, 2004	Additions	Reductions	Ending Balance Dec. 31, 2004	Due Within One Year
Bonds Payable	\$ 1,048,445	\$ 121,700	\$ 7,735	\$ 1,162,410	\$ 16,505
Deferred Amounts					
For issuance discounts/ premiums/losses	(29,802)		1,771	\$ (28,031)	
Total Bonds Payable, net	<u>\$ 1,018,643</u>	<u>\$ 121,700</u>	<u>\$ 9,506</u>	<u>\$ 1,134,379</u>	<u>\$ 16,505</u>

Annual debt service requirements are shown as follows:

San Antonio Water System Annual Debt Service Requirements Revenue Bonds						
<u>Year Ended December 31,</u>	<u>Subordinate Lien Revenue and Refunding Bonds</u>		<u>Junior Lien Revenue and Refunding Bonds</u>		<u>Senior Lien Revenue and Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,080	\$ 5,037	\$ 4,945	\$ 7,407	\$ 9,480	\$ 42,807
2006	2,170	4,951	5,100	7,247	15,145	42,178
2007	2,275	4,860	7,850	7,044	14,755	41,361
2008	2,375	4,765	8,085	6,796	18,705	40,475
2009	2,485	4,665	10,285	6,520	19,585	39,476
2010-2014	14,235	21,671	67,130	26,782	105,095	181,824
2015-2019	17,780	18,413	80,430	14,047	132,650	149,685
2020-2024	22,220	14,343	35,210	2,598	216,980	104,316
2025-2029	27,770	9,255			240,050	39,408
2030-2034	27,125	2,897			50,415	5,290
Total	<u>\$ 120,515</u>	<u>\$ 90,857</u>	<u>\$ 219,035</u>	<u>\$ 78,441</u>	<u>\$ 822,860</u>	<u>\$ 686,820</u>

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Capitalized Interest Costs

Interest costs incurred on revenue bonds and short-term commercial paper debt totaled \$55,851 during the twelve months ended December 31, 2004, of which \$15,918 was capitalized as part of the cost of SAWS' utility plant additions.

Leases

SAWS entered into various lease agreements for financing the acquisition of computer equipment and heavy equipment. These lease agreements meet the requirements of capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments as of the inception date. The annual percentage rate of the leases ranges from 5.5% to 7.5%. At the end of the respective lease terms, the ownership of the equipment transfers to SAWS or SAWS has the option to purchase the equipment. SAWS recorded capital leases related to computer equipment and heavy equipment in the amount of \$273.

The future minimum lease obligations as of December 31, 2004, are as follows:

San Antonio Water System Minimum Lease Obligation			
<u>Year Ending Decemeber 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2005	\$ 265	\$ 11	\$ 276
2006	8		8
Total	<u>\$ 273</u>	<u>\$ 11</u>	<u>\$ 284</u>

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6. LONG-TERM DEBT (Continued)

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Note Payable

During fiscal year 2000, a contract was entered into between SAWS and CPS whereby SAWS acquired water rights from certain CPS properties. A note was signed for 116 payments of \$40 at an interest rate of 7.5%. Total payments on this note are \$4,640 including interest. The liability as of December 31, 2004, is included in the statement of net assets for both the current portion of \$362 and long-term amount of \$1,380. The annual principal and interest requirements are as follows:

San Antonio Water System Principal and Interest Requirements			
Year Ending Decemeber 31	Principal	Interest	Total Annual Requirements
2005	\$ 362	\$ 118	\$ 480
2006	390	90	480
2007	420	60	480
2008	452	28	480
2009	118	2	120
Total	<u>\$ 1,742</u>	<u>\$ 298</u>	<u>\$ 2,040</u>

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(amounts are expressed in thousands)

7. COMMERCIAL PAPER PROGRAMS AND OTHER BORROWINGS

A. Primary Government (City)

Revolving Line of Credit

The City uses a revolving line of credit for the Housing Asset Recovery Program. The line of credit is used to preserve housing stock and to revitalize neighborhoods by renovating and rehabilitating property owned by the City that is acquired through various programs (i.e. flood buyouts, facilities expansion, etc.). The City intends to finance their repayment with the proceeds received from the sale of the renovated houses. The amount of the line of credit is \$1,250, of which \$301 was outstanding as of September 30, 2005.

Revolving Line of Credit			
Beginning Balance	Increases	Decreases	Ending Balance
\$ 301	\$ -	\$ -	\$ 301

B. City Public Service (CPS)

Commercial Paper

In 1988, the City Council adopted an ordinance authorizing the issuance of up to \$300,000 in Tax-Exempt Commercial Paper (TECP). This ordinance, as amended in June 1997, provides for funding to assist in the financing of eligible projects, in an aggregate amount not to exceed \$450,000. Eligible projects include fuel acquisition, capital improvements to the utility systems (the Systems), and refinancing or refunding any outstanding obligations that are secured by and payable from a lien on and/or a pledge of net revenues of the Systems. The program’s scheduled maximum maturities will not extend beyond November 1, 2028.

The TECP has been classified as long-term in accordance with the refinancing terms under a revolving credit agreement with a consortium of banks, which supports the commercial paper. Under the terms of the agreement, CPS may borrow up to an aggregate amount not to exceed \$350,000 for the purpose of paying principal due under the TECP. The credit agreement has a term of two years, currently extended until November 1, 2007, and may be renewed for additional periods.

To date, there have been no borrowings under the credit agreement. The TECP is secured by the net revenues of the Systems. Such pledge of net revenues is subordinate and inferior to the pledge securing payment of existing New Series Bonds and any to be issued in the future.

As of January 31, 2005, a summary of TECP is as follows:

TECP Outstanding	\$	350,000
Weighted-average interest rate of outstanding TECP, approximate		0.90%
Average life of outstanding TECP (approximate number of days)		70

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(amounts are expressed in thousands)

7. COMMERCIAL PAPER PROGRAMS AND OTHER BORROWINGS (Continued)

C. San Antonio Water System (SAWS)

Commercial Paper

SAWS maintains a Commercial Paper Program that is used to provide funds for the interim financing of a portion of capital improvements to the System.

On January 11, 2001, the City Council approved the expansion of the TECP Program (Tax Exempt Commercial Paper) from \$175,000 to \$350,000. The increase in the program provides interim financing for the increased level of future expenditures on water resource projects. Notes payable under the program cannot exceed maturities of 270 days and scheduled maturities of the short-term borrowing under the Commercial Paper Program may not extend past May 14, 2032.

The City has covenanted in the ordinance authorizing the Commercial Paper Program (the "Note Ordinance") to maintain at all times credit facilities with banks or other financial institutions that would provide available borrowing sufficient to pay the principal of the Commercial Paper Program. The credit facility is maintained under the terms of a revolving credit agreement.

To further support the issuance of the Commercial Paper Program, on June 2, 2001, the City entered into the agreements with the following participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Ramirez & Co., Inc.
- Revolving Credit Agreement with Bank of America, N.A.
- Issuing and Paying Agency Agreement with Bank One, National Association Chicago, Illinois.

The borrowings under the Commercial Paper Program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the Commercial Paper Program and (ii) borrowing under and pursuant to the revolving credit agreement.

Commercial paper notes of \$238,400 are outstanding as of December 31, 2004. The proceeds of the notes have been used solely for financing of capital improvements of SAWS. The tax-exempt commercial paper notes have been classified as long-term in accordance with the refinancing terms of the Credit Agreement, and since management intends to continue the remarketing of the tax-exempt commercial paper notes to maintain a portion of its debt in variable rates. Interest rates on the notes outstanding at year-end range from 1.7% to 1.9% and from 34 to 96 days in maturity. (The outstanding notes at December 31, 2004, had an average rate of 1.8% and averaged 67 days to maturity.)

The following summarizes transactions of the commercial paper program for the year ended December 31, 2004.

	Beginning Balance			Ending Balance	
	Jan. 1, 2004	Additions	Reductions	Dec. 31, 2004	Due Within One Year
Commercial Paper Notes	\$ 269,000	\$ -	\$ 30,600	\$ 238,400	\$ -

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS

A. General Plan Information

The City of San Antonio, SAWS, and CPS participate in several contributory retirement plans. These are funded plans covering substantially all full-time employees. Payroll and contribution information as of the year-end for each entity is presented below:

Contributory Pension and Retirement Plans						
<u>Entity</u>	<u>Title</u>	<u>Type of Plan</u>	<u>Covered Payroll</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Total Contributions</u>
City	Fire and Police Pension Fund	Single Employer Defined Benefit Plan	\$ 200,904	\$ 24,896	\$ 49,665	\$ 74,561
	Texas Municipal Retirement System (TMRS)	Non Traditional Hybrid Defined Benefit Agent Plan	\$ 205,876	\$ 12,325	\$ 25,131	\$ 37,456
Component Units:						
SAWS	¹ Texas Municipal Retirement System (TMRS)	Non Traditional Defined Contribution Agent Plan	Not Available	\$ 1,830	\$ 2,013	\$ 3,843
	² PMLIC Contract	Agent Multiple Employer Defined Benefit Plan	\$ 56,932	\$ -	\$ 3,486	\$ 3,486
CPS	³ CPS All Employees Plan	Single Employer Defined Benefit Plan	\$ 189,892	\$ 9,215	\$ 8,160	\$ 17,375
¹ Plan year ended December 31, 2004						
² Plan year ended December 31, 2004						
³ Fiscal year ended January 31, 2005						

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City)

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas. The City provides retirement benefits for all eligible full-time Fire and Police employees through the Pension Fund. Employees who terminate, having five to twenty years of service, may apply to receive a refund of their original contribution. Employees retiring who have served and contributed for twenty years or more shall, upon application to the Board of Trustees of the Pension Fund, receive a retirement pension based on the average of the employee's total salary, excluding overtime pay, for the highest three years of pay of the last five years of service. The retirement annuity for employees retiring after September 30, 2003, is computed at the rate of 2.3% of this average for each of the first twenty years of service, plus 4.5% of the member's average total salary for each of the next seven years, plus 3.0% of the member's average total salary for each of the next three years of service, plus 0.5% of the member's average total salary for each of the next four years of service, with fractional years of service prorated based on full months served as a contributing member. In applying the computation for a year, the year is considered to begin on the first day a contribution is made. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.5% of the member's average total salary.

An employee with twenty years and one month of actual service credit, may at the time of retirement elect a Backward Deferred Retirement Option Plan (Back DROP). The Back DROP election results in a lump sum payment equal to the number of full months of service elected by an employee that does not exceed the lesser of the number of months of service credit the employee had in excess of twenty years or thirty-six months and a reduced annuity payment.

There is also a provision for a thirteenth and fourteenth pension check. The Board may authorize the disbursement of a thirteenth monthly pension check if the yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. The Board may authorize a fourteenth monthly pension check if the yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five-year period by at least 300 basis points. The thirteenth and fourteenth pension checks are paid to each retiree and beneficiary receiving a pension at the time of the disbursement and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year).

If service is terminated by reason of death or disability, the employee's beneficiary or the employee shall be entitled to one-half of the average of the employee's total salary, excluding overtime pay, based on the same number of years of the member's pay as used to compute normal retirement benefits. If a member is killed in the line of duty, the member's surviving spouse and dependent children are entitled to a pension based upon actual base salary at time of death.

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 311 Roosevelt, San Antonio, Texas 78210-2700 or by calling (210) 534-3262.

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Contribution requirements of plan members and the City are established and may be amended by State statute. In the current year, the City contributed 24.64% of covered payroll, and employees contributed 12.32% of covered payroll. The employer's required contribution of \$49,665 and the employee's required contribution of \$24,896 were made to the Pension Fund. (See summary of contribution information at Part A of this footnote). New fire fighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. For the fiscal year ended September 30, 2005, the City does not begin matching contributions until the member has completed the probationary period (currently two months after a member becomes eligible). The City will match the contributions of new fire fighters and police officers during the probationary period beginning October 1, 2005.

Effective October 1, 2001, in addition to the changes for credited service and the fourteenth check as mentioned previously, other new provisions include allowing the surviving spouse of an active member to elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a Back DROP election made by a retiring member, increasing the maximum benefit for surviving spouses and dependent children equal to a 27-year pension, and increasing cost-of-living increases for all retirees who retired between August 30, 1971 and October 1, 1991.

Another important provision of the Pension Fund is the Cost of Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers – U.S. City Average (CPI) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, received an increase equal to 100.0% of the increase in the CPI. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1991, receive an increase equal to 100.0% of the increase in the CPI up to 8.0%, and 75.0% of the increase in the CPI in excess of 8.0%. Members whose retirement, disability, or death occurred after October 1, 1991, receive an increase equal to 75.0% of the increase in the CPI.

The Pension Fund's governing statute was amended by the Texas Legislature effective October 1, 2005. The major changes enacted during the 2005 legislative session are (i) administrative changes to permit the Board to operate more efficiently, (ii) providing for an election to be made by a service retiree to receive a reduced annuity during the retiree's lifetime to provide a death benefit annuity to the retiree's post-retirement surviving spouse, (iii) providing for an increased death benefit payment by the Fund to an active member's or retiree's estate if there is no named beneficiary, (iv) changing the threshold year for determining increases in annuities based on CPI increases from 1991 to 1993, (v) allowing the use of a participant's salary beyond 34 years of service for purposes of a Back DROP benefit calculation, and (vi) increasing the service allowed in determining the spouse Back DROP lump-sum from 27 to 30 years.

Texas Municipal Retirement System (TMRS)

The City provides benefits for all eligible employees (excluding firefighters and police officers) through a nontraditional, joint contributory, hybrid defined benefit plan in the TMRS. The TMRS is a statewide agent multiple-employer public employee retirement system created by law in 1948 to provide retirement and disability benefits to city employees. It is the opinion of the TMRS management that the plans in TMRS are substantially defined benefit plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

TMRS issues a publicly available financial report that includes financial information related to participating municipalities. The report may be obtained by writing to the TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or calling (512) 476-7577.

(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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 percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually, another type of monetary credit referred to as an updated service credit. This 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 salary for the last three years. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members are eligible to retire upon attaining the normal retirement age of 60 and above with five or more years of service or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after five years, but must leave accumulated contributions in the plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

The plan provisions and contribution requirements are adopted by the governing body of the City within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes.

Contribution requirements are actuarially determined by TMRS' actuary (See summary of TMRS Actuarial Assumptions and Methods in Part F of this footnote). The contribution rate for the City's employees is 6.0% and the matching percent is currently 12.5%, both as adopted by the governing body of the City. (See summary of contribution information in Part A of this footnote.) Under the state law governing TMRS, the Employer's Contribution rates are 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 finances the currently accruing monetary credits due to the City 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 the employee's retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's twenty-five year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased unfunded actuarial liability is being amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is amortized over a constant twenty-five year period as a level percent of payroll. Contributions are made monthly by both the employees and the City. All current year required contributions of the employees and the City were made to TMRS. Due to the fact that the City requires the contribution rates in advance for budget purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS)

SAWS' retirement program includes benefits provided by the Texas Municipal Retirement System, a contract with Principal Mutual Life Insurance Company, and Social Security.

Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of:

1. 20 Years of credited service regardless of age, or
2. 25 Years of credited service and at least age 50, or
3. 10 Years of credited service and at least age 60.

The normal retirement benefit is based upon two factors, average compensation and years of credited service. Average Compensation is defined as the monthly average of total compensation received for the three consecutive years ending December 31, out of the latest ten compensation years prior to normal retirement date which gives the highest average.

The normal retirement benefit under the Principal Mutual contract is equal to:

1. 1.2% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides death and disability benefits. The following information related to the Texas Municipal Retirement System and Principal Mutual Life Insurance has been prepared as of January 1, 2004.

Texas Municipal Retirement System (TMRS)

SAWS provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The TMRS was established in 1948 as a retirement and disability pension system for municipal employees in the State of Texas, and is administered in accordance with the Texas Municipal Retirement System Act. It is the opinion of the TMRS management that the plans in the TMRS are substantially defined benefit plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the SAWS-financed monetary credits, with interest. At the date the plan began, SAWS 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 (100.0%, 150.0%, and 200.0%) of the employee's accumulated contributions. In addition, SAWS may 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 SAWS matching percent had always been in existence and if the employee's salary had always been the average salary for 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.

Members can retire at age 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions and contribution requirements are adopted by SAWS within the options available in the state statutes governing TMRS and within the actuarial constraints contained also in the statutes.

Contribution requirements are actuarially determined by TMRS' actuary (see Summary of TMRS' Actuarial Assumptions and Methods in Part F of this footnote). The contribution rate for the employees is 3.0% of salary, and SAWS matching rate approximates 100.0% of the employee rate, both as adopted by the SAWS. Under the state law governing TMRS, SAWS' contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service cost 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 SAWS' matching percent, which are the obligation of SAWS 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 SAWS 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.

When SAWS periodically adopts updated service credits and increases the annuities in effect, the increased unfunded actuarial liability is to be amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is to be amortized over the twenty-five year period. The unit credit actuarial cost method is used for determining SAWS contribution rate.

Contributions are made monthly by both the employees and SAWS. Since SAWS needs to know its contribution rate in advance for budgetary purposes, 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. Significant assumptions used in the actuarial valuation of annual required contributions include a rate of return on the investment of present and future assets of 8.0% per year. Additionally, there is no need to project salary increases since the benefit credits earned for service to date are not dependent on future salaries. Likewise, inflation and cost-of-living adjustments are not accounted for in the actuarial study. Assets are valued at amortized cost.

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Principal Mutual Life Insurance Company

The contract with Principal Mutual Life Insurance Company (PMLIC) serves as a supplement to the TMRS and Social Security benefits. SAWS' covered payroll at January 1, 2004, under this contract was \$56,932.

SAWS provides supplemental pension benefits for all persons customarily employed at least 20 hours per week and five months per year through this defined benefit plan. Employees are eligible to participate in the plan on January 1 of the calendar year following date of hire. An employee covered by the plan may vest a portion of the plan benefits if termination occurs after sufficient years of service have been credited. The plan allows an employee to accrue vesting benefits as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

An employee is automatically 100.0% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

Benefits for retired employees are fully guaranteed at retirement. The pension plans unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities or pay administrative expenses charged by Principal Life Insurance Co. The plan provisions and contribution requirements are governed by SAWS, which may amend plan provisions and is responsible for the management of plan assets.

Significant assumptions used by PMLIC's actuary to compute the actuarially determined contribution requirements include: (a) a rate of return on the investment of present and future assets of 8.3% per year, and (b) a salary scale from Table S-5 of the Actuary's Pension Handbook, plus 3.4%.

The PMLIC contract funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. The actuarial cost method is known as the Entry Age Normal-Frozen Initial Liability Method. This method spreads the total cost of the projected pension benefits for each employee evenly from the date the employee is first eligible for the plan to the employee's assumed retirement date. As plan benefits are related to compensation, the cost is spread as a level percentage of compensation. The total of annual amounts for all employees combined is called the Normal Cost. The employee's Entry Age is determined as if the plan had always been in existence. Thus, as of the plan effective date, there are some accumulated Normal Costs for past years that have not been paid. The value of these costs is called the Frozen Initial Liability.

In subsequent years, the Frozen Initial Liability is reduced by employer deposits to the plan in excess of employer Normal Cost and interest requirements. This reduced amount is known as the Unfunded Frozen Initial Liability. Contribution requirements are established and may be amended by SAWS. Active members are not required to contribute to the plan. Any obligation with respect to the pension plan shall be paid by SAWS. The actuarial valuation, which was performed for the plan year ended December 31, 2003, reflects an unfunded frozen initial liability of \$10,643.

(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Principal Mutual Life Insurance Company (Continued)

The PMLIC issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Principal Life Insurance Company, Pension Diversified Retirement Services, Des Moines, Iowa 50392-0001 or by calling (515) 247-5111.

D. City Public Service (CPS)

All Employee Plan

The CPS Pension Plan is a self-administered, single-employer, defined-benefit contributory pension plan (Plan) covering substantially all employees who have completed one year of service. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service and to those employees who are ages 55 or older with at least 10 years of benefit service. Retirement benefits are based on length of service and compensation, and benefits are reduced for retirement before age 55 with 25 years or more of benefit service, or age 62 with less than 25 years of service.

The Plan and contribution requirements are sponsored by and may be amended by CPS, acting by and through the General Manager and Chief Executive Officer of CPS. The Plan assets are held in a separate trust that is annually audited and for which financial statements include historical trend information. Additional information may be obtained by writing the Employee Benefits Division of CPS, P.O. Box 1771, San Antonio, Texas 78296 or by calling (210) 978-2484.

Funding levels are established through annual actuarial evaluations and recommendations of an Administrative/Investment Committee, using both employee and employer contributions. Participating employees contribute 5.0% of their total compensation and are fully vested after completing seven years of credited service or at age 40. The balance of contributions made amounted to 4.3% and is the responsibility of CPS, considering actuarial information, budgetary compliance, and the need to amend the Plan with legal requirements. (See Summary of Contribution Information at Part A of this footnote.)

As calculated under GASB Statement No. 27, CPS' annual pension cost and net pension obligation for the fiscal year ended January 31, 2005, was \$8,694. The annual required contribution was determined as part of the January 1, 2004, actuarial valuation using (a) the five-year smoothed market method for asset valuation, (b) the projected unit credit for pension cost, and (c) the level dollar open for amortization. The remaining amortization period is 21.6 years and is calculated using the level dollar open amortization method.

Significant actuarial assumptions used for the January 1, 2004, actuarial valuation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases averaging 4.1%, and (c) post-retirement cost-of-living increases of 1.8%. The projected salary increases include an inflation rate of 3.5%.

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(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

E. Three-Year Trend Information

Trend information compares the annual required contribution to annual pension cost and the resultant net pension obligation as required by GASB Statement No. 27.

Three-Year Trend Information										
Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net Pension Obligation (NPO)	Adjustment To ARC	Annual Pension Cost (APC)	Contributions In relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation at Beginning of Year	Net Pension Obligation at End of Year	Percentage of APC Contributed
Fire and Police Pension-City of San Antonio	2003	\$ 45,008			\$ 45,008	\$ (45,008)				100%
	2004	48,038			48,038	(48,038)				100%
	2005	49,665			49,665	(49,665)				100%
TMRS-City of San Antonio	2003	\$ 22,684			\$ 22,684	\$ (22,684)				100%
	2004	23,062			23,062	(23,062)				100%
	2005	25,131			25,131	(25,131)				100%
CPS All Employee Plan ¹	2003	\$ 4,921			\$ 4,921	\$ (4,921)				100%
	2004	7,651			7,651	(7,651)				100%
	2005	8,694			8,694	(8,694)				100%
TMRS-SAWS ²	2002	\$ 1,772			\$ 1,772	\$ (1,772)				100%
	2003	1,905			1,905	(1,905)				100%
	2004	2,013			2,013	(2,013)				100%
PMLIC-SAWS ³	2002	\$ 2,857			\$ 2,857	\$ (2,857)				100%
	2003	3,324			3,324	(3,324)				100%
	2004	3,486			3,486	(3,486)				100%

¹ Fiscal year ended January 31, 2005
² Plan year ended December 31, 2004
³ Plan year ended December 31, 2004

F. Significant TMRS Actuarial Assumptions and Methods

Significant assumptions used in the actuarial valuation by the Texas Municipal Retirement System's (TMRS) actuary are provided in the table below for both the City and SAWS:

TMRS Actuarial Assumptions and Methods	
Investment Return-City	7%
Investment Return-SAWS	7%
Inflation Rate	None
Projected Salary Increases	None
Post Retirement Benefit Increases	None
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years – Open Period
Asset Valuation Method	Amortized Cost

Location of Schedules of Funding Progress

The Schedule of Funding Progress is located in the "Required Supplementary Information" section of this report. The schedules are designed to provide information about each entity's progress in accumulating sufficient assets to pay benefits due.

(amounts are expressed in thousands)

9. POSTEMPLOYMENT RETIREMENT BENEFITS

A. Primary Government (City)

In addition to the pension benefits discussed in Note 8, the City provides all their retired employees with certain health benefits under two postemployment benefit programs. The first program is a health insurance plan, which provides benefits for all non-uniformed City retirees, and for all, pre-October 1, 1989, uniformed (fire and police) retirees. Currently, there are 6,060 active civilian employees who may become eligible in the future. Employees become eligible for the program when they reach eligibility for the TMRS Pension Plan, discussed in Note 8. At September 30, 2005, there were 1,301 retirees participating in the program that covers eligible expenses at 80% after a deductible of \$250 (single)/\$500 (family) for non-Medicare and \$125/\$250 for Medicare retirees. The cost of the program is reviewed annually, and actuarially determined costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis shared on a targeted 67.0% City, 33.0% retiree cost allocation. Please note that the number of employees, retirees, and deductible amounts in this paragraph are not expressed in thousands. For retirees, total expenses for the year were \$9,788. For the year ended September 30, 2005, total contributions were as follows:

City	\$ 3,609
Employees	<u>2,672</u>
Total	<u>\$ 6,281</u>

The second postemployment benefit program of the City provides retirement health care benefits for eligible Fire and Police retirees under the Fire and Police Retiree Healthcare Fund (“Fund”). The Fund was originally established as a fund of the City pursuant to the respective Fire and Police collective bargaining agreements to provide postemployment health benefits for San Antonio Fire Fighters and Police Officers who retired on or after October 1, 1989. Effective October 1, 1997, the Fund was created as a separate and distinct statutory trust. The Fund is governed by a nine-member Board of Trustees comprised of the Mayor, two City Council members, two active police officers, two active fire fighters, a retiree representative of the Fire Department, and a retiree representative of the Police Department. The Board of Trustees is responsible for the investment of the assets of the Fund. Contribution and benefit levels are determined by the respective collective bargaining agreements with the Fire and Police Associations.

The benefits of this plan are financed on a prefunded basis. The City currently makes contributions on behalf of 3,400 active fire fighters and police officers who may be eligible for benefits under this plan in the future. The benefits of the plan are not available until the employee has completed twenty years of service, and the plan is currently providing benefits to 1,189 eligible retirees. The Program reimburses 80.0% of the amount of eligible claims for standard medical costs and 100.0% for hospitalization costs incurred by the retiree and their eligible dependents for Prefund II retirees. Please note the number of firefighters, police officers, and retirees in this section are not expressed in thousands. For the year ended September 30, 2005, total expenses for retired employees was \$13,626. Contribution levels from the current collective bargaining agreements between the City and the Fire and Police Associations, respectively, and total contributions to the Fund are summarized in the following tables. Additionally, for FY 2005, the City did not reduce its contribution to the Fund under the Fire Agreement to 8.5% of base pay plus longevity but rather maintained its contribution at 8.7 % of base plus longevity.

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(amounts are expressed in thousands)

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

A. Primary Government (City) (Continued)

Fire Agreement Contribution Levels			Police Agreement Contribution Levels		
Effective Date	City % of Base Pay Plus Longevity	Firefighter Per Month	Effective Date	City % of Base Pay Plus Longevity	Police Officer Per Month
June 1, 2002	8.92%	\$40	November 1, 2003	9.4%+\$20/member monthly	\$40
October 1, 2002	8.71%	\$50	April 1, 2004	9.4%+\$20/member monthly	\$50
October 1, 2003	8.51%	\$60	October 1, 2004	9.4%+\$20/member monthly	\$60
October 1, 2004	8.33%	\$70	April 1, 2005	9.4%+\$20/member monthly	\$70

Total Contributions to the Fund	
City	\$ 17,199
Employees and Retiree Dependent Premiums	3,264
Total Contributions	\$ 20,463

Historically, actuarial valuations have been performed periodically to determine the actuarial position of the Fund and whether the existing financing of the Fund can be reasonably expected to be adequate over a long period of time. Actuarial valuations over the past several years have indicated that contribution levels are not sufficient to amortize the unfunded liability. At the request of the Board of Trustees, the Fund’s consulting actuaries performed an actuarial valuation dated February 14, 2005, as of October 1, 2004. The results of the actuarial valuation were that, in the opinion of the actuary, the Fund will have a long-term inadequate financing arrangement if present health benefits are left unchanged and if the monthly contributions remain at the amounts of \$60 per month for October 2004 through March 2005, and \$70 per month from April 2005 through September 2006, per active participant for police employees and \$70 per month for active fire fighters for fiscal year 2004-2005. The actuary has also recommended that the contribution be increased to 22.2% of covered payroll in addition to the continuation of the specified monthly contributions.

While the results of the studies reflect that significant changes would be required in contribution levels if benefits remain unchanged, the actuarial reports also state that the Fund does not have a short-term financing problem. As of September 30, 2005, net assets available for postemployment benefits were \$147,554, while benefits payments for the fiscal year ended September 30, 2005, were \$13,626. As noted above, contribution and benefit levels are established pursuant to the collective bargaining agreements. The current agreement with the Fire Association will expire September 30, 2005, and has an evergreen clause through September 30, 2015. This agreement was negotiated prior to the issuance of the actuarial valuation indicating that contribution levels could not sufficiently amortize the unfunded liability; however, the agreement does contain a limited re-opener related to contributions to the Fund. The City is in discussions with the Fire Association regarding the limited re-opener under the current agreement.

(amounts are expressed in thousands)

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

A. Primary Government (City) (Continued)

The City approved an agreement in November of 2003 with the Police Association that will expire on September 30, 2006, and has an evergreen clause through September 30, 2016. This agreement with the Police Association increases both contributions by the City and active police officers over the term of the agreement. The agreement makes certain changes in benefits such as expanding the list of preventive services and for in-network and out-of-network pharmacy benefits with increased co-payments for drugs purchased at out-of-network pharmacies, which also became effective simultaneously under the Fire Contract. To coincide with the expiration of the City's current agreement with the Fire Association in September of 2005, the agreement with the Police Association also includes a re-opener on the benefits article in fiscal year 2005, which will allow the City to simultaneously work with both the Police and Fire Associations to continue to develop a comprehensive long-term solution for the Fund. The plan is based on a dual-track strategy of restructuring and redesigning the health benefits program and increasing City and employee contributions.

B. City Public Service (CPS)

CPS provides certain health care and life insurance benefits for retired employees. Most former CPS employees are eligible for these benefits upon retirement from CPS. Plan assets are held as part of CPS' Group Health and Life Insurance Plans and funding is from both participant and employer contributions determined by annual actuarial and in-house calculations. Retired employees contribute to the health plan in varying amounts depending upon an equity formula that considers age and years of service. The Plans may be amended by CPS. The annual cost of retiree health care and life insurance benefits funded by CPS is recognized as an expense of CPS as employer contributions are made to the programs.

These costs approximated \$4,900 for 2005. CPS reimbursed certain retirees and their spouses enrolled in Medicare Part B a percentage of the monthly premium, which totaled \$325 for fiscal year 2005.

Retired employees and covered dependents contributed \$2,200 for their health care and life insurance benefits in fiscal year 2005. There were approximately 2,386 retirees and covered dependents eligible for health care and life insurance benefits. Please note the number of retirees is not stated in thousands.

In view of the potential economic significance of these benefits, CPS has reviewed the present value of the postemployment benefit obligations for current retirees. The January 1, 2004, valuations are \$80,500 for health and \$21,800 for life insurance benefits. The actuarial analysis of the present value of postemployment benefit obligations for other participants fully eligible for benefits are estimated to be \$50,200 for health, \$6,000 for life insurance, and \$3,400 for disability benefits. CPS began partial accrual and funding of projected future benefits in 1992. Funding totaled \$5,200 in 2005. For the health care plan, the actuarial cost method used is the Projected Unit Credit Actuarial Cost Method. For the life insurance and disability plans, CPS uses a present value method to determine the cost of benefits.

Significant actuarial assumptions used in the calculations for the January 1, 2004, actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.0% per year for the health, life, and disability plans, (b) projected salary increases for the plans ranging from 4.5% to 12.0% depending on age, for base and other salaries, and (c) medical cost increases projected at 9.5% for 2005-2010 decreasing to 6.0% in 2011 and thereafter.

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(amounts are expressed in thousands)

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

C. San Antonio Water System (SAWS)

SAWS provides certain health care and life insurance benefits for retired employees. Substantially all full-time employees who retire from SAWS may become eligible for those benefits. On December 31, 2004, there were 468 retirees with life insurance and 480 retirees with medical coverage. Please note the numbers of retirees are not stated in thousands.

SAWS provides medical and life insurance for retirees and recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance. Premiums for medical insurance and life insurance amounted to \$4,034 and \$76, respectively, for January 1, 2004, through December 31, 2004. Those and similar benefits for active employees are provided through insurance companies.

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(amounts are expressed in thousands)

10. CPS SOUTH TEXAS PROJECT (STP)

Joint Operations

CPS is one of four participants in the STP, which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the project are Texas Genco, L.P., formerly known as Houston Lighting & Power and Reliant Energy, American Electric Power - Central Power and Light Company, and the City of Austin. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS' 28.0% ownership in the STP represents 700 megawatts of plant capacity. At January 31, 2005, CPS' investment in the STP utility plant was approximately \$1,700,000, net of accumulated depreciation. Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated, and the STP Nuclear Operating Company (STP OPCO), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STP OPCO.

CPS amortizes its share of nuclear fuel for the STP to fuel expense on a unit-of-production method. Under the Nuclear Waste Policy Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. CPS is charged a fee for disposal of spent nuclear fuel, which is based upon CPS' share of the STP generation that is available for sale to CPS customers. This charge is included in fuel expense monthly.

CPS has committed to acquire from AEP an additional 12% share of STP. This will increase ownership to 40.0% and will give CPS an additional 300 megawatts of plant capacity.

Nuclear Insurance

The Price-Anderson Act is a comprehensive statutory arrangement for providing limitations on liability and governmental indemnities with respect to nuclear accidents or events. The maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is \$100,600, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at \$10,000 per year per reactor for each nuclear incident. CPS and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests in STP. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the Nuclear Regulatory Commission (NRC), in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of \$300,000 for the nuclear industry as a whole, provides protection from nuclear-related claims.

NRC regulations require licensees of nuclear power plants to obtain on-site property damage insurance in a minimum amount of \$1,100,000. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition, so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

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(amounts are expressed in thousands)

10. CPS SOUTH TEXAS PROJECT (STP) (Continued)

Nuclear Insurance (Continued)

The owners of STP currently maintain \$2,800,000 of nuclear property insurance, which is above the legally required amount of \$1,100,000, but is less than the total amount available for such losses. The \$2,800,000 of nuclear property insurance consists of \$500,000 in primary property damage insurance and \$2,300,000 of excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). In the event that property losses as a result of an accident at the nuclear plant of any utility insured by NEIL exceed the accumulated funds available to NEIL, a retrospective assessment could occur. The maximum aggregate assessment under current policies for both primary and excess property damage insurance is \$25,500 during any one policy year.

Nuclear Decommissioning

CPS, together with the other owners of the STP, files with the NRC a certificate of financial assurance for the decommissioning of the nuclear power plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1995, the owners conducted a review of decommissioning costs. The results showed that CPS' share of decommissioning costs at approximately \$270,000 in 1994 dollars. In 1999, the owners conducted an additional review of decommissioning, and results estimated CPS' share of decommissioning costs are now approximately \$311,000 in 1998 dollars. In 2004, the owners conducted an additional review of decommissioning, and results showed that CPS' share of decommissioning costs are now approximately \$397,400 in 2004 dollars. Although there was an increase in decommissioning base costs from the 1998 study to the 2004 study, there was an offsetting decrease in applicable cost escalation assumptions. Therefore, CPS was able to decrease its minimum annual contribution requirement from \$15,900 in 2004 to \$6,900 in FY 2005. In fiscal year 2006, CPS expects to establish a funding level of approximately \$5,000.

In 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC's regulations. The Decommissioning Trust assets and related liabilities are included in CPS' financial statements as a component unit. At December 31, 2004, CPS has accumulated approximately \$222,400 of funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' trust balance exceeded the calculated financial assurance amounts of \$77,300 at December 31, 2004.

Based upon the 1998 and 1994 decommissioning cost studies, the annual level funding into the trust of \$6,900 for 2005 was expensed by CPS.

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(amounts are expressed in thousands)

11. COMMITMENTS AND CONTINGENCIES

A. Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2005. Grants awarded by federal, state, and other governmental agencies but not yet earned nor received in cash as of September 30, 2005, were \$114,546.

Capital Improvement Program

The City will be undertaking various capital improvements to its airport system during fiscal year 2006. The estimated cost of these improvements is \$149,276. Approximately \$11,508 of the total will be funded by federal grants.

Litigation

The City is involved in various lawsuits related to alleged personal and property damages, wrongful death, breach of contract, various claims from contractors for additional amounts under construction contracts, property tax assessments, environmental matters, class action and promotional practices, and discrimination cases. The Office of the City Attorney estimates the probable liability for these suits, including those mentioned below, will approximate \$8,995, which is included as a component of the reserve for claims liability in the amount of \$19,199. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund. The City makes significant estimates in determining the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded in the Self-Insurance Funds are adequate to cover losses for which the City may be liable. It is not determinable whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the government-wide financial statements.

Charles and Tracy Pollock, Individually and as next friend of Sarah Jane Pollock, a minor child v. City of San Antonio. This is a nuisance case alleging that benzene gas emitted from the West Avenue Landfill caused chromosomal damage to a fetus during the period of gestation, resulting in Plaintiff's contracting acute lymphoblastic leukemia. Although the jury at trial entered a judgment of more than \$23,000 against the City, the trial court immediately reduced this by \$6,000. On appeal, the Fourth Court subsequently sided with the City and reduced the judgment further by eliminating \$10,000 in exemplary damages. The remaining issue is whether personal injuries are recoverable under the Plaintiff's theory of nuisance. The City believes they are not and that even if they are recoverable, damages are capped at \$250 under the Texas Tort Claims Act. The City is appealing to the Texas Supreme Court.

Matthew Jackson et. al. v. City of San Antonio. This is a Fair Labor Standards Act ("FLSA") lawsuit with 175 named plaintiffs who claim that they were required to report for duty 15 minutes prior to their shift and that they were not compensated for the time in violation of the FLSA. There are several other allegations based on the FLSA, as well. The lawsuit has been filed on behalf of all of the police officers similarly situated to the 175 plaintiffs. The Plaintiffs have a motion pending for class certification that could increase the size of the Plaintiff class to include all officers of the San Antonio Police Department, of which there are more than 2,000. Thus, the potential exists for more officers to join the lawsuit. The City expects to win the lawsuit, but the potential liability, if the case were lost, could be an amount well over \$1,000.

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. Primary Government (City) (Continued)

Arbitrage

The City has issued certain tax-exempt obligations that are subject to Internal Revenue Service (IRS) arbitrage regulations. Non-compliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and “arbitrage rebate” is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual and in the governmental fund type when matured.

Leases

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. Total rental revenue on operating leases for fiscal year ended September 30, 2005, was \$17,945. As of September 30, 2005, the leases provide for the following future minimum rentals:

Leases Receivable				
	Governmental			
	<u>Activities</u>	<u>Aviation</u>	<u>Parking</u>	<u>Total</u>
Fiscal year ending September 30:				
2006	\$ 2,255	\$ 14,257	\$ 188	\$ 16,700
2007	1,422	2,503	73	3,998
2008	1,053	2,195	51	3,299
2009	697	1,625	36	2,358
2010	601	1,603	36	2,240
2011-2015	2,658	5,328	93	8,079
2016-2020	2,526	2,918		5,444
2021-2025	750	355		1,105
2026-2030	750	157		907
2031-2035	625			625
2036-2040	500			500
2041-2045	167			167
Future Minimum Lease Rentals	<u>\$ 14,004</u>	<u>\$ 30,941</u>	<u>\$ 477</u>	<u>\$ 45,422</u>

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(amounts are expressed in thousands)

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. Primary Government (City) (Continued)

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of thirty years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at \$3,800. The estimate was based on estimated costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a thirty-year period. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost of \$3,800 for the Nelson Gardens Landfill was recorded as a liability and expensed in the Environmental Services Fund in fiscal year 1994. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations.

Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year ended September 30, 2005, resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of \$1,030. This represents a decrease of \$21 from the prior fiscal year for expenditures incurred for geotechnical and environmental engineering services.

TCEQ Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ), formerly known as the Texas Natural Resource Conservation Commission (TNRCC), related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. As such, financial assurance is required to ensure that funds are available, when needed, to meet costs associated with the closure of the City's North East Transfer Station. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. As of September 30, 2001, the permit for the North East Transfer Station has been transferred from the City, and the new permittee has provided adequate financial assurance for this facility. Based on the number of underground petroleum storage tanks, the City is required to provide \$1,000 of financial assurance related to the underground storage facilities.

Brooks City-Base – Electric and Gas Utilities

The Brooks City-Base Project is a collaborative effort between the U.S. Air Force (the "Air Force") and the City designed to retain the Air Force missions and jobs at Brooks Air Force Base, improve mission effectiveness, assist in reducing operating costs, and promote and enhance economic development at Brooks. On July 22, 2002, the land and improvements were transferred to the Brooks Development Authority (BDA) for the purpose of creating the Brooks Technology & Business Park, a facility that will foster the development of key targeted industries. The Air Force is currently the Park's anchor tenant and is leasing back facilities to perform its missions.

As part of the conveyance, the electric and gas utilities were transferred to City Public Service (CPS), the City's utility. The electric and gas utility systems' infrastructure at Brooks are deficient and require extensive upgrades and improvements. Pursuant to the transfer, the Air Force, BDA, and CPS have committed to make certain improvements and upgrades to the electric and gas utility over a 20-year period. Funding for these improvements include \$3,400 from the City and \$6,300 from BDA and CPS each, respectively, for a total of \$16,000.

(amounts are expressed in thousands)

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. Primary Government (City) (Continued)

Brooks City-Base – Electric and Gas Utilities (Continued)

With respect to BDA's obligation of \$6,300, the City has agreed, under certain circumstances and if necessary, to assist BDA in funding its obligation. The City has agreed to contribute to BDA on an annual basis an amount equivalent to the incremental increase in the City's payment from CPS derived from Brooks. The City, as the owner of CPS, receives 14.0% of CPS' gross revenues, and this amount represents additional resources available to the City as a result of its increased payment from CPS derived at Brooks. Over the 20-year period, the City's annual payments will not exceed \$3,400. In the event BDA has exhausted all of its available resources and has been unable to fulfill its obligation of \$6,300 by the end of the 20-year term, the City has agreed in good faith to utilize all of its funding options to enable BDA to satisfy its obligation.

B. City Public Service (CPS)

Joint Operations Agreement

A 1997 Joint Operations Agreement (JOA) resulted from the litigation settlement with Texas Genco, L.P., formerly known as Reliant Energy, Inc., and Houston Lighting & Power, over its management of STP during the construction and early operating periods. The JOA is an arrangement to jointly dispatch CPS' and Texas Genco, L.P.'s generating plants to take advantage of the most efficient plants and favorable fuel prices of each utility. Until June 2002, CPS received, in monthly cash payments, 90.0% of the savings realized from the jointly operated systems. As of June 2002, when Texas Genco, L.P. met the JOA \$200,000 cumulative savings obligation, monthly cash payments were reduced to 50% of the savings realized from the jointly operated systems. As of January 31, 2005, CPS' total cumulative payments from savings realized was \$265,500.

Litigation

Additionally, in the normal course of business, CPS is involved in other legal proceedings related to alleged personal and property damages, breach of contract, condemnation appeals, and discrimination cases. Also, CPS power generation activities and other utility operations are subject to extensive state and federal environmental regulation. In the opinion of management of CPS, the outcome of such proceedings will not have a material adverse effect on the financial position or results of operations of CPS.

Other

Purchase and construction commitments amounted to approximately \$893,000 at January 31, 2005. This amount includes approximately \$24,400 that is expected to be paid for natural gas purchases to be made under various contracts currently in effect through June 2007; the actual amount to be paid will depend upon CPS' actual requirements during the contract period and the price of gas. Also included is \$54,800 for coal purchases through December 2006, \$238,400 for coal transportation through December 2014, and \$3,000 for treated cooling water through December 2005, based upon the minimum firm commitment under these contracts.

CPS has also committed to purchase \$529,700 in wind power. Additional purchase commitments at January 31, 2005, which are related to STP, include approximately \$45,500 for raw uranium, associated fabrication, and conversion services. This amount represents services that will be needed for refueling through the year 2028.

The PUC promulgated new rules in 1996 designed to comply with legislative changes affecting the utility industry. The Transmission Pricing and Access Rule (Rule) mandates that electric utilities charge customers for wholesale open transmission access according to a formula based on the amount of load served by each utility. CPS' cost for calendar year 2004 was approximately \$15,800. The estimated cost for calendar year 2005 is approximately \$15,100.

(amounts are expressed in thousands)

11. COMMITMENTS AND CONTINGENCIES (Continued)

Other (Continued)

B. City Public Service (CPS) (Continued)

As part of the Request for Proposal process for the J.K. Spruce Unit 2 Power Plant, CPS has committed to compensate the unsuccessful J.K. Spruce 2 Design-Build Offeror up to \$1,000, which is payable contingent on their meeting specific criteria.

C. San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and litigation that have risen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that SAWS' liabilities in these cases, if decided adversely to SAWS, will not be material.

Other

SAWS is committed under various contracts for completion of construction or acquisition of utility plants totaling approximately \$182,440 as of December 31, 2004. Funding of this amount will come from available revenues of SAWS, contributions from developers, and restricted assets.

12. RISK FINANCING

A. Primary Government (City)

Property and Casualty Liability

At September 30, 2005, the City has excess insurance coverage through State National Insurance Company for liability. The blanket policy provides general and auto liability along with police professional errors and omissions and EMS Medical Malpractice, and Civil Rights and Employee Benefits Liability Coverage. Allianz Insurance Company provides property coverage on the City's building and contents inventory. The City utilizes a third-party administrator for the handling of administration, investigation, and adjustment of liability claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Reserve Internal Service Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported, and Departments are assessed premiums to cover expenditures. There were no significant reductions in insurance coverage. Claims settlements did not exceed insurance coverage for each of the past three years.

Employee Health Benefits

The City provides its current employees with a comprehensive employee benefit program including coverage for medical, dental, and life insurance, vision, dependent care reimbursement accounts, and additional life insurance for its employees and their dependents. The City's self-insured medical programs are provided to all City employees. Obligations for benefits are accrued in the City's Self-Insurance Employee Benefits Insurance Internal Service Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

(amounts are expressed in thousands)

12. RISK FINANCING (Continued)

A. Primary Government (City) (Continued)

Workers' Compensation

The City self-insures for Workers' Compensation. The City is a member of the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund, an unincorporated association of political subdivisions of the State of Texas. The TML Workers' Compensation Joint Insurance Fund is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism, which the City as a member utilizes to administer self-insurance workers' compensation benefits to its employees for claims that occurred prior to September 30, 1986. The City also utilizes third-party administrators for the handling of administration, investigation, and adjustment of workers' compensation claims that occurred after October 1, 1986. All loss contingencies, including claims incurred but not reported, if any, are recorded in the City's Self-Insurance Workers' Compensation Internal Service Fund and City departments are assessed premiums to cover expenditures. As of September 30, 2005, the City has excess workers' compensation coverage through the State National Insurance Company. Claims settlements did not exceed insurance coverage for each of the past three years.

Unemployment Compensation Program

The Unemployment Compensation Program of the Self-Insurance Internal Service Fund provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered internally by the City and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis.

Extended Sick Leave Program

The Extended Sick Leave Program of the Self-Insurance Internal Service Fund is used to pay benefits associated with the City's employee long-term disability plan. Benefits are administered by the City. Actual costs are incurred when extended leave is taken.

Employee Wellness Program

The Self-Insurance Employee Wellness Program Internal Service Fund is used to account for revenues and operating expenses of the City Occupational Health Clinic operated by the San Antonio Metropolitan Health District. The clinic's operation is supported by transfers from the Workers' Compensation Fund and the Employee Health Benefits Fund as expenses are incurred. In fiscal year 1999, the Employee Assistance Program was established to offer City employees short-term mental health, marital, and financial counseling, as well as substance abuse intake and assessment. The Program was funded by a transfer from the Workers' Compensation Fund.

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(amounts are expressed in thousands)

12. RISK FINANCING (Continued)

A. Primary Government (City) (Continued)

Claims Liability

The liability for the Employees' Benefits Program is based on the estimated aggregate amount outstanding at the statement of net assets date for unpaid benefits. Liabilities for the Insurance Reserve and Workers' Compensation Programs are reported when it is probable that a loss has occurred as of the statement of net assets date, and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims that have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability as management of the City feels it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims liability. The claims liability reported in the accompanying financial statements for the Insurance Reserve Program is based on a 3.0% discounted rate.

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Benefits, and Workers' Compensation Programs for the year ended September 30, 2005.

Schedule of Changes In Claims Liability					
Fund	Liability Balance October 1,	Change in Estimates	Claims & Adjustments	Claims Payments	Liability Balance September 30, ¹
<u>Insurance Reserve</u>					
Fiscal Year 2004	\$ 16,179	\$ 1,092	\$ 3,370	\$ (3,370)	\$ 17,271
Fiscal Year 2005	17,271	1,928	4,638	(4,638)	19,199
<u>Employee Benefits</u>					
Fiscal Year 2004	\$ 8,548	\$	\$ 48,266	\$ (48,266)	\$ 8,548
Fiscal Year 2005	8,548		66,489	(66,489)	8,548
<u>Workers' Compensation¹</u>					
Fiscal Year 2004	\$ 23,205	\$	\$ 9,635	\$ (9,635)	\$ 23,205
Fiscal Year 2005	23,205	(1,326)	10,297	(10,297)	21,879
¹ The Workers' Compensation Liability Balance of \$21,879 is comprised of \$19,553 recorded in the Workers' Compensation Fund and the remaining liability of \$2,326 is recorded in Proprietary Funds.					

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(amounts are expressed in thousands)

12. RISK FINANCING (Continued)

B. City Public Service (CPS)

CPS is exposed to various risks of loss including those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS purchases commercial liability and property insurance coverages to provide protection in event of large/catastrophic claims. CPS performs actuarial studies periodically to determine its insurance retentions. An actuarial study was last performed in 2004.

In addition, CPS is exposed to risks of loss due to death of, and injuries to, or illness of, its employees. CPS makes payments to external trusts to cover the claims under the related plans. At January 31, 2005, CPS accumulated approximately \$172,800 in these external trusts. The trust accounts and related claims liabilities are included in CPS' financial statements. CPS has recorded \$30,400 of expense related to these plans for the year ended January 31, 2005.

Based upon the guidance of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the following information is provided regarding the changes in the insurance reserves for property and employee and public liability claims for the years ended January 31:

City Public Service Schedule of Changes In Claims Liability				
Fund	Liability Balance February 1,	Claims & Adjustments	Claims Payments	Liability Balance January 31,
<u>Property Insurance</u>				
Fiscal Year 2004	\$ 5,553	\$ 377	\$ (95)	\$ 5,835
Fiscal Year 2005	5,835	1,010		6,845
<u>Employee & Public Liability Claims</u>				
Fiscal Year 2004	\$ 6,866	\$ 1,371	\$ (1,000)	\$ 7,237
Fiscal Year 2005	7,237	(871)	(331)	6,035
<u>Employee Health & Welfare Claims</u>				
Fiscal Year 2004	\$ 4,172	\$ 35,939	\$ (35,415)	\$ 4,696
Fiscal Year 2005	4,696	32,888	(32,325)	5,259

The employee health and welfare plan assets are segregated from CPS' assets. They are separately managed by a committee whose members are appointed by the CPS General Manager and CEO. These plans have separate financial statements for calendar year 2004. These separately audited financial statements are available upon request from CPS.

(amounts are expressed in thousands)

12. RISK FINANCING (Continued)

C. San Antonio Water System (SAWS)

Risk Management

SAWS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

SAWS is self-administered and self-insured for the first \$500 of each worker’s compensation, general liability, automobile liability, public official’s liability and \$250 for pollution legal liability claim whereby any claim exceeding the self-insured retention limit would be covered through SAWS’ comprehensive commercial insurance program. For the year ended December 31, 2004, there were no reductions in insurance coverage from the previous year and there were no claims that exceeded the self-insured retention limit. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

SAWS had recorded a liability in the amount of \$2,477 as of December 31, 2004, which is reported as a current liability. The claims liability, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. The claims liability includes medical and rehabilitation costs, which are considered incremental claim adjustment expenses. Changes in the liability amount for the last two fiscal years were:

San Antonio Water System Schedule of Changes In Claims Liability						
<u>Year Ended</u>	<u>Balance at Beginning of Fiscal Year Liability</u>	<u>Claims & Adjustments</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year Liability</u>		
Dec. 31, 2003	\$ 1,184	\$ 3,029	\$ (1,896)	\$	\$	2,317
Dec. 31, 2004	\$ 2,317	\$ 1,675	\$ (1,515)	\$	\$	2,477

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(amounts are expressed in thousands)

13. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the City for the year ended September 30, 2005:

Summary Table of Interfund Transfers		
Year Ended September 30, 2005		
	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Airport System	\$ 102	\$ -
Parking Facilities	760	499
Internal Service Funds	766	3,705
Nonmajor Governmental Funds	11,184	81,752
Nonmajor Enterprise Fund	1,310	
Total General Fund	<u>14,122</u>	<u>85,956</u>
Debt Service Funds:		
Nonmajor Governmental Funds	<u>16,423</u>	
Total Debt Service Funds	<u>16,423</u>	
Airport System Fund:		
General Fund		102
Internal Service Funds		151
Nonmajor Governmental Funds		362
Total Airport System Fund		<u>615</u>
Parking Facilities Fund:		
General Fund	499	760
Internal Service Funds		39
Nonmajor Governmental Funds		228
Total Parking Facilities Fund	<u>499</u>	<u>1,027</u>
Internal Service Funds:		
General Fund	3,705	766
Airport System	151	
Parking Facilities	39	
Internal Service Funds	1,399	1,399
Nonmajor Governmental Funds	380	351
Nonmajor Enterprise Fund	212	430
Total Internal Service Funds	<u>5,886</u>	<u>2,946</u>
Nonmajor Governmental Funds:		
General Fund	81,752	11,184
Debt Service		16,423
Airport System	362	
Parking Facilities	228	
Internal Service Funds	351	380
Nonmajor Governmental Funds	46,583	46,583
Nonmajor Enterprise Fund		85
Total Nonmajor Governmental Funds	<u>129,276</u>	<u>74,655</u>
Nonmajor Enterprise Fund:		
General Fund		1,310
Internal Service Funds	430	212
Nonmajor Governmental Funds	85	
Total Nonmajor Enterprise Funds	<u>515</u>	<u>1,522</u>
Total	<u>\$ 166,721</u>	<u>\$ 166,721</u>

(amounts are expressed in thousands)

13. INTERFUND TRANSFERS (Continued)

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. These transfers are in the form of operating subsidies, grant matches, and funding for capital projects. In addition, transfers are routinely made from other funds to fund debt service payments and for other restricted purposes. All transfers are in accordance with budgetary authorizations.

Other significant transfers by the General Fund include \$615 set aside for the purchase of additional ladder trucks from fiscal year 2006 through fiscal year 2009. This is the third year that funds have been set aside for that purpose as the Master Plan recommended in fiscal year 2001 that \$615 in funds be set aside each year through fiscal year 2005.

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(amounts are expressed in thousands)

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets-governmental activities as reported in the Government-wide Statement of Net Assets.

One element of this reconciliation states, “Some of the City’s revenues will be collected after year-end but are not available soon enough to pay for the current period’s expenditures and, therefore, are not reported in the governmental funds.” The detail of the \$23,958 is as follows:

Revenues previously reported as deferred in the fund financial statements	\$ 33,528
Receivable applicable to governmental activities, which are not available in the current period	565
Deferred revenues previously reported as income in the fund financial statements	<u>(10,135)</u>
Revenues collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are not recognized in governmental funds	<u>\$ 23,958</u>

Another element of this reconciliation states, “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The detail for the decrease related to capital leases is as follows:

Total capital leases reported on the Government-wide Statement of Net Assets	\$ 7,232
Less: Short-term available portion reported in fund financial statements	<u>(1,153)</u>
Net adjustment to decrease fund balance-total governmental funds to arrive at new assets-governmental activities for capital leases	<u>\$ 6,079</u>

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(amounts are expressed in thousands)

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the Government-wide Statement of Activities.

The details of the increase of bond premiums and deferred charges are as follows:

Amortization of bond premiums on long-term debt-Debt Service Fund, previously expensed in the fund financial statements	\$ 1,027
Amortization of bond premiums and bond issues costs on long-term debt - General Obligation Bonds previously expensed in the fund financial statements	18,725
Less: premiums on bonds and certificates not previously recorded in the fund financial statements	<u>(5,031)</u>
Total amortization of bond premiums and deferred charges (net)	<u><u>\$ 14,721</u></u>

Another element of this reconciliation states, "Some expenses reported in the Statement of Activities are not reported as expenditures in governmental funds." The details of the (\$9,990) are as follows:

Compensated Absences	\$ (6,557)
Interest Expense	(6,505)
Principal Paid on Leases	3,792
Arbitrage Rebate Expense	<u>(720)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u><u>\$ (9,990)</u></u>

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(amounts are expressed in thousands)

15. DEFICITS IN FUND BALANCES / NET ASSETS

Special Revenue Funds

The Alamodome Fund had a deficit fund balance of \$3,199 as of September 30, 2005. This deficit is attributed to events programmed but not realized, due in part to the downturn of certain entertainment industries and local venue competition. Additionally, individual spending per event was expected to increase due to an anticipated economic upswing.

The Public Health Support Revenue Fund had deficit fund balance of \$131 as of September 30, 2005. The deficit is attributed to increased operating costs associated with the expansion of the Animal Care Project. Higher commodity expenditures were the result of an active influenza season and increased vaccine cost.

As of September 30, 2005, deficit fund balance at year-end is reported in the Categorical Grant In-Aid, and Community Development Program in the amounts of \$3,934 and \$251, respectively. During the next fiscal year, individual projects within the Categorical Grant-In Aid Fund which have a deficit fund balance will be comprehensively researched and analyzed to determine whether insufficient funding exists or accounting adjustments to projects are required to be made. Once this process is completed, a corrective action plan to address the deficit fund balance will be developed and implemented in Fiscal Year 2006. The deficit for the Community Development Program Fund is attributable to project budgets that require adjustment in order to address these deficits.

The Golf Course Fund had a deficit fund balance of \$974 as of September 30, 2005. The deficit is attributable to a decline in revenues in recent years due to increased competition by the private sector and extreme weather patterns. In addition, increased labor, fuel, and equipment maintenance costs have contributed to the deficit.

Internal Service Funds

As of September 30, 2005, a deficit of \$20,689 in net assets is reported in the Employee Benefits Program. This deficit decreased by \$11,063 from the prior fiscal year. To address specific issues related to the increasing costs of health benefits, the City has sought the services of an outside consultant in 2006 to perform a comprehensive review of the Employee Benefits Programs. Establishing health care medical management programs focused on providing managed care for employees having chronic, high-risk ailments involving high costs such as back pain, high-risk maternity, heart disease, and depression are some of the areas on which the consultant will be focusing. Programs such as these will be carefully studied as means of providing long-term solutions to address rising health care costs and increasing fund balance deficits.

Within the Internal Service Funds, the Workers' Compensation Program also reported deficit net assets of \$4,245, at September 30, 2005, which was reduced by \$2,345 from the prior fiscal year. The City will fund the deficit through assessments charged to various City funds in future years.

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(amounts are expressed in thousands)

16. OTHER DISCLOSURES

Donor Restricted Endowment

The City of San Antonio has four permanent funds: the San Jose Burial Park Permanent Fund, the Carver Cultural Center Endowment Fund, the San Antonio Housing Trust Fund, and the William C. Morris Endowment Fund. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The net assets from these endowment funds are classified as restricted net assets and are reported in the government-wide financial statements. The principal is required to be retained in perpetuity while the interest is available to cover specific expenditures.

The San Jose Burial Park Permanent Fund generated \$54 in interest to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery.

The Carver's Endowment Fund generated \$8 in interest. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The San Antonio Housing Trust Fund generated \$314 in interest. These earnings may be disbursed to projects with particular emphasis on housing programs as grants or secured loans. All distributions or disbursements of this trust shall be made for the primary purpose of providing additional and continuing housing opportunities for low and moderate income families. This trust shall at all times be governed, construed, regulated, and administered in all respects under the laws of the State of Texas.

The William C. Morris Endowment Fund generated \$5 in interest. These earnings are used on an annual basis to enhance the City's Library's Educational Programming and Services for Children. Any net income or net appreciation of the funds not used shall be accumulated and added to the principal of the funds. The earnings of the funds will be expended in accordance with the spending policy of the Library's Board of Directors or Trustees.

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(amounts are expressed in thousands)

17. SUBSEQUENT EVENTS

Primary Government (City)

On December 2, 2004, the City issued \$33,090 of “City of San Antonio, Texas General Improvement Forward Refunding Bonds, Series 2006,” (the “2006 Bonds”). The 2006 Bonds were delivered on May 9, 2006. The 2006 Bonds have maturities from 2009 to 2016, with interest rates ranging from 5.25% to 5.50%.

Fire Collective Bargaining Agreements

The City’s collective bargaining agreement with the International Association of Fire Fighters Local 624 (“Local 624”) approved on May 23, 2003 had a term of June 3, 2002 through September 30, 2005. The contract contains an evergreen clause effective through September 30, 2015. Negotiations for a new agreement with the Local 624 have been initiated, however, to date, no agreement has been reached.

Response to Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina landed on the coasts of Louisiana, Mississippi and Alabama. The catastrophic destruction caused by the hurricane led to an unprecedented amount of evacuees seeking shelter in the City of San Antonio. Additionally, on September 24, 2005, Hurricane Rita caused extensive damage to the coastal regions of Texas and Louisiana. The City combined forces with Bexar County, private companies, and state, federal, and non-profit agencies to coordinate the needed relief efforts in order to assist the evacuation efforts for Hurricanes Katrina and Rita. The City as of April 2006, has incurred approximately \$35,031 in shelter and interim housing expenses in support of the relief efforts consisting of temporary housing, equipment, food, medical supplies, facilities, and City emergency and civilian personnel. Additionally, the City has been reimbursed \$27,134 from the Federal Emergency Management Agency (FEMA). The remaining eligible expenses of \$7,897 have been submitted to FEMA for reimbursement. FEMA will accordingly reimburse the additional costs.

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(amounts are expressed in thousands)





***City of San Antonio
Texas***

Required Supplementary Information Other Than MD&A

(Unaudited)



***City of San Antonio
Texas***

Budgetary Comparison Schedule - General Fund

CITY OF SAN ANTONIO, TEXAS

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2005**

	2005			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Resources (Inflows):				
Taxes	\$ 350,282,729	\$ 350,282,729	\$ 367,030,243	\$ 16,747,514
Licenses and Permits	17,542,550	17,542,550	20,715,743	3,173,193
Intergovernmental	2,795,306	2,795,306	3,055,128	259,822
Revenues from Utilities	196,784,803	196,784,803	221,774,673	24,989,870
Charges for Services	29,101,948	29,101,948	33,622,089	4,520,141
Fines and Forfeits	12,315,804	12,315,804	12,025,344	(290,460)
Miscellaneous	11,668,023	11,668,023	14,286,093	2,618,070
Transfers from Other Funds	14,673,148	14,778,703	14,121,847	(656,856)
Amounts Available for Appropriation	635,164,311	635,269,866	686,631,160	51,361,294
Charges to Appropriations (Outflows):				
General Government	79,512,765	87,405,500	66,746,538	20,658,962
Public Safety	400,696,219	405,154,154	404,491,342	662,812
Public Works	10,698,288	10,698,288	10,477,765	220,523
Health Services	13,947,697	14,245,069	14,378,887	(133,818)
Sanitation	2,886,374	2,886,374	2,582,840	303,534
Welfare	20,837,267	22,018,578	21,578,358	440,220
Culture and Recreation	66,031,937	66,726,827	63,478,741	3,248,086
Economic Development and Opportunity	4,054,036	4,525,265	4,552,704	(27,439)
Transfers to Other Funds	75,209,927	87,057,100	86,649,587	407,513
Total Charges to Appropriations	673,874,510	700,717,155	674,936,762	25,780,393
Excess (Deficiency) of Resources Over (Under)				
Charges to Appropriations	(38,710,199)	(65,447,289)	11,694,398	77,141,687
Fund Balance Allocation	38,710,199	65,447,289	(11,694,398)	(77,141,687)
Excess (Deficiency) of Resources Over (Under)				
Charges to Appropriations	\$ -	\$ -	\$ -	\$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 686,631,160
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(14,121,847)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 672,509,313

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	\$ 674,936,762
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(7,514,793)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(86,649,587)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 580,772,382

General Fund Budgetary Information

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City function and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by Department Directors.

The City prepares an annual budget for the General Fund on a modified-accrual basis, which is consistent with generally accepted accounting principles. The annual budgetary data reported for the General Fund represents the original appropriation ordinance and amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.





***City of San Antonio
Texas***

Pension Schedules



**REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS**

FIRE AND POLICE PENSION PLAN--CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-04	\$ 1,540,286	\$ 1,838,371	\$ 298,085	84%	\$ 204,516	146%
10-01-03	1,429,378	1,718,262	288,884	83%	191,647	151%
10-01-02	1,341,274	1,630,434	289,160	82%	183,686	157%

TEXAS MUNICIPAL RETIREMENT SYSTEM--CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL (1)	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-04	\$ 464,345	\$ 621,034	\$ 156,689	75%	\$ 204,088	77%
12-31-03	451,071	602,927	151,856	75%	192,896	79%
12-31-02	436,046	566,203	130,157	77%	197,678	66%

CITY PUBLIC SERVICE ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-04	\$ 839,800	\$ 795,100	\$ (44,700)	106%	\$ 189,900	(24)%
01-01-03	783,000	748,700	(34,300)	105%	186,700	(18)%
01-01-02	758,200	691,800	(66,400)	110%	180,300	(37)%

NOTES: (1) Abstracted from City payroll records.

(amounts are expressed in thousands)

(unaudited - see accompanying accountants' report)

REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-04	(2) \$	\$	\$			
12-31-03	48,964	61,425	12,461	80%	57,596	22%
12-31-02	46,492	57,635	11,143	81%	51,889	21%
12-31-01	44,613	55,201	10,588	81%	51,958	20%

SAN ANTONIO WATER SYSTEM - PMLJC

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-04	\$	57,241	\$	83%	\$ 56,932	18%
01-01-03	47,249	52,602	9,992	81%	55,364	18%
01-01-02	42,827	45,947	9,775	85%	51,303	13%
	39,270		6,677			

(2) Balances for 12/31/04 not available

(amounts are expressed in thousands)

(unaudited - see accompanying accountants' report)





***City of San Antonio
Texas***

Combining Financial Statements & Schedules



City of San Antonio Texas

Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

HOTEL-MOTEL TAX FUND - to account for the operations of the City of San Antonio's Conventions and Tourism trade. Financing is provided by the Hotel-Motel Occupancy Tax.

HOTEL-MOTEL TAX CAPITAL IMPROVEMENT FUND - to account for funds derived and activity relating to the additional 2% Municipal Hotel-Motel Occupancy Tax.

ALAMODOME FUND - to account for the operations of the Alamodome System. Financing is provided by user fees, concessions, facility rental, and Hotel-Motel Occupancy Tax (for Convention and Tourism only).

STREET MAINTENANCE AND IMPROVEMENT FUND - to account for funds used in the maintenance and improvement of street infrastructure. Financing is provided through transfer of funds from General Fund, and street resurfacing charges.

PARKS DEVELOPMENT AND EXPANSION FUND - to account for the additional one-eighth sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer zones, as well as linear parks along Leon Creek and Salado Creek.

STORMWATER OPERATIONS FUND - to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a stormwater fee.

PROJECT MANAGEMENT OFFICE FUND - to account for funds used in administration related to the construction, expansion, and renovation of municipal facilities including the expansion of the Convention Center. Financing is provided from bonds proceeds and collections from the Municipal Hotel-Motel Occupancy Tax.

EMERGENCY MEDICAL SERVICES FUND - to account for revenues received and expenditures made in conjunction with the City's Emergency Medical Service. Financing is provided by service fees and additional funds transferred from the General Fund.

CAPITAL IMPROVEMENTS RESERVE FUND - to account for the financing of special capital improvements designated by the City Council. Financing is derived from the sale of excess City land and from City Public Service non-budgeted sales to other utilities. Amounts are transferred to the Capital Project Improvement Projects Fund for construction purposes.

NELSON WOLFF STADIUM FUND - to account for the operations of Nelson W. Wolff Stadium. Financing is provided by user fees, concessions, facility rental and event parking.

CONFISCATED PROPERTY FUND - to account for receipts and disbursement of funds confiscated by law enforcement officers within the City of San Antonio, Texas.

PUBLIC HEALTH SUPPORT REVENUE FUND - to account for funds provided for the City's Health Support Facilities. Financing is derived through reimbursements for local healthcare services provided to eligible legalized aliens.

Non-Major Governmental Funds (continued)

SPECIAL REVENUE FUNDS (continued)

JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT FUND – to account for the proceeds realized from the lease-lease back of City Public Service, the City's Electric Utility. The proceeds will be used to fund better jobs, neighborhood revitalization, technology accelerator initiative, and capital improvement programs.

HOME PROGRAM FUND - to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

CATEGORICAL GRANT-IN AID FUNDS – to account for receipt and disbursement of all federal and state grants except for Community Development Block Grants and Home Investment Partnership Grants.

HUD 108 LOAN PROGRAM FUND - to accept, receipt, and disburse federal funds designed for the financing of facility improvements at KellyUSA. The City, as the loan originator, has made a third-party loan to the Greater Kelly Development Authority (GKDA) to make certain building improvements needed to accommodate the Boeing Corporation's Aerospace Support Center at KellyUSA.

COMMUNITY DEVELOPMENT PROGRAM FUND - to accept, receipt and disburse federal funds designated for Community Development Block Grants' programs.

COMMUNITY SERVICES FUND - to account for funds that provide various services to the community such as health, housing, education, safety, employment and economic development. Included in this fund are two blended component units, the San Antonio Industrial Development Authority which was established in accordance with state laws for the purpose of furthering the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare. The San Antonio Health Facilities Development Corporation established in accordance with state laws for the purpose of acquiring, constructing, improving, providing financing, refinancing for any real, personal, or mixed property for healthcare, research, and education and to assist in the maintenance of the public health.

GOLF COURSE FUND - to account for the operation of the City's Golf Course Facilities. Financing for Golf Course Operations is provided by user fees.

ADVANCED TRANSPORTATION DISTRICT – to account for revenues and expenditures associated with the administration and project delivery of the Advanced Transportation District Program (ATD).

INTERNATIONAL CENTER FUND – to account for revenues and the general maintenance of the International Center. Financing is provided by charges for rent, common area maintenance of the facility and a contribution from the General Fund.

CAPITAL PROJECTS FUNDS

GENERAL OBLIGATION BONDS - to account for financial resources to be used for acquisition or construction of major capital facilities such as Drainage, Library Improvements, excluding those financed by proprietary-type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.

IMPROVEMENT PROJECTS - to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds.

CERTIFICATES OF OBLIGATION - to account for permanent public improvements and/or construction of municipal facilities, Streets, Drainage, and Emergency Fire Protection projects. Financing is derived from the sale of Certificates of Obligation.

CONVENTION CENTER EXPANSION - to account for financial resources to be used in the Convention Center Expansion Project. Financing was derived from a 2% Hotel/Motel tax, and proceeds from the subsequent sale of debt.



City of San Antonio Texas

Non-Major Governmental Funds (continued)

CAPITAL PROJECTS FUNDS (continued)

PARKS DEVELOPMENT AND EXPANSION - to account for the acquisition and development of new parkland in the Edwards Aquifer zones, as well as linear parks along Leon Creek and Salado Creek.

MUNICIPAL FACILITIES – to account for the financing for the acquisition and construction of a One Stop Development Services Center for the City of San Antonio, Texas. Financing was derived from the sale of “City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds.”

MUNICIPAL DRAINAGE UTILITY SYSTEM – to account for financial resources to be used to finance the costs of drainage improvements, including the acquisition, construction and repair of structures, equipment and facilities for the City’s Municipal Drainage Utility System. Financing is derived from the sale of “City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.”

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION FUND – to account for the purchase of the project site for the Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing is derived from the sale of “City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.”

PERMANENT FUNDS

SAN JOSE BURIAL PARK PERMANENT FUND - to account for operation of City’s burial park. Financing is provided by user fees.

CARVER CULTURAL CENTER ENDOWMENT FUND - to account for matching funds held by the City of San Antonio and grant funds awarded by the National Endowment for the Arts.

SAN ANTONIO HOUSING TRUST FUND – to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from interest earned from investments that were designated from the sale of the Roger’s Cable System.

WILLIAM C. MORRIS ENDOWMENT FUND – to account for funds donated to the City of San Antonio by the estate of William E. Morris for the purpose of developing and sustaining the San Antonio Public Library’s programs for children.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2005**

Special Revenue Funds										
	Hotel-Motel Tax	Hotel-Motel Tax Capital Improvement	Alamodome	Street Maintenance and Improvements	Parks Development and Expansion	Stormwater Operations	Project Management Office	Emergency Medical Services	Capital Improvements Reserve	Nelson Wolff Stadium
ASSETS										
Assets:										
Cash and Cash Equivalents	\$ 961,789	\$ 107,628	\$ 80,700	\$ 941,249	\$ 1,385,345	\$ 1,680,705	\$ 248	\$ 189,765	\$ 245,574	\$ 5,164
Investments	11,995,572	1,618,357	841,039	12,044,725	20,831,127	23,606,314	3,730	2,738,443	3,692,647	55,703
Receivables	545,200	10,663	231,717	451,859		8,915		29,119,877		200,544
Less: Allowance for Uncollectibles	(78,617)							(19,898,238)		
Accrued Interest	188,990	18,762	4,475	5,291	145,268	168,063			29,411	141
Accrued Revenue	3,611,110	1,027,933				2,044,941				128,960
Due from Other Funds	1,700	694,880	6,000	60,637		36,335				10,723
Due from Other Governmental Agencies				115,075	75,000					
Less: Allowance for Uncollectibles										
Materials and Supplies, at Cost	258,133		336,674	176,244		76,408		339,204		3,389
Deposits										
Total Assets	\$ 17,483,877	\$ 3,478,223	\$ 1,500,605	\$ 13,795,080	\$ 22,436,740	\$ 27,621,681	\$ 3,978	\$ 12,489,051	\$ 3,967,632	\$ 404,624
LIABILITIES AND FUND BALANCES										
Liabilities:										
Vouchers Payable	\$ 483,631	\$ -	\$ 221,464	\$ 1,096,509	\$ 2,886	\$ 162,873	\$ -	\$ 256,180	\$ -	\$ 24,342
Accounts Payable - Other	3,380,522		1,137,813	1,706,826		127,437	270	22,654		32,834
Accrued Payroll	456,830		75,930	372,749		298,115		462,096		6,613
Accrued Leave Payable	127,650		16,116	94,486		44,236		863,564		2,538
Unearned Revenues	207,309	8,262	39,810	365,000				9,219,702		
Due To:										
Other Funds	696,580		3,208,803		1,320,329	726,265				313,955
Other Governmental Agencies										
Total Liabilities	5,352,522	8,262	4,699,936	3,635,570	1,323,215	1,358,926	270	10,824,196		380,282
Fund Balances:										
Invested in Capital Assets, net of related debt										
Reserved:										
Reserved for Encumbrances	792,654			3,277,228	1,857,067	1,844,246		312,699	2,316,115	808
Reserved for Materials and Supplies, at Cost	258,133			176,244		76,408		339,204		3,389
Unreserved:										
Designated: Special Revenue Funds	227,813			5,856,741						
Designated: Permanent Funds										
Undesignated: Special Revenue Funds	10,852,755	3,469,961	(3,199,331)	849,297	19,256,458	24,342,101	3,708	1,012,952	1,651,517	20,145
Undesignated: Capital Projects Funds										
Undesignated: Permanent Funds										
Total Fund Balances	12,131,355	3,469,961	(3,199,331)	10,159,510	21,113,525	26,262,755	3,708	1,664,855	3,967,632	24,342
Total Liabilities and Fund Balances	\$ 17,483,877	\$ 3,478,223	\$ 1,500,605	\$ 13,795,080	\$ 22,436,740	\$ 27,621,681	\$ 3,978	\$ 12,489,051	\$ 3,967,632	\$ 404,624

— CITY OF SAN ANTONIO, TEXAS —

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2005**

Special Revenue Funds												Total Nonmajor Special Revenue Funds
Confiscated Property	Public Health Support Revenue	Job Training Neighborhood Revitalization and Economic Development	HOME Program	Categorical Grant-In Aid	HUD 108 Loan Program	Community Development Program	Community Services	Golf Course	Advanced Transportation District	International Center		
\$ 226,109	\$ 8,714	\$ 267,756	\$ 12,559	\$ 781,446	\$ 159,009	\$ 6,797,383	\$ 4,426,704	\$ 173,086	\$ 151,793	\$ 61,830		\$ 18,664,556
3,399,948	7,873	4,026,189		10,080	2,741,125		17,931,770		2,282,486	872,471		108,699,599
742	99,073		2,172,137	7,035		3,264,130	1,721,251	61,050		14,430		37,908,623
							(15,000)					(19,991,855)
24,729	3,468	27,592			15,575		135,032		8,782	5,680		781,259
							639,272		1,644,090			9,096,306
			11,628			75,879	14,175,018					15,072,800
			3,045,728	48,859,390			913,685					53,008,878
												1,190,052
<u>\$ 3,651,528</u>	<u>\$ 119,128</u>	<u>\$ 4,321,537</u>	<u>\$ 5,242,052</u>	<u>\$ 49,657,951</u>	<u>\$ 2,915,709</u>	<u>\$ 10,137,392</u>	<u>\$ 39,927,732</u>	<u>\$ 234,136</u>	<u>\$ 4,087,151</u>	<u>\$ 954,411</u>		<u>\$ 224,430,218</u>
\$ 45,435	\$ 118,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,445,190	\$ 40,376	\$ -	\$ 2,812		\$ 4,900,602
12,459			750,791	10,458,419		1,185,737	3,939,139	196,530				22,951,431
	50,296		9,993	719,430		108,014	2,369,901	97,385		10,866		5,038,218
	13,249						41,845	24,401		3,978		1,232,063
			2,172,137			6,673,097	234,204	88,412		1,234		19,009,167
	68,000		2,309,131	42,413,792		381,601	11,266,380	761,026				63,465,862
					2,399,970	2,039,979						4,439,949
57,894	250,449		5,242,052	53,591,641	2,399,970	10,388,428	20,296,659	1,208,130		18,890		121,037,292
236,391		159,000							510	13,431		10,810,149
												853,378
												6,084,554
3,357,243	(131,321)	4,162,537		(3,933,690)	515,739	(251,036)	19,631,073	(973,994)	4,086,641	922,090		85,644,845
3,593,634	(131,321)	4,321,537		(3,933,690)	515,739	(251,036)	19,631,073	(973,994)	4,087,151	935,521		103,392,926
<u>\$ 3,651,528</u>	<u>\$ 119,128</u>	<u>\$ 4,321,537</u>	<u>\$ 5,242,052</u>	<u>\$ 49,657,951</u>	<u>\$ 2,915,709</u>	<u>\$ 10,137,392</u>	<u>\$ 39,927,732</u>	<u>\$ 234,136</u>	<u>\$ 4,087,151</u>	<u>\$ 954,411</u>		<u>\$ 224,430,218</u>

CITY OF SAN ANTONIO, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2005

Capital Projects Funds										
General Obligation Bonds	Improvement Projects	Certificates of Obligation	Convention Center Expansion	Parks Development and Expansion	Municipal Facilities	Municipal Drainage Utility System	Starbright Industrial Development Corporation	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
\$ 4,709,831	\$ 1,317,093	\$ 3,136,943	\$ 1,244,522	\$ 12,805	\$ 620,884	\$ 5,485,563	\$ 983,879	\$ 17,511,520	\$ 640,667	\$ 36,816,743
95,384,745	1,682,587	64,923,374	18,712,442	192,419		93,267,510		274,163,077	12,167,520	395,030,196
41,901		230,296						272,197	47,645	38,228,465
880,706	53,316	564,740	188,392	1,401	1,587	646,381	2,298	2,338,821	238,419	(19,991,855)
90,000	6,934,107			52,089				7,076,196		3,358,499
1,403,143		286,954						1,690,097		9,096,306
										22,148,996
										54,698,975
			261,359					261,359		1,190,052
										261,359
<u>\$ 102,510,326</u>	<u>\$ 9,987,103</u>	<u>\$ 69,142,307</u>	<u>\$ 20,406,715</u>	<u>\$ 258,714</u>	<u>\$ 622,471</u>	<u>\$ 99,399,454</u>	<u>\$ 986,177</u>	<u>\$ 303,313,267</u>	<u>\$ 13,094,251</u>	<u>\$ 540,837,736</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,900,602
5,923,499	9,148,235	2,316,574	662,384	227,880		214,558		18,493,130	21,149	41,465,710
5,632	585	1,323				767		8,307	10,073	5,056,598
64,275								64,275	28,778	1,260,841
3,942,973	713,970	388,952						5,045,895		19,073,442
										68,511,757
										4,439,949
<u>9,936,379</u>	<u>9,862,790</u>	<u>2,706,849</u>	<u>662,384</u>	<u>227,880</u>		<u>215,325</u>		<u>23,611,607</u>	<u>60,000</u>	<u>144,708,899</u>
44,022,842	22,196,686	10,470,230	1,309,712	955,661		9,214,495		88,169,626	87,304	99,067,079
										853,378
										6,084,554
									2,825,151	2,825,151
										85,644,845
48,551,105	(22,072,373)	55,965,228	18,434,619	(924,827)	622,471	89,969,634	986,177	191,532,034	10,121,796	191,532,034
										10,121,796
<u>92,573,947</u>	<u>124,313</u>	<u>66,435,458</u>	<u>19,744,331</u>	<u>30,834</u>	<u>622,471</u>	<u>99,184,129</u>	<u>986,177</u>	<u>279,701,660</u>	<u>13,034,251</u>	<u>396,128,837</u>
<u>\$ 102,510,326</u>	<u>\$ 9,987,103</u>	<u>\$ 69,142,307</u>	<u>\$ 20,406,715</u>	<u>\$ 258,714</u>	<u>\$ 622,471</u>	<u>\$ 99,399,454</u>	<u>\$ 986,177</u>	<u>\$ 303,313,267</u>	<u>\$ 13,094,251</u>	<u>\$ 540,837,736</u>

— CITY OF SAN ANTONIO, TEXAS —

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	Special Revenue Funds									
	Hotel-Motel Tax	Hotel-Motel Tax Capital Improvement	Alamodome	Street Maintenance and Improvements	Parks Development and Expansion	Stormwater Operations	Project Management Office	Emergency Medical Services	Capital Improvements Reserve	Nelson Wolff Stadium
Revenues										
Taxes:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property Taxes	-	-	-	-	-	-	-	-	-	-
General Sales and Use Taxes										
Occupancy Taxes	40,266,458	11,450,785								
Penalties and Interest on Delinquent Taxes		29,157								
Intergovernmental				268,754					1,152,919	
Charges for Services	8,788,661		4,567,433	1,292,065		31,859,954		12,888,105		661,680
Miscellaneous	225,307		206,818	416,279		48,383		143,347	566,014	31,025
Investment Earnings	456,656	47,272	20,956	41,070	514,559	521,959	66	100	97,130	493
In-Kind Contributions										
Total Revenues	49,737,082	11,527,214	4,795,207	2,018,168	514,559	32,430,296	66	13,031,552	1,816,063	693,198
Expenditures										
Current:										
General Government									5,764	
Public Safety										
Public Works				34,283,281		20,457,949				
Health Services								43,357,796		
Sanitation										
Welfare										
Culture and Recreation					1,515,860					646,492
Convention and Tourism	40,234,626	80,595	7,150,917				2,831			
Conservation										
Urban Redevelopment and Housing										
Economic Development and Opportunity										
Capital Projects										
Total Expenditures	40,234,626	80,595	7,150,917	34,283,281	1,515,860	20,457,949	2,831	43,357,796	5,764	646,492
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,502,456	11,446,619	(2,355,710)	(32,265,113)	(1,001,301)	11,972,347	(2,765)	(30,326,244)	1,810,299	46,706
Other Financing Sources (Uses)										
Long-Term Debt Issued										
Amounts from Notes and Loans										
Premium on Long-Term Debt										
Transfers In	408,296		53,783	38,432,833				31,006,918	800,000	
Transfers Out	(7,555,034)	(9,465,889)	(17,988)	(1,773,802)	(1,740,454)	(6,110,542)		(2,317,648)	(55,874)	
Total Other Financing Sources (Uses)	(7,146,738)	(9,465,889)	35,795	36,659,031	(1,740,454)	(6,110,542)		31,006,918	(1,517,648)	(55,874)
Net Change in Fund Balances	2,355,718	1,980,730	(2,319,915)	4,393,918	(2,741,755)	5,861,805	(2,765)	680,674	292,651	(9,168)
Fund Balances, October 1	9,775,637	1,489,231	(879,416)	5,765,592	23,855,280	20,400,950	6,473	984,181	3,674,981	33,510
Fund Balances, September 30	\$ 12,131,355	\$ 3,469,961	\$ (3,199,331)	\$ 10,159,510	\$ 21,113,525	\$ 26,262,755	\$ 3,708	\$ 1,664,855	\$ 3,967,632	\$ 24,342

— CITY OF SAN ANTONIO, TEXAS —

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005**

Special Revenue Funds											Total
Confiscated Property	Public Health Support Revenue	Job Training Neighborhood Revitalization and Economic Development	HOME Program	Categorical Grant-In Aid	HUD 108 Loan Program	Community Development Program	Community Services	Golf Course	Advanced Transportation District	International Center	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338,390	\$ -	\$ 4,545,631	\$ -	\$ 1,338,390
											4,545,631
											51,717,243
											29,157
	866,640		8,236,534	149,709,418		18,123,371	3,478,443				181,836,079
	1,737,863					90,213	4,224,538			1,193,922	73,417,226
1,644,807	133,125		642,378	1,649,414	2,173,608	945,006	3,476,177	6,112,792			12,307,742
84,705	13,157	96,182					539,691	6,054		17,069	2,463,507
				24,872,099					12,442		24,872,099
<u>1,729,512</u>	<u>2,750,785</u>	<u>96,182</u>	<u>8,878,912</u>	<u>176,230,931</u>	<u>2,173,608</u>	<u>19,158,590</u>	<u>13,057,239</u>	<u>6,118,846</u>	<u>4,558,073</u>	<u>1,210,991</u>	<u>352,527,074</u>
							5,306,139				5,311,903
1,650,756				14,613,200		409,093	416,669				17,089,718
				6,203,707		1,577,820	12,938,979				75,461,736
	3,301,110			27,099,654		548,435	230,739				74,537,734
				192,038							192,038
				109,405,636		1,658,968	189,953				111,254,557
				1,577,359		3,209,394	2,215,223	6,466,209	470,922		16,101,459
				2,158						846,263	48,315,232
		8,878,912		10,314,060		5,880,495					2,158
				3,148,395	2,108,261	2,426,400	4,261,725				25,073,467
											11,944,781
<u>1,650,756</u>	<u>3,301,110</u>		<u>8,878,912</u>	<u>172,556,207</u>	<u>2,108,261</u>	<u>15,710,605</u>	<u>25,559,427</u>	<u>6,466,209</u>	<u>470,922</u>	<u>846,263</u>	<u>385,284,783</u>
78,756	(550,325)	96,182		3,674,724	65,347	3,447,985	(12,502,188)	(347,363)	4,087,151	364,728	(32,757,709)
							2,461,777				2,461,777
(37,087)	(218,225)			6,167,984		46,282	28,211,271				105,127,367
				(12,923,273)		(3,494,267)	(9,210,760)	(2,305)		(16,343)	(54,939,491)
(37,087)	(218,225)			(6,755,289)		(3,447,985)	21,462,288	(2,305)		(16,343)	52,649,653
41,669	(768,550)	96,182		(3,080,565)	65,347		8,960,100	(349,668)	4,087,151	348,385	19,891,944
3,551,965	637,229	4,225,355		(853,125)	450,392	(251,036)	10,670,973	(624,326)		587,136	83,500,982
<u>\$ 3,593,634</u>	<u>\$ (131,321)</u>	<u>\$ 4,321,537</u>	<u>\$ -</u>	<u>\$ (3,933,690)</u>	<u>\$ 515,739</u>	<u>\$ (251,036)</u>	<u>\$ 19,631,073</u>	<u>\$ (973,994)</u>	<u>\$ 4,087,151</u>	<u>\$ 935,521</u>	<u>\$ 103,392,926</u>

— CITY OF SAN ANTONIO, TEXAS —

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

Capital Projects Funds										
General Obligation Bonds	Improvement Projects	Certificates of Obligation	Convention Center Expansion	Parks Development and Expansion	Municipal Facilities	Municipal Drainage Utility System	Starbright Industrial Development Corporation	Total Nonmajor Capital Projects Funds	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338,390
										4,545,631
										51,717,243
										29,157
4,330,745	512,251	517,240						5,360,236		187,196,315
	116	85,050	2,500,000					2,585,166	224,476	73,641,702
3,020,379	171,028	1,920,548	631,154	9,088	13,538	1,620,139	44,485	7,430,359	98,221	14,991,129
									213,444	10,107,310
<u>7,351,124</u>	<u>683,395</u>	<u>2,522,838</u>	<u>3,131,154</u>	<u>9,088</u>	<u>13,538</u>	<u>1,620,139</u>	<u>44,485</u>	<u>15,375,761</u>	<u>536,141</u>	<u>368,438,976</u>
										5,311,903
										17,089,718
										75,461,736
										74,537,734
										192,038
										111,254,557
									474,950	16,576,409
										48,315,232
										2,158
									483,691	25,557,158
										11,944,781
<u>52,952,530</u>	<u>24,850,561</u>	<u>13,289,796</u>	<u>7,340,570</u>	<u>1,263,500</u>	<u>14,798</u>	<u>5,024,281</u>	<u>5,150,682</u>	<u>109,886,718</u>		<u>109,886,718</u>
<u>52,952,530</u>	<u>24,850,561</u>	<u>13,289,796</u>	<u>7,340,570</u>	<u>1,263,500</u>	<u>14,798</u>	<u>5,024,281</u>	<u>5,150,682</u>	<u>109,886,718</u>	<u>958,641</u>	<u>496,130,142</u>
<u>(45,601,406)</u>	<u>(24,167,166)</u>	<u>(10,766,958)</u>	<u>(4,209,416)</u>	<u>(1,254,412)</u>	<u>(1,260)</u>	<u>(3,404,142)</u>	<u>(5,106,197)</u>	<u>(94,510,957)</u>	<u>(422,500)</u>	<u>(127,691,166)</u>
30,160,000	1,663,657	13,435,000				61,060,000		106,318,657		106,318,657
										2,461,777
2,117,154		71,570				3,735,829		5,924,553		5,924,553
4,277,114	18,435,325	841,492		593,910		452		24,148,293		129,275,660
(5,644,077)	(2,546,896)	(11,426,901)				(97,932)		(19,715,806)		(74,655,297)
<u>30,910,191</u>	<u>17,552,086</u>	<u>2,921,161</u>		<u>593,910</u>		<u>64,698,349</u>		<u>116,675,697</u>		<u>169,325,350</u>
(14,691,215)	(6,615,080)	(7,845,797)	(4,209,416)	(660,502)	(1,260)	61,294,207	(5,106,197)	22,164,740	(422,500)	41,634,184
<u>107,265,162</u>	<u>6,739,393</u>	<u>74,281,255</u>	<u>23,953,747</u>	<u>691,336</u>	<u>623,731</u>	<u>37,889,922</u>	<u>6,092,374</u>	<u>257,536,920</u>	<u>13,456,751</u>	<u>354,494,653</u>
<u>\$ 92,573,947</u>	<u>\$ 124,313</u>	<u>\$ 66,435,458</u>	<u>\$ 19,744,331</u>	<u>\$ 30,834</u>	<u>\$ 622,471</u>	<u>\$ 99,184,129</u>	<u>\$ 986,177</u>	<u>\$ 279,701,660</u>	<u>\$ 13,034,251</u>	<u>\$ 396,128,837</u>

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE/BALANCE SHEET
AS OF SEPTEMBER 30, 2005

ASSETS

FUNDS	CASH AND CASH EQUIVALENTS		OTHER ACCOUNTS	LESS:	ACCRUED INTEREST	ACCRUED REVENUE	DUE FROM OTHER FUNDS	DUE FROM OTHER GOVT AGENCIES	TOTAL ASSETS 2005
		INVESTMENTS		ALLOWANCE FOR UNCOLLECTIBLES					
Public Library-Other Memorials and Gifts Fund	\$ 4,229	\$ 63,599	\$ -	\$ -	\$ 461	\$ -	\$ -	\$ -	\$ 68,289
Brown Bag Days Fund	1	20							21
Carver Community Contribution Fund	5,632	84,682	1,325		710				92,349
San Antonio Branch Libraries Gift Fund	16,021	240,912			1,602				258,535
San Antonio Library Foundation Gift Fund	66,764	1,006,302			6,229				1,079,295
San Antonio Friends of the Library Gift Fund	4,351	65,420			325				70,096
Bexar County Rabies Control	263,967							35,145	299,112
The City's Front Yard Program Fund	18,621	279,544			2,012			5,000	305,177
Market Square San Antonio Cultural Program	566	8,512			76				9,154
San Antonio Downtown Citizens' Beautification Program	29	435			3				467
Child Abuse Prevention Program/Kidcare	4	68							72
Martin Luther King Celebration	56	842							898
Special Art Acquisition and Maintenance Fund	148	2,219			15				2,382
Martin Luther King Scholarships Memorial Fund	563	8,465			42				9,070
La Villita Memorials and Gifts	279	4,188			28				4,495
Alamo Foundation Inc. Gift	391								391
Elizabeth Evelyn Beike Gift to Oakwell Library	3,686	55,410			379				59,475
Commission for Children and Families	184	2,773			19				2,976
San Antonio Petroleum Bulk Terminal Operators	347	5,216			36				5,599
City of San Antonio Historic Preservation Fund	1,800	27,059			163				29,022
Dies Y Seis Celebration	1,797	27,602			234				29,633
Cellular on Patrol Trust Funds	41	607			4				652
Woodlawn Lake July 4 Celebration	1	5							6
Miscellaneous Memorials and Gifts Fund	880	13,230			85				14,195
Carver Center Renewal & Replacement	158	2,368			12				2,538
Market Square Improvement Trust Fund	15,227	228,971			1,008				245,206
Mayor's Conference on Status of Women	3,333								3,333
San Antonio Literacy Trust Fund	1,061	15,956			109				17,126
Work/Family Commisison Contribution Fund									
South Texas Business Fund	10,570					130,829			141,399
San Antonio Public Library-Hertzberg Circus Fund	1,994	29,988							31,982
San Antonio Public Library-Alice Moore Fund	28	421			3				452
Knights of Pythias Cemetery Fund	193	2,902			20				3,115
Fire Prevention Week Trust Fund	1,218	18,322			135				19,675
Fire Ladder Truck Buy-in Project	116,204	1,747,339			306				1,863,849
Victim's Advocacy Trust Fund	402	6,039			42				6,483
Dwyer Center Rental Income Trust	25,631	360,701	17,337		1,651			5,172	410,492
School Zone Flashing Beacons	83,503								83,503
State Paid Traffic Signals	4,267					349,877		255,511	609,655
San Antonio Police Training Classes Fund	120,390	274,861	1,500		2,215			8,785	407,751
HIDTA Group Leasing Program	60,950								60,950
Community Action Program Projects Fund	72,431								72,431
Tree Preservation Mitigation Fund	56,800	854,090	79		4,974				915,943
Police Academy Memorial Plaza Construction	75	1,128			8				1,211
Forensic Mapping System	56	849			6				911
"C" Fire Technical Rescue Equipment Project	2,761								2,761
Affordable Housing Trust Fund	5,644	84,870			582				91,096
City Holiday Gift Program	1	14			3				18
City Volunteer Corp Trust Fund	27								27
San Antonio Flood Relief Fund	841	12,643			87				13,571
TIF 3 City Commercial TIF Fund	2,661	40,013			274				42,948
San Antonio Symphony/Zoo Obligation Project	591,265								591,265
Americans w/Disability Act Access Enhancement	270	4,065			27				4,362
Better Jobs Expendable Trust Fund	151,254	2,274,384			18,759				2,444,397
Zoo Concession Area Capital Repair Trust	5,512	82,883			6				88,401
ACCD Settlement Education for City-Employees Fund	176		971,818						971,994
ACCD Settlement Advanced Technology Center Fund			22,083						22,083
Prop 3 Habitat Mitigation Fund	254	3,830			26				4,110
Special Public Improvement District Fund	27,975	420,646	75,000		8,997	46,032			578,650
Seminar Operating Fund	183								183
Park's Recreation Athletic Fund	21,009	320,320			2,389				343,743
911 District Fund	1,128		194,176			112,534			307,838
Tax Clearance Account	811,962								811,962
San Antonio Health Facilities Development Corporation	16,803								16,803
San Antonio Industrial Development Authority	6,986								6,986
Otto Koehler Park	101	1,516			503				2,120
Child Safety			103,444		8,084				111,528
Soil Remediation	10,259	154,256	235,000	(15,000)	2,566				387,081
Official City Store	4,300	31,103	1,465						36,868
Housing Asset Recovery Program	(19)								
Tax Increment Financing	59,288	891,497			4,864			604,072	1,559,721
Enterprise Resource Management Project	21,378	2,217	260		1,861		713,970		739,686
Park Acquisition and Development Fund	115,582	1,016,648			6,116		604,715		1,743,061
Equipment Acquisition Fund	1,123,033								1,123,033
TIF Unit Fund	2,984	3,164							6,148
Police Training Academy - Firing Range	1,776	26,709			1,061				29,546
Economic Development Incentive Fund	415,236	6,243,822			50,372				6,709,430
Riverwalk Capital Improvement	50,191	754,708	90,269		5,341				900,509
Joseph Roy Kaiser GED Financial Assistance Fund	6	91	7,470						7,567
UTHSCSA Dental School-RS	7,175	107,892			135				115,202
Animal Care Facility Donation	266	4,005			10				4,281
EDD Availability & Disparity Fund	626	9,410			57				10,093
Hurricane Katrina Emergency	2,961						12,690,972		12,693,933
Hurricane Rita Emergency							165,361		165,361
TOTAL	\$ 4,426,704	\$ 17,931,770	\$ 1,721,251	\$ (15,000)	\$ 135,032	\$ 639,272	\$ 14,175,018	\$ 913,685	\$ 39,927,732

**SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE/BALANCE SHEET
AS OF SEPTEMBER 30, 2005**

FUNDS	LIABILITIES							TOTAL LIABILITIES AND FUND BALANCES 2005	
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE OTHER	ACCRUED PAYROLL	ACCRUED LEAVE PAYABLE	UNEARNED REVENUE	DUE TO OTHER FUNDS	TOTAL LIABILITIES		
Public Library-Other Memorials and Gifts Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,289	
Brown Bag Days Fund								21	
Carver Community Contribution Fund			1,000				1,000	91,349	
San Antonio Branch Libraries Gift Fund								258,535	
San Antonio Library Foundation Gift Fund	1,383						1,383	1,079,295	
San Antonio Friends of the Library Gift Fund	120						120	70,096	
Bexar County Rabies Control		2,098	5,087	7,854		284,073	299,112	299,112	
The City's Front Yard Program Fund	2,551	30					2,581	305,177	
Market Square San Antonio Cultural Program Fund								9,154	
San Antonio Downtown Citizens' Beautification Program								467	
Child Abuse Prevention Program/Kidcare						3,678	3,678	(3,606)	
Martin Luther King Celebration	2,000					45,796	47,796	(46,898)	
Special Art Acquisition & Maintenance Fund								2,382	
Martin Luther King Scholarship Memorial Fund								9,070	
La Villita Memorials and Gifts								4,495	
Alamo Foundation Inc. Gift						19,938	19,938	(19,547)	
Elizabeth Evelyn Beike Gift to Oakwell Library								59,475	
Commission for Children and Families								2,976	
San Antonio Petroleum Bulk Terminal Operators								5,599	
City of San Antonio Historic Preservation Fund								29,022	
Dies Y Seis Celebration	781	60					841	28,792	
Cellular on Patrol Trust Funds								652	
Woodlawn Lake July 4 Celebration						328	328	(322)	
Miscellaneous Memorials and Gifts Fund								14,195	
Carver Center Renewal & Replacement								2,538	
Market Square Improvement Trust Fund	7,040						7,040	238,166	
Mayor's Conference on Status of Women	725						725	2,608	
San Antonio Literacy Trust Fund								17,126	
Work/Family Commission Contribution Fund						445	445	(445)	
South Texas Business Fund		5,303	13,825	16,481		146,981	182,590	(41,191)	
San Antonio Public Library-Hertzberg Circus Fund								31,982	
San Antonio Public Library-Alice Moore Fund								452	
Knights of Pythias Cemetery Fund								3,115	
Fire Prevention Week Trust Fund	753						753	18,922	
Fire Ladder Truck Buy-In Project						1,854,351	1,854,351	9,498	
Victim's Advocacy Trust Fund								6,483	
Dwyer Center Rental Income Trust	4,909	1,852	4,352	2,395	33,398		46,906	363,586	
School Zone Flashing Beacons								83,503	
State Paid Traffic Signals						217,617	217,617	392,038	
San Antonio Police Training Classes Fund	12,433					5,000	17,433	390,318	
HIDTA Group Leasing Program						60,950	60,950		
Community Action Program Projects Fund								72,431	
Tree Preservation Mitigation Fund	245	58					303	915,640	
Police Academy Memorial Plaza Construction								1,211	
Forensic Mapping System								911	
"C" Fire Technical Rescue Equipment Project								2,761	
Affordable Housing Trust Fund								91,096	
City Holiday Gift Program						124	124	(106)	
City Volunteer Corp Trust Fund								27	
San Antonio Flood Relief Fund								13,571	
TIF 3 City Commercial TIF Fund								42,948	
San Antonio Symphony/Zoo Obligation Project						591,265	591,265		
Americans w/Disability Act Access Enhancement								4,362	
Better Jobs Expendable Trust Fund								2,444,397	
Zoo Concession Area Capital Repair Trust	51,832						51,832	36,569	
ACCD Settlement Education for City Employees Fund								971,994	
ACCD Settlement Advanced Technology Center Fund								22,083	
Prop 3 Habitat Mitigation Fund								4,110	
Special Public Improvement District Fund		218,563					218,563	360,087	
Seminar Operating Fund								183	
Park's Recreation Athletic Fund	6,000	2,010	8,500		330		16,840	326,903	
911 District Fund	380	2,237	5,314	3,335		296,572	307,838	307,838	
Tax Clearance Account		(511)				812,473	811,962		
San Antonio Health Facilities Development Corporation		400					400	16,403	
San Antonio Industrial Development Authority		400					400	6,986	
Otto Kochler Park							2,120	2,120	
Child Safety		868				110,184	111,528	111,528	
Soil Remediation					200,000		200,000	187,081	
Official City Store	4,048	8,199	7,050	994			20,291	16,577	
Housing Asset Recovery Program		301,107				110,847	411,954	(411,954)	
Tax Increment Financing								1,559,721	
Enterprise Resource Management Project	634,310		1,786	9,225		94,365	739,686	739,686	
Park Acquisition and Development Fund						600,954	600,954	1,142,107	
Equipment Acquisition Fund	359,950						359,950	763,083	
TIF Unit Fund		3,018	8,701	1,561		104,921	118,201	(112,053)	
Police Training Academy - Firing Range								29,546	
Economic Development Incentive Fund		100,000					100,000	6,609,430	
Riverwalk Capital Improvement								900,509	
Joseph Roy Kaiser GED Financial Assistance Fund	2,595					4,972	7,567	7,567	
UTHSCSA Dental School-RS								115,202	
Animal Care Facility Donation								4,281	
EDD Availability & Disparity Fund								10,093	
Hurricane Katrina Emergency	1,353,135	3,293,447	2,314,286			5,733,065	12,693,933	12,693,933	
Hurricane Rita Emergency						165,361	165,361	165,361	
TOTAL	\$ 2,445,190	\$ 3,939,139	\$ 2,369,901	\$ 41,845	\$ 234,204	\$ 11,266,380	\$ 20,296,659	\$ 19,631,073	\$ 39,927,732

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2005

	REVENUES					EXPENDITURES		
	CHARGES FOR CURRENT SERVICES	TAXES	INTERGOV'TL	MISCELLANEOUS	INVESTMENT EARNINGS	TOTAL REVENUES	GENERAL GOVERNMENT	PUBLIC SAFETY
Public Library-Other Memorials & Gifts Fund	\$ 56	\$ -	\$ -	\$ 27,709	\$ 1,590	\$ 29,355	\$ -	\$ -
Brown Bag Days Fund					1	1		
Carver Community Contribution Fund	109,821			40,000	1,859	151,680		
San Antonio Branch Libraries Gift Fund				14,357	5,649	20,006		
San Antonio Library Foundation Gift Fund				386,449	21,944	408,393		
San Antonio Friends of the Library Gift Fund				54,010	1,001	55,011		
Bexar County Rabies Control			236,413			236,413		
The City's Front Yard Program Fund	7,922			30,393	6,604	44,919		
Market Square San Antonio Cultural Program					265	265		
San Antonio Downtown Citizens' Beautification Program					10	10		
Child Abuse Prevention Program				100		100		
Martin Luther King Celebration								
Special Art Acquisition & Maintenance Fund					53	53		
Martin Luther King Scholarships Memorial Fund				12,525	84	12,609		
La Villita Memorials and Gifts					108	108		
Alamo Foundation Inc. Gift							20,000	
Elizabeth Evelyn Beike Testamentary Gift to Oakwell Library					1,324	1,324		
Commission for Children and Families					66	66		
San Antonio Petroleum Bulk Terminal Operators					135	135		
City of San Antonio Historic Preservation Fund				5,000	547	5,547		
Dies Y Seis Celebration					918	918		
Cellular on Patrol Trust Fund					16	16		
Woodlawn Lake July 4 Celebration								
Miscellaneous Memorials and Gifts Fund					305	305		
Carver Center Renewal & Replacement	2,510				28	2,538		
Market Square Improvement Trust Fund					3,581	3,581		
Mayor's Conference on Status of Women								
San Antonio Literacy Trust Fund					381	381		
Work/Family Commission Contribution Fund								
South Texas Business Fund				502,735		502,735		
San Antonio Public Library-Hertzberg Circus Fund				48,020		48,020		
San Antonio Public Library-Alice Moore Fund					10	10		
Knights of Pythias Cemetery Fund					70	70		
Fire Prevention Week Trust Fund				14,770	529	15,299		13,580
Fire Ladder Truck Buy-In Project					9,498	9,498		
Victim's Advocacy Trust Fund				502	153	655		
Dwyer Center Rental Income Trust	245,118				5,760	250,878		
School Zone Flashing Beacons								
State Paid Traffic Signals			474,684			474,684		
San Antonio Police Training Program	12,079			214,516	7,518	234,113		176,324
HIDTA Group Leasing Office				60,950		60,950		60,950
Community Action Program Projects Fund				68,366		68,366		
Tree Preservation Mitigation Fund	592,975			5,502	12,968	611,445		
Police Academy Memorial Plaza Construction					26	26		
Forensic Mapping System					19	19		
"C" Fire Technical Rescue Equipment Project				1,830		1,830		
Affordable Housing Trust Fund					2,027	2,027		
City Holiday Gift Program					18	18		
City Volunteer Corp Trust Fund								
San Antonio Flood Relief Fund					302	302		
TIF 3 City Commercial TIF Fund					955	955		
San Antonio Symphony/Zoo Obligation Project								
Americans w/Disability Act Access Enhancement					97	97		
Better Jobs Expendable Trust Fund					65,409	65,409		
Zoo Concession Area Capital Repair Trust	88,228				144	88,372		
ACCD Settlement Education for City Employees Fund				545,042		545,042	559,156	
ACCD Settlement Advanced Technology Center Fund							14,866	
Prop 3 Habitat Mitigation Fund					91	91		
Special Public Improvement District Fund	1,237,559			88,650	21,202	1,347,411		
Seminar Operating Fund								
Park's Recreation Athletic Fund	443,886			7,200	9,121	460,207		
911 District Fund	168,742					168,742		164,007
Tax Clearance Account								
San Antonio Health Facilities Development Corporation					18	18		
San Antonio Industrial Development Authority					52	52		
Otto Koehler Park	120,087				813	120,900		
Child Safety			1,555,562	412,582	14,517	1,982,661	144,340	
Soil Remediation				15,000	8,948	23,948		
Official City Store	411,964				119	412,083		
Housing Asset Recovery Program	11,000					11,000		
Tax Increment Financing		1,338,390	1,211,784		14,832	2,565,006	752,365	
Enterprise Resource Management Project					2,526	2,526		
Park Acquisition and Development Fund				124,176	20,527	144,703	1,083	
Equipment Acquisition Fund				774,056	63,996	838,052	3,515,639	
TIF Unit Fund	420,146					420,146	298,690	
Police Training Academy - Firing Range	24,169				2,401	26,570		1,808
Economic Development Incentive Fund					209,430	209,430		
Riverwalk Capital Improvement	213,300				18,793	232,093		
Joseph Roy Kaiser GED Financial Assistance Fund				7,470		7,470		
UTHSCSA Dental School-RS	114,976				226	115,202		
Animal Care Facility Donation				4,267	14	4,281		
EDD Availability & Disparity Fund				10,000	93	10,093		
Hurricane Katrina Emergency								
Hurricane Rita Emergency								
TOTAL	\$ 4,224,538	\$ 1,338,390	\$ 3,478,443	\$ 3,476,177	\$ 539,691	\$ 13,057,239	\$ 5,306,139	\$ 416,669

**SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2005**

EXPENDITURES					TOTAL EXPENDITURES	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	OTHER FINANCING SOURCES (USES)	FUND BALANCES			
PUBLIC WORKS	HEALTH SERVICES	WELFARE	CULTURE AND RECREATION	ECONOMIC DEVELOPMENT AND OPPORTUNITY				10-01-04	09-30-05		
\$	-	\$	-	\$	34,484	\$	-	\$	73,418	\$	68,289
					223				243		21
					47,775				36,719		91,349
					33,917				272,446		258,535
					589,219				1,258,738		1,077,912
					29,916				44,881		69,976
		228,434			228,434				(7,979)		
					18,225				275,902		302,596
									8,889		9,154
									457		467
					1,727				(1,979)		(3,606)
					26,097				(35,801)		(46,898)
									2,329		2,382
					5,006				(5,533)		9,070
									4,387		4,495
					20,000				453		(19,547)
									58,151		59,475
									2,910		2,976
									5,464		5,599
									23,475		29,022
					21,262				49,136		28,792
									636		652
									(322)		(322)
					208				13,598		14,195
									2,538		2,538
					24,535				159,120		238,166
					781				3,389		2,608
									16,745		17,126
									(445)		(445)
					502,735				(41,191)		(41,191)
					105				(15,933)		31,982
									442		452
									3,045		3,115
									17,203		18,922
									1,300,638		9,498
					1,119				6,947		6,483
					181,212				293,920		363,586
									83,503		83,503
					82,646				337,529		392,038
					176,324				(5,000)		390,318
					60,950						
					108				4,173		72,431
					41,166				345,361		915,640
									1,185		1,211
									892		911
									931		2,761
									89,069		91,096
									(124)		(106)
									27		27
									13,269		13,571
									41,993		42,948
					631,265				4,265		4,362
									(500,000)		2,444,397
					51,804				1		36,569
					559,156				986,108		971,994
					14,866				36,949		22,083
									4,019		4,110
					1,508,802				521,478		360,087
									183		183
					665,022				586,348		326,903
					164,007				(4,735)		
									18,690		16,403
					2,305				9,217		6,586
									(120,900)		
									(1,838,321)		
					144,340				163,133		187,081
									67,830		16,577
					586,918				(369,837)		(411,954)
					53,117				929,402		1,559,721
					752,365				1,649,501		(1,652,027)
									998,487		1,142,107
					1,083				978,893		763,083
					3,515,639				(233,509)		(112,053)
					298,690				4,784		29,546
					1,808						
					1,600,000				8,000,000		6,609,430
									668,416		900,509
					7,470						
									115,202		115,202
									4,281		4,281
									10,093		10,093
					12,690,972				12,690,972		
					165,361				165,361		
\$	12,938,979	\$	230,739	\$	189,953	\$	2,215,223	\$	4,261,725	\$	25,559,427
									(12,502,188)		(12,502,188)
									21,462,288		21,462,288
\$		\$		\$		\$		\$	10,670,973	\$	19,631,073

— CITY OF SAN ANTONIO, TEXAS —

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
AS OF SEPTEMBER 30, 2005

	San Jose Burial Park	Carver Cultural Center Endowment	San Antonio Housing Trust	William C. Morris Endowment	Nonmajor Permanent Funds
<u>ASSETS</u>					
Assets:					
Cash and Cash Equivalents	\$ 144,188	\$ 21,359	\$ 456,120	\$ 19,000	\$ 640,667
Investments	2,121,444	321,175	9,439,204	285,697	12,167,520
Receivables	47,645				47,645
Accrued Interest	15,362	2,201	219,188	1,668	238,419
Total Assets	\$ 2,328,639	\$ 344,735	\$ 10,114,512	\$ 306,365	\$ 13,094,251
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable - Other	\$ 6,346	\$ -	\$ 14,803	\$ -	\$ 21,149
Accrued Payroll	10,073				10,073
Accrued Leave Payable	28,778				28,778
Total Liabilities	45,197		14,803		60,000
Fund Balances:					
Reserved:					
Reserved for Encumbrances			87,304		87,304
Unreserved:					
Designated	1,825,151		1,000,000		2,825,151
Undesignated	458,291	344,735	9,012,405	306,365	10,121,796
Total Fund Balances	2,283,442	344,735	10,099,709	306,365	13,034,251
Total Liabilities and Fund Balances	\$ 2,328,639	\$ 344,735	\$ 10,114,512	\$ 306,365	\$ 13,094,251

— CITY OF SAN ANTONIO, TEXAS —

COMBINING SCHEDULE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
AS OF SEPTEMBER 30, 2005

	San Jose Burial Park	Carver Cultural Center Endowment	San Antonio Housing Trust	William C. Morris Endowment	Total Nonmajor Permanent Funds
<u>Revenues</u>					
Charges for Services	\$ 224,476	\$ -	\$ -	\$ -	\$ 224,476
Miscellaneous				98,221	98,221
Interest	54,077	7,671	313,576	5,092	380,416
Net (Decrease) in Fair Value of Investments			(166,972)		(166,972)
 Total Revenues	 278,553	 7,671	 146,604	 103,313	 536,141
<u>Expenditures</u>					
Current:					
Culture and Recreation	474,950				474,950
Urban Redevelopment and Housing			483,691		483,691
 Total Expenditures	 474,950		 483,691		 958,641
<u>Excess (Deficiency) of Revenues</u>					
<u>Over (Under) Expenditures</u>	(196,397)	7,671	(337,087)	103,313	(422,500)
 Fund Balances, October 1	 2,479,839	 337,064	 10,436,796	 203,052	 13,456,751
 <u>Fund Balances, September 30</u>	 <u>\$ 2,283,442</u>	 <u>\$ 344,735</u>	 <u>\$ 10,099,709</u>	 <u>\$ 306,365</u>	 <u>\$ 13,034,251</u>





City of San Antonio Texas

Internal Service Funds

SELF-INSURANCE PROGRAMS - to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Insurance Reserve Program, Employee Benefits Program, Workers' Compensation Program, Unemployment Compensation Program, Extended Sick Leave Program, and Employee Wellness Program.

OTHER INTERNAL SERVICES - to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Central Stores, Motor Pool, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

INFORMATION SERVICES - to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.



COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2005

	SELF-INSURANCE PROGRAMS			
	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS' COMPENSATION	UNEMPLOYMENT COMPENSATION
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,035,213	\$ 1,337,639	\$ 621,941	\$ 44,851
Investments	15,385,328	2,209,937	9,139,358	674,403
Receivables:				
Other Accounts	160,268	780,781		
Allowance for Uncollectibles		(101,202)		
Accrued Interest	140,834	1	93,413	3,686
Accrued Revenue		2,160		
Due From Other Funds	6,107,096		6,097,096	
Due From Other Governmental Agencies			7,686	
Allowance for Uncollectibles				
Materials and Supplies, at Cost				
Prepaid Expenses	491,440		63,675	
Deposits	14,790		36,000	
Total Current Assets	<u>23,334,969</u>	<u>4,229,316</u>	<u>16,059,169</u>	<u>722,940</u>
Property, Plant, and Equipment:				
Computer Equipment	58,015	57,553	51,528	
Buildings				
Improvements Other than Buildings				
Machinery and Equipment	5,902	43,586	383,791	
Total Property, Plant, and Equipment	<u>63,917</u>	<u>101,139</u>	<u>435,319</u>	
Less: Accumulated Depreciation	63,917	96,256	395,052	
Net Property, Plant, and Equipment		4,883	40,267	
Total Assets	<u>23,334,969</u>	<u>4,234,199</u>	<u>16,099,436</u>	<u>722,940</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Vouchers Payable	37,125	1,013,253	73,953	
Accounts Payable-Other	19,459,135	11,113,902	20,176,183	84,357
Accrued Payroll	35,866	28,209	40,611	
Accrued Leave Payable	6,403	6,493	9,029	
Unearned Revenue	158,515	534,952		
Lease Purchase Agreements				
Due to Other Funds		12,194,192		
Total Current Liabilities (Payable from Current Assets)	<u>19,697,044</u>	<u>24,891,001</u>	<u>20,299,776</u>	<u>84,357</u>
Current Liabilities (Payable from Restricted Assets)				
Lease Purchase				
Noncurrent Liabilities:				
Accrued Leave Payable	32,014	32,467	45,144	
Lease Purchase				
Due to Other Governmental Agencies				
Total Noncurrent Liabilities	<u>32,014</u>	<u>32,467</u>	<u>45,144</u>	
Total Liabilities	<u>19,729,058</u>	<u>24,923,468</u>	<u>20,344,920</u>	<u>84,357</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, net of related debt		4,883	40,267	
Unrestricted	3,605,911	(20,694,152)	(4,285,751)	638,583
Total Net Assets	<u>\$ 3,605,911</u>	<u>\$ (20,689,269)</u>	<u>\$ (4,245,484)</u>	<u>\$ 638,583</u>

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2005**

SELF-INSURANCE PROGRAMS		OTHER		TOTAL
EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	INTERNAL SERVICES	INFORMATION SERVICES	
\$ 485	\$ 20,043	\$ 1,310,146	\$ 336,410	\$ 4,706,728
7,283	242,581	20,075,355	2,609,327	50,343,572
		14,257	12,284	967,590
			(23,290)	(124,492)
	2,620	149,109	1,031	390,694
		538		2,698
	350	1,412,438	13,366	13,630,346
10,071		508,291	232,799	758,847
		(142,749)		(142,749)
		1,217,285	828,448	2,045,733
			173,776	728,891
			230,050	280,840
<u>17,839</u>	<u>265,594</u>	<u>24,544,670</u>	<u>4,414,201</u>	<u>73,588,698</u>
	10,202	564,827	4,849,230	5,591,355
		443,955	20,465	464,420
		194,118		194,118
	37,005	112,744,479	773,792	113,988,555
	47,207	113,947,379	5,643,487	120,238,448
	44,453	69,756,350	4,200,911	74,556,939
	2,754	44,191,029	1,442,576	45,681,509
<u>17,839</u>	<u>268,348</u>	<u>68,735,699</u>	<u>5,856,777</u>	<u>119,270,207</u>
	11,632	1,969,029	861,119	3,966,111
	5,323	1,374,603	782,366	52,995,869
	12,706	384,837	541,842	1,044,071
	2,638	493,360	97,966	615,889
			355,056	693,467
10,000		1,072,968		355,056
				13,277,160
<u>10,000</u>	<u>32,299</u>	<u>5,294,797</u>	<u>2,638,349</u>	<u>72,947,623</u>
		95,604		95,604
	13,188		489,830	612,643
		198,547	503,650	702,197
			710,754	710,754
	13,188	198,547	1,704,234	2,025,594
10,000	45,487	5,588,948	4,342,583	75,068,821
	2,754	43,896,878	583,870	44,528,652
7,839	220,107	19,249,873	930,324	(327,266)
<u>\$ 7,839</u>	<u>\$ 222,861</u>	<u>\$ 63,146,751</u>	<u>\$ 1,514,194</u>	<u>\$ 44,201,386</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS' COMPENSATION	UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICE	INFORMATION SERVICES	TOTAL
Operating Revenues									
Charges for Services	\$ 8,415,147	\$ 78,939,683	\$ 13,963,474	\$ 547,471	\$ 13,807	\$ -	\$ 49,904,644	\$ 31,637,538	\$ 183,421,764
Total Operating Revenues	8,415,147	78,939,683	13,963,474	547,471	13,807	-	49,904,644	31,637,538	183,421,764
Operating Expenses									
Personnel Services	1,047,214	853,729	1,324,566		13,284	388,957	12,474,345	16,261,670	32,363,765
Contractual Services	613,369	4,495,306	928,187	222,637		262,021	2,531,646	3,019,742	12,072,908
Commodities	18,369	12,014	40,741			13,070	796,564	3,845,841	4,726,599
Materials							16,176,608	563,464	16,740,072
Other	8,366,774	66,760,908	10,645,670			18,594	5,954,753	8,735,369	100,482,068
Depreciation	3,411	5,500	37,547			3,876	11,937,079	364,021	12,351,434
Total Operating Expenses	10,049,137	72,127,457	12,976,711	222,637	13,284	686,518	49,870,995	32,790,107	178,736,846
Operating Income (Loss)	(1,633,990)	6,812,226	986,763	324,834	523	(686,518)	33,649	(1,152,569)	4,684,918
Nonoperating Revenues (Expenses)									
Interest and Other	489,031	2	325,022	10,895	6	6,342	537,877	17,642	1,386,817
Other Nonoperating Revenue	280,386	931,293	1,511,527				424,213	344,597	3,492,016
Gain (Loss) on Sale of Fixed Assets							1,525,648	(18,919)	1,506,729
Interest and Debt Expense							(17,078)	(29,148)	(46,226)
Total Nonoperating Revenues (Expenses)	769,417	931,295	1,836,549	10,895	6	6,342	2,470,660	314,172	6,339,336
Change in Net Assets Before Transfers	(864,573)	7,743,521	2,823,312	335,729	529	(680,176)	2,504,309	(838,397)	11,024,254
Transfers In (Out)									
Transfers In		3,608,563	81,736			873,545	799,518	522,861	5,886,223
Transfers Out	(88,847)	(288,915)	(560,040)			(2,509)	(1,942,946)	(62,747)	(2,946,004)
Total Transfers	(88,847)	3,319,648	(478,304)			871,036	(1,143,428)	460,114	2,940,219
Change In Net Assets	(953,420)	11,063,169	2,345,008	335,729	529	190,860	1,360,881	(378,283)	13,964,473
Net Assets, Beginning	4,559,331	(31,752,438)	(6,590,492)	302,854	7,310	32,001	61,785,870	1,892,477	30,236,913
Net Assets, Ending	3,605,911	(20,689,269)	(4,245,484)	638,583	7,839	222,861	63,146,751	1,514,194	44,201,386



COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	SELF-INSURANCE PROGRAMS		
	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS' COMPENSATION
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$ 8,440,322	\$ 78,916,757	\$ 13,963,474
Cash Payments to Suppliers for Goods and Services	(7,489,863)	(70,249,145)	(12,571,910)
Cash Payments to Employees for Service	(1,058,591)	(844,609)	(1,323,434)
Net Cash Provided by (Used for) Operating Activities	<u>(108,132)</u>	<u>7,823,003</u>	<u>68,130</u>
<u>Cash Flows from NonCapital Financing Activities</u>			
Other Nonoperating Revenues	280,386	931,293	1,511,527
Operating Transfers In from Other Funds		3,608,563	81,736
Operating Transfers Out to Other Funds	(88,847)	(288,915)	(560,040)
Due To Other Funds	(114)	(8,683,752)	(57)
Due From Other Funds	4,331,101	30,700	4,341,101
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>4,522,526</u>	<u>(4,402,111)</u>	<u>5,374,267</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisitions and Construction of Capital Assets			
Principal Payments on Long-Term Debt			
Principal Payments on Notes			
Interest Paid on Notes			
Proceeds from Sale of Assets			
Net Cash (Used for) Capital and Related Financing Activities			
<u>Cash Flows from Investing Activities</u>			
Purchases of Investment Securities	(31,664,194)	(4,548,222)	(18,809,505)
Maturity of Investment Securities	27,263,262	2,405,107	13,055,181
Interest on Investments	389,594	1	260,024
Net Cash Provided by (Used for) Investing Activities	<u>(4,011,338)</u>	<u>(2,143,114)</u>	<u>(5,494,300)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	403,056	1,277,778	(51,903)
Cash and Cash Equivalents, October 1	<u>632,157</u>	<u>59,861</u>	<u>673,844</u>
<u>Cash and Cash Equivalents, September 30</u>	<u>\$ 1,035,213</u>	<u>\$ 1,337,639</u>	<u>\$ 621,941</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>			
Operating Income (Loss)	\$ (1,633,990)	\$ 6,812,226	\$ 986,763
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3,411	5,500	37,547
Changes in Assets and Liabilities:			
(Increase) In Other Accounts Receivable	(249)	(29,551)	
Decrease In Allowance for Uncollectibles		8,785	
(Increase) Decrease In Accrued Revenues		(2,160)	
(Increase) Decrease In Due from Other Gov'tl Agencies			
(Increase) In Materials and Supplies			
(Increase) Decrease In Prepaid Expenses	(491,440)		(63,675)
Increase (Decrease) In Deposits	25,424		
Increase In Vouchers Payable	37,125	1,013,253	73,953
Increase (Decrease) In Accounts and Other Payables	1,962,964	5,830	(967,590)
Increase In Accrued Payroll	8,576	2,032	1,914
Increase (Decrease) In Accrued Leave Payable	(19,953)	7,088	(782)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (108,132)</u>	<u>\$ 7,823,003</u>	<u>\$ 68,130</u>





City of San Antonio Texas

Fiduciary Funds

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

FIRE AND POLICE PENSION AND HEALTHCARE FUND - to account for resources of the pension and healthcare fund established for the City's firefighters and police officers, as provided for under state law and the respective collective bargaining agreements.

FIRE AND POLICE PENSION FUND - to account for resources of the pension fund established for the City's firefighters and police officers, as provided for under state law.

FIRE AND POLICE RETIREE HEALTHCARE FUND - to account for the collection and payment of funds for healthcare benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

PRIVATE PURPOSE TRUST FUNDS - to account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City has established the following private purpose trust funds based upon the above definition:

EMPLOYEE ASSISTANCE FUND - to account for collections and disbursements made to eligible employees experiencing financial difficulties. Financing is provided by contributions and funds raised through special events.

EMPLOYEE SCHOLARSHIP FUND - to account for funds awarded as scholarships to eligible employees and their dependents. Financing is provided by contributions and funds raised through special events.

SAN ANTONIO LITERACY PROGRAM - to account for funds that have restrictions specified by private citizens. Financing is provided by contributions from private citizens.

AGENCY FUNDS - to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

DEPOSIT FUND - to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

UNCLAIMED PROPERTY FUND - to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Fiduciary Funds (continued)

AGENCY FUNDS (continued)

STATE AND CITY SALES TAX FUND - to account for the collection and payment to the State of Texas for sales tax collected.

MUNICIPAL COURT CASH BOND FUND - to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

CRIMINAL JUSTICE PLANNING FUND - to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

LESSEE'S SPECIAL EVENTS LIABILITY INSURANCE - to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.

SPECIAL EVENTS SECURITY TRUST FUND - to account for collection and payment of funds pertaining to security provided at events held on City property. Financing is provided by users.

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTION FUND - to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

SINGLE-PURPOSE NON-PROFIT FUND - to account for the provision of a Health Maintenance Organization Medical Coverage under the City's Self-Funded Health Benefits Program with Community First Health Plans, Inc.

CVB HOUSING BUREAU FUND - to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions.

— CITY OF SAN ANTONIO, TEXAS —

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIRE AND POLICE PENSION AND HEALTHCARE FUNDS**AS OF SEPTEMBER 30, 2005**

(In Thousands)

<u>ASSETS</u>	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTHCARE FUND	TOTAL
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 98,847	\$ 11,860	\$ 110,707
Security Lending Collateral	162,512	15,200	177,712
Investments, at Fair Value:			
U.S. Government and Agency Issues	201,868	3,545	205,413
Corporate Bonds	78,780	6,848	85,628
Preferred Common Stock	622	67,826	68,448
Other	1,322,219	59,529	1,381,748
Total Investments, at Fair Value:	1,603,489	137,748	1,741,237
Receivables:			
Other Accounts	4,571		4,571
Accrued Interest	4,400	385	4,785
Accrued Revenue	1,441		1,441
Prepayments		13	13
Total Current Assets	1,875,260	165,206	2,040,466
<u>Capital Assets</u>			
Computer Equipment	76		76
Buildings	590		590
Total Capital Assets	666		666
Less: Accumulated Depreciation	344		344
Net Capital Assets	322		322
Total Assets	1,875,582	165,206	2,040,788
<u>LIABILITIES</u>			
Vouchers Payable	4,517	207	4,724
Accounts Payable - Other	2,407	1,889	4,296
Accrued Payroll	76		76
Unearned Revenue		355	355
Securities Lending	162,512	15,200	177,712
Total Liabilities	169,512	17,651	187,163
<u>NET ASSETS</u>			
Held in Trust for Pension Benefits and Other Purposes	\$ 1,706,070	\$ 147,555	\$ 1,853,625

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
YEAR ENDED SEPTEMBER 30, 2005

(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTHCARE FUND	TOTAL
ADDITIONS:			
Contributions:			
Employer	\$ 49,665	\$ 19,937	\$ 69,602
Employee	24,896	526	25,422
Total Contributions	<u>74,561</u>	<u>20,463</u>	<u>95,024</u>
Investment Earnings:			
Net Increase in Fair Value of Investments	178,308	11,226	189,534
Real Estate Income, Net	2,160		2,160
Interest and Dividends	35,834	3,422	39,256
Securities Lending	4,606		4,606
Other Income	263	532	795
Total Investment Earnings	<u>221,171</u>	<u>15,180</u>	<u>236,351</u>
Less Investment Expenses:			
Investment Management Fees and Custodian Fees	(7,629)	(1,223)	(8,852)
Securities Lending Expenses:			
Borrower Rebates	(4,052)		(4,052)
Lending Fees	(194)		(194)
Net Investment Income	<u>209,296</u>	<u>13,957</u>	<u>223,253</u>
Total Additions	<u>283,857</u>	<u>34,420</u>	<u>318,277</u>
DEDUCTIONS:			
Benefits	69,175	13,625	82,800
Refunds of Contributions	510		510
Administrative Expense	847	843	1,690
Salaries, Wage, and Employee Benefits	535		535
Total Deductions	<u>71,067</u>	<u>14,468</u>	<u>85,535</u>
Change in Net Assets	212,790	19,952	232,742
Net Assets, Beginning	1,493,280	127,603	1,620,883
Net Assets, End	<u>\$ 1,706,070</u>	<u>\$ 147,555</u>	<u>\$ 1,853,625</u>

— CITY OF SAN ANTONIO, TEXAS —

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AS OF SEPTEMBER 30, 2005

	PRIVATE-PURPOSE TRUST FUNDS			
	EMPLOYEE ASSISTANCE PROGRAM	EMPLOYEE SCHOLARSHIP FUND	SAN ANTONIO LITERACY PROGRAM	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 590	\$ 96	\$ 1,237	\$ 1,923
Investments, at Fair Value	8,873	1,439	18,604	28,916
Receivables:				
Accrued Interest	68	11	127	206
Total Assets	<u>9,531</u>	<u>1,546</u>	<u>19,968</u>	<u>31,045</u>
<u>NET ASSETS</u>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 9,531</u>	<u>\$ 1,546</u>	<u>\$ 19,968</u>	<u>\$ 31,045</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AS OF SEPTEMBER 30, 2005

	<u>PRIVATE-PURPOSE TRUST FUNDS</u>			<u>TOTAL</u>
	<u>EMPLOYEE ASSISTANCE PROGRAM</u>	<u>EMPLOYEE SCHOLARSHIP FUND</u>	<u>SAN ANTONIO LITERACY PROGRAM</u>	
<u>ADDITIONS:</u>				
Contributions:				
Other Contributions	\$ -	\$ -	\$ 2,500	\$ 2,500
Investment Earnings:				
Interest and Dividends	230	37	459	726
Total Additions	<u>230</u>	<u>37</u>	<u>2,959</u>	<u>3,226</u>
<u>DEDUCTIONS</u>				
Administrative Expense			5,127	5,127
Total Deductions			<u>5,127</u>	<u>5,127</u>
Change in Net Assets	230	37	(2,168)	(1,901)
Net Assets, Beginning	9,301	1,509	22,136	32,946
Net Assets, End	<u>\$ 9,531</u>	<u>\$ 1,546</u>	<u>\$ 19,968</u>	<u>\$ 31,045</u>



— CITY OF SAN ANTONIO, TEXAS —

COMBINING BALANCE SHEET
AGENCY FUNDS
AS OF SEPTEMBER 30, 2005

FUNDS	ASSETS					TOTAL ASSETS
	CASH AND CASH EQUIVALENTS	INVESTMENTS	OTHER ACCOUNTS	RECEIVABLES ACCRUED INTEREST		
Deposit Fund	\$ 3,215,413	\$ -	\$ -	\$ -	\$ -	\$ 3,215,413
Unclaimed Property Fund	62,849	945,043	-	6,254	-	1,014,146
State and City Sales Tax Fund	137,869					137,869
Municipal Court Cash Bond Fund	123,133					123,133
Criminal Justice Planning Fund	2,577,784					2,577,784
Lessee's Special Events Liability Insurance	19,524					19,524
Special Events Security Trust Fund	332,258		379,256			711,514
Bexar County Hotel/Motel Tax Collections Fund	717,017		4,847			721,864
CVB Housing Bureau	136	2,044		134		2,314
<u>Total</u>	<u>\$ 7,185,983</u>	<u>\$ 947,087</u>	<u>\$ 384,103</u>	<u>\$ 6,388</u>	<u>\$ -</u>	<u>\$ 8,523,561</u>

(Cont'd)

COMBINING BALANCE SHEET
AGENCY FUNDS
AS OF SEPTEMBER 30, 2005

	<u>LIABILITIES</u>				<u>TOTAL</u> <u>LIABILITIES</u>
	<u>VOUCHERS</u> <u>PAYABLE</u>	<u>ACCOUNTS</u> <u>PAYABLE</u> <u>OTHER</u>	<u>DUE TO</u> <u>OTHER</u> <u>FUNDS</u>	<u>LIABILITIES</u>	
<u>FUNDS</u>					
Deposit Fund	\$ -	\$ 3,215,413	\$ -	\$ -	\$ 3,215,413
Unclaimed Property Fund		1,014,146			1,014,146
State and City Sales Tax Fund		137,869			137,869
Municipal Court Cash Bond Fund		123,133			123,133
Criminal Justice Planning Fund		2,577,784			2,577,784
Lessee's Special Events Liability Insurance	525	18,999			19,524
Special Events Security Trust Fund		11,514	700,000		711,514
Bexar County Hotel/Motel Tax Collections Fund		721,864			721,864
CVB Housing Bureau	400	1,914			2,314
<u>Total</u>	<u>\$ 925</u>	<u>\$ 7,822,636</u>	<u>\$ 700,000</u>		<u>\$ 8,523,561</u>

(end of statement)

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED SEPTEMBER 30, 2005

	BALANCE 10-01-04	ADDITIONS	DEDUCTIONS	BALANCE 09-30-05
<u>Deposit Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,033,533	\$ 4,392,224	\$ 4,210,344	\$ 3,215,413
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 522,282	\$ 522,282	\$ -
Accounts Payable-Other	3,033,533	4,153,005	3,971,125	3,215,413
<u>Total Liabilities</u>	\$ 3,033,533	\$ 4,675,287	\$ 4,493,407	\$ 3,215,413
<u>Unclaimed Property Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 982,948	\$ 152,365	\$ 1,072,464	\$ 62,849
Investments		945,043		945,043
Receivables:				
Accrued Interest	1,833	6,254	1,833	6,254
<u>Total Assets</u>	\$ 984,781	\$ 1,103,662	\$ 1,074,297	\$ 1,014,146
<u>Liabilities</u>				
Accounts Payable-Other	\$ 984,781	\$ 249,665	\$ 220,300	\$ 1,014,146
<u>State and City Sales Tax Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 167,370	\$ 7,097,976	\$ 7,127,477	\$ 137,869
<u>Liabilities</u>				
Accounts Payable-Other	\$ 114,975	\$ 6,396,821	\$ 6,373,927	\$ 137,869
Due to Other Funds	52,395		52,395	
<u>Total Liabilities</u>	\$ 167,370	\$ 6,396,821	\$ 6,426,322	\$ 137,869
<u>Municipal Court Cash Bond Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 135,593	\$ 151,350	\$ 163,810	\$ 123,133
Investments		118,041	118,041	
Receivables:				
Accrued Interest		897	897	
<u>Total Assets</u>	\$ 135,593	\$ 270,288	\$ 282,748	\$ 123,133
<u>Liabilities</u>				
Accounts Payable-Other	\$ 135,593	\$ 44,082	\$ 56,542	\$ 123,133

(Cont'd)

— CITY OF SAN ANTONIO, TEXAS —

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED SEPTEMBER 30, 2005

	BALANCE 10-01-04	ADDITIONS	DEDUCTIONS	BALANCE 09-30-05
<u>Criminal Justice Planning Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,419,583	\$ 10,065,240	\$ 9,907,039	\$ 2,577,784
<u>Liabilities</u>				
Accounts Payable-Other	\$ 2,419,583	\$ 12,482,403	\$ 12,324,202	\$ 2,577,784
<u>Lessee's Special Events Liability Insurance</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 19,691	\$ 50,669	\$ 50,836	\$ 19,524
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 31,610	\$ 31,085	\$ 525
Accounts Payable-Other	19,691	100,290	100,982	18,999
<u>Total Liabilities</u>	<u>\$ 19,691</u>	<u>\$ 131,900</u>	<u>\$ 132,067</u>	<u>\$ 19,524</u>
<u>Special Events Security Trust Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ (491,613)	\$ 3,420,517	\$ 2,596,646	\$ 332,258
Receivables:				
Other Accounts	437,158	666,092	723,994	379,256
<u>Total Assets</u>	<u>\$ (54,455)</u>	<u>\$ 4,086,609</u>	<u>\$ 3,320,640</u>	<u>\$ 711,514</u>
<u>Liabilities</u>				
Accounts Payable-Other	\$ (58,870)	\$ 1,949,259	\$ 1,878,875	\$ 11,514
Accrued Payroll	4,415	10,910	15,325	
Due To Other Funds		700,000		700,000
<u>Total Liabilities</u>	<u>\$ (54,455)</u>	<u>\$ 2,660,169</u>	<u>\$ 1,894,200</u>	<u>\$ 711,514</u>
<u>Bexar County Hotel/Motel Tax Collections Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 745,698	\$ 32,442,284	\$ 32,470,965	\$ 717,017
Investments		10,957,687	10,957,687	
Receivables:				
Other Accounts		11,800,200	11,795,353	4,847
<u>Total Assets</u>	<u>\$ 745,698</u>	<u>\$ 55,200,171</u>	<u>\$ 55,224,005</u>	<u>\$ 721,864</u>
<u>Liabilities</u>				
Accounts Payable-Other	\$ 745,698	\$ 25,182,642	\$ 25,206,476	\$ 721,864

(Cont'd)

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED SEPTEMBER 30, 2005

	BALANCE 10-01-04	ADDITIONS	DEDUCTIONS	BALANCE 09-30-05
<u>Single Purpose Non-Profit Fund</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,003,929	\$ 2,041,370	\$ 4,045,299	\$ -
<u>Liabilities</u>				
Accounts Payable-Other	\$ 2,003,929	\$ 6,049,228	\$ 8,053,157	\$ -
<u>CVB Housing Bureau</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ (206)	\$ 198,632	\$ 198,290	\$ 136
Investments		2,044		2,044
Receivables:				
Other Accounts		5,652	5,652	
Accrued Interest	17	134	17	134
<u>Total Assets</u>	<u>\$ (189)</u>	<u>\$ 206,462</u>	<u>\$ 203,959</u>	<u>\$ 2,314</u>
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 198,941	\$ 198,541	\$ 400
Accounts Payable-Other	(189)	206,833	204,730	1,914
<u>Total Liabilities</u>	<u>\$ (189)</u>	<u>\$ 405,774</u>	<u>\$ 403,271</u>	<u>\$ 2,314</u>
<u>Total All Agency Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 9,016,526	\$ 60,012,627	\$ 61,843,170	\$ 7,185,983
Investments		11,904,774	10,957,687	947,087
Receivables:				
Other Accounts	437,158	12,471,944	12,524,999	384,103
Accrued Interest	1,850	6,388	1,850	6,388
<u>Total Assets</u>	<u>\$ 9,455,534</u>	<u>\$ 84,395,733</u>	<u>\$ 85,327,706</u>	<u>\$ 8,523,561</u>
<u>Liabilities</u>				
Vouchers Payable	\$ -	\$ 752,833	\$ 751,908	\$ 925
Accounts Payable-Other	9,398,724	56,814,228	58,390,316	7,822,636
Accrued Payroll	4,415	10,910	15,325	
Due to Other Funds	52,395	700,000	52,395	700,000
<u>Total Liabilities</u>	<u>\$ 9,455,534</u>	<u>\$ 58,277,971</u>	<u>\$ 59,209,944</u>	<u>\$ 8,523,561</u>
				(end of statement)



City of San Antonio Texas

Non-Major Component Units

As set forth in GASB Statement Number 14, "The Financial Reporting Entity" and as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units – an amendment to GASB Statement No. 14," Component Units which by the nature and significance of their relationship with the City is such that their exclusion from the reporting entity's financial statements would be misleading or incomplete and, as such, are presented discretely with the City's financial statements.

The City has determined that the following component units meet the criteria for discrete presentation as set forth in GASB Statement Number 14, as amended by GASB Statement No. 39:

SAN ANTONIO DEVELOPMENT AGENCY (SADA) - SADA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the City in the form of pass-through grants.

CITY OF SAN ANTONIO EDUCATION FACILITIES CORPORATION (SAEFC) - SAEFC, formerly the San Antonio Higher Education Authority, was established in accordance with state law for the purpose of aiding non-profit institutions of higher education in providing educational facilities and housing facilities. The corporation is authorized to issue revenue bonds for said purposes on behalf of the City but the bonds are not obligations of the City.

GREATER KELLY DEVELOPMENT AUTHORITY (GKDA) - GKDA was established for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The authority is authorized to issue bonds to finance related projects but the bonds are not obligations of the City.

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (SAHTF) - SAHTF is a non-profit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low and middle income families. In addition, the corporation provides administrative and other support for the operations of the San Antonio Housing Trust Fund, an Expendable Trust Fund of the City.

SAN ANTONIO LOCAL DEVELOPMENT COMPANY (SALDC) - SALDC is a non-profit corporation under agreement with the City which administers programs that provide qualifying local businesses with loans. Loan funds administered by SALDC include the Neighborhood Business Revitalization Program, U.S. Department of Commerce Title IX Revolving Loan Fund, Small Business Administration Microloan Program, and a Housing and Urban Development 108 Fund.

BROOKS DEVELOPMENT AUTHORITY (BDA) – BDA was designated to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
AS OF SEPTEMBER 30, 2005

	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	TOTAL
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 731,811	\$ 44,972	\$ 11,512,086	\$ 1,233,901	\$ 1,354,639	\$ 1,360,257	\$ 16,237,666
Investments				568,749		8,337,378	8,906,127
Receivables:							
Notes			3,623,222	3,673,197	4,904,578	173,483	12,200,997
Accrued Interest	195,716		3,164,632	280,310	37,080		3,947,020
Materials and Supplies, at Cost				19,614			56,694
Due from Other Governmental Agencies	144,835		1,774,151		50,627	49,295	49,295
Prepaid Expenses	3,003			16		512,056	3,529,628
Total Current Assets	1,075,365	44,972	20,074,091	5,775,787	6,479,803	11,992,484	515,075
							45,442,502
Restricted Assets:							
Other Restricted Accounts:							
Cash and Cash Equivalents			4,469,066		91,833	949,433	5,510,332
Total Restricted Assets			4,469,066		91,833	949,433	5,510,332
Capital Assets:							
Land	516,811		7,941,959			4,075,384	12,534,154
Infrastructure			37,161,453			5,418,063	42,579,516
Buildings	694,256		118,443,787			48,311,359	167,449,402
Machinery and Equipment	159,338		298,657	17,738	4,581	1,766,716	2,247,030
Construction in Progress			2,443,403			12,311,831	14,755,234
Total Capital Assets	1,370,405		166,289,259	17,738	4,581	239,565,336	39,589,468
Less: Accumulated Depreciation	134,827		24,470,621			14,984,020	199,975,868
Net Capital Assets	1,235,578		141,818,638	17,738	4,581	56,899,333	205,486,200
Total Noncurrent Assets	1,235,578		146,287,704	17,738	96,414	57,848,766	250,928,702
Total Assets	2,310,943	44,972	166,361,795	5,793,525	6,576,217	69,841,250	250,928,702
LIABILITIES							
Current Liabilities:							
Accounts Payable and Other Current Liabilities	412,056	400	7,810,024	90,748	319,844	3,946,775	12,579,847
Unearned Revenues			1,897,135				1,897,135
Notes Payable	114,105			236,751		1,975,810	2,326,666
Due to Other Governmental Agencies			1,108,010				1,108,010
Total Current Liabilities (Payable from Current Assets)	526,161	400	10,815,169	327,499	319,844	5,922,585	17,911,658
Current Liabilities (Payable from Restricted Assets):							
Lease Purchase							
Other Payables						2,345,712	2,345,712
Noncurrent Liabilities:							
Long-Term Lease/Notes Payable			47,672,503	265,580	1,638,411	37,691,918	87,268,412
Other Payables			47,672,503	265,580	1,638,411	1,094,570	50,071,064
Total Noncurrent Liabilities	526,161	400	58,487,672	593,079	1,958,255	38,786,488	88,362,982
Total Liabilities	1,052,322	800	11,392,841	920,578	3,277,100	47,054,785	108,620,352
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	1,121,473		93,648,176		4,581	17,981,605	112,755,835
Restricted for Renewal and Replacement			2,399,956				2,399,956
Restricted for Debt Service			703,511	4,106,507			4,810,018
Restricted for Conservation				139,860			139,860
Temporarily restricted				954,079	141,570		1,095,649
Unrestricted	663,309	44,572	11,122,480	954,079	4,471,811	4,804,860	22,061,111
Total Net Assets	1,784,782	44,572	107,874,123	5,200,446	4,617,962	22,786,465	142,308,350

CITY OF SAN ANTONIO, TEXAS

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2005

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets							TOTAL
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	
San Antonio Development Agency Urban Redevelopment and Housing	\$ 2,205,297	\$ 72,942	\$ 1,916,627	\$ (215,728)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (215,728)
San Antonio Higher Education Authority Economic Development and Opportunity	52,952				(52,952)					(52,952)
Greater Kelly Development Authority Economic Development and Opportunity	29,357,188		30,789,791			1,432,603				1,432,603
San Antonio Housing Trust Foundation, Inc. Urban Redevelopment and Housing	604,795	663,032					58,237			58,237
San Antonio Local Development Company Economic Development and Opportunity	1,264,114	543,905	99,723					(620,486)		(620,486)
Brooks Development Authority Economic Development and Opportunity	20,262,896	12,759,550	5,602,387						(1,900,959)	(1,900,959)
Total	\$ 53,747,242	\$ 14,039,429	\$ 38,408,528	\$ (215,728)	\$ (52,952)	\$ 1,432,603	\$ 58,237	\$ (620,486)	\$ (1,900,959)	\$ (1,299,285)
General Revenues:										
Investment Earnings				1,567	1,029	276,137	90,195	412,443	183,747	965,118
Miscellaneous						1,321,837	(3,066)		9,596,688	10,918,525
Gain (Loss) on Disposal of Capital Assets				99,479		12,692			5,021,595	5,130,700
Total General Revenues				101,046	1,029	1,610,666	87,129	412,443	14,802,030	17,014,343
Change in Net Assets				(114,682)	(51,923)	3,043,269	145,366	(208,043)	12,901,071	15,715,058
Net Assets - Beginning				1,899,464	96,495	104,830,854	5,055,080	4,826,005	9,885,394	126,591,292
Net Assets - Ending				\$ 1,784,782	\$ 44,572	\$ 107,874,123	\$ 5,200,446	\$ 4,617,962	\$ 22,786,465	\$ 142,308,350



***City of San Antonio
Texas***

Capital Assets Used in Operation of Governmental Funds

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY SOURCE¹
SEPTEMBER 30, 2005

<u>Governmental Funds Capital Assets:</u>	<u>2005</u>
Land	\$ 1,268,142,159
Buildings	396,371,797
Improvements Other Than Buildings	106,837,897
Infrastructures	2,054,838,242
General City Equipment	96,481,892
Construction in Progress	614,763,304
Total Governmental Funds Capital Assets	<u>\$ 4,537,435,291</u>
<u>Investment in Governmental Funds Capital Assets by Source:</u>	
Current Revenue	\$ 2,051,564,531
General Obligation Bonds and Certificates of Obligation	1,929,465,394
Special Revenue Bonds	15,000
Federal and State Grants	529,076,341
Special Assessments	1,007,709
Trusts	117,861
Private Citizens' Contribution	21,645,748
San Antonio Fair Inc.	4,542,707
Total Investment in Governmental Funds Capital Assets by Source	<u>\$ 4,537,435,291</u>

¹ This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY¹
SEPTEMBER 30, 2005

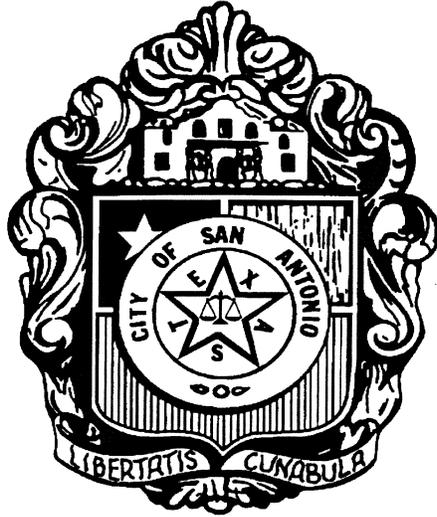
	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	INFRA- STRUCTURE	GENERAL CITY EQUIPMENT	TOTAL
General Government						
Legislative	\$ 254,362	\$ -	\$ -	\$ -	\$ 120,075	\$ 374,437
Judicial		19,091,000			88,420	19,179,420
Executive	608,339	2,592,005			31,506,028	34,706,372
Administration	121,874,866	21,601,613	22,846,456	169,998,138	5,065,022	341,386,095
Total General Government	122,737,567	43,284,618	22,846,456	169,998,138	36,779,545	395,646,324
Public Safety						
Police	1,913,645	33,536,227	1,763,013		25,657,961	62,870,846
Fire	1,561,045	34,254,000	896,310		19,150,371	55,861,726
Building Inspection and Regulations		15,019,897			885,724	15,905,621
Administration		23,892,344			54,541	23,946,885
Other Protection	4,258,082	337,217			3,061,056	7,656,355
Total Public Safety	7,732,772	107,039,685	2,659,323		48,809,653	166,241,433
Public Works	6,667,275	505,420	18,847,085	1,865,735,735	375,413	1,892,130,928
Health Services	1,431,386	7,622,063	816,171		1,971,763	11,841,383
Sanitation	3,557,738	891,137				4,448,875
Welfare	1,079,153	6,881,927	302,642		1,139,583	9,403,305
Culture and Recreation						
Libraries	1,467,296	46,202,533	1,832,040	371,566	1,050,546	50,923,981
Parks	1,089,727,339	34,456,647	50,465,410	5,537,388	3,937,902	1,184,124,686
Total Culture and Recreation	1,091,194,635	80,659,180	52,297,450	5,908,954	4,988,448	1,235,048,667
Urban Redevelopment and Housing	15,637,101	141,552,986	8,968,770	13,195,415	2,172,989	181,527,261
Economic Development and Opportunity	18,104,532	7,934,781	100,000		244,498	26,383,811
Total Capital Assets						
Allocated to Functions	\$ 1,268,142,159	\$ 396,371,797	\$ 106,837,897	\$ 2,054,838,242	\$ 96,481,892	3,922,671,987
Construction in Progress						614,763,304
Total Governmental Funds Capital Assets						\$ 4,537,435,291

¹ This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY¹
YEAR ENDED SEPTEMBER 30, 2005

<u>Function and Activity</u>	Governmental Funds Capital Assets 10-01-04	Additions	Deductions	Governmental Funds Capital Assets 09-30-05
<u>General Government</u>				
Legislative	\$ 374,437	\$ -	\$ -	\$ 374,437
Judicial	19,159,097	20,323		19,179,420
Executive	34,529,237	177,135		34,706,372
Administration	320,434,738	21,086,411	135,054	341,386,095
Total General Government	<u>374,497,509</u>	<u>21,283,869</u>	<u>135,054</u>	<u>395,646,324</u>
<u>Public Safety</u>				
Police	57,610,343	5,260,503		62,870,846
Fire	46,896,968	9,412,808	448,050	55,861,726
Building Inspection and Regulations	15,917,361	5,990	17,730	15,905,621
Administration	23,946,885			23,946,885
Other Protection	7,656,355			7,656,355
Total Public Safety	<u>152,027,912</u>	<u>14,679,301</u>	<u>465,780</u>	<u>166,241,433</u>
<u>Public Works</u>	<u>1,826,019,794</u>	<u>66,111,134</u>		<u>1,892,130,928</u>
<u>Health Services</u>	<u>10,369,576</u>	<u>1,481,005</u>	<u>9,198</u>	<u>11,841,383</u>
<u>Sanitation</u>	<u>4,448,875</u>			<u>4,448,875</u>
<u>Welfare</u>	<u>8,543,468</u>	<u>859,837</u>		<u>9,403,305</u>
<u>Culture and Recreation</u>				
Libraries	50,164,305	759,676		50,923,981
Parks	1,158,440,547	25,724,173	40,034	1,184,124,686
Total Culture and Recreation	<u>1,208,604,852</u>	<u>26,483,849</u>	<u>40,034</u>	<u>1,235,048,667</u>
<u>Urban Redevelopment and Housing</u>	<u>181,484,349</u>	<u>42,912</u>		<u>181,527,261</u>
<u>Economic Development and Opportunity</u>	<u>26,383,811</u>			<u>26,383,811</u>
<u>Construction in Progress</u>	<u>645,521,548</u>	<u>82,119,393</u>	<u>112,877,637</u>	<u>614,763,304</u>
<u>Total Governmental Funds Capital Assets</u>	<u>\$ 4,437,901,694</u>	<u>\$ 213,061,300</u>	<u>\$ 113,527,703</u>	<u>\$ 4,537,435,291</u>

¹ This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.





***City of San Antonio
Texas***

Other Supplementary Information

GENERAL FUND
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Taxes	\$ 350,282,729	\$ 367,030,243	\$ 16,747,514
Licenses and Permits	17,542,550	20,715,743	3,173,193
Intergovernmental	2,795,306	3,055,128	259,822
Revenues from Utilities	196,784,803	221,774,673	24,989,870
Charges for Services	29,101,948	33,622,089	4,520,141
Fines and Forfeits	12,315,804	12,025,344	(290,460)
Miscellaneous	11,668,023	14,286,093	2,618,070
Total Revenues	<u>620,491,163</u>	<u>672,509,313</u>	<u>52,018,150</u>
<u>Expenditures</u>			
General Government	87,405,500	66,746,538	20,658,962
Public Safety	405,154,154	404,491,342	662,812
Public Works	10,698,288	10,477,765	220,523
Health Services	14,245,069	14,378,887	(133,818)
Sanitation	2,886,374	2,582,840	303,534
Welfare	22,018,578	21,578,358	440,220
Culture and Recreation	66,726,827	63,478,741	3,248,086
Economic Development and Opportunity	4,525,265	4,552,704	(27,439)
Total Expenditures	<u>613,660,055</u>	<u>588,287,175</u>	<u>25,372,880</u>
Excess of Revenues Over Expenditures	<u>6,831,108</u>	<u>84,222,138</u>	<u>77,391,030</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	14,778,703	14,121,847	(656,856)
Transfers Out	(87,057,100)	(86,649,587)	407,513
Total Other Financing (Uses)	<u>(72,278,397)</u>	<u>(72,527,740)</u>	<u>(249,343)</u>
<u>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</u>			
	<u>(65,447,289)</u>	<u>11,694,398</u>	<u>\$ 77,141,687</u>
Fund Balances, October 1	98,510,654	98,510,654	
Add Encumbrances		<u>8,208,690</u>	
Fund Balances, September 30	<u>\$ 33,063,365</u>	<u>\$ 118,413,742</u>	

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
<u>Taxes</u>			
Property Taxes:			
Current Taxes	\$ 166,511,367	\$ 167,146,962	\$ 635,595
Delinquent Taxes	2,324,100	4,081,915	1,757,815
General Sales and Use Taxes:			
City Sales Tax	150,586,763	162,786,126	12,199,363
Selective Sales and Use Taxes:			
Alcoholic Beverages Tax	4,352,540	4,473,348	120,808
Gross Receipts Business Taxes:			
Taxicabs	294,400	281,025	(13,375)
Telecommunication Access Lines Fees	15,407,279	14,957,573	(449,706)
Cablevision Franchise	8,653,590	10,109,653	1,456,063
Bingo Tax	260,000	539,513	279,513
Other	353,000	385,802	32,802
Penalties and Interest on Delinquent Taxes	1,539,690	2,268,326	728,636
Total Taxes	<u>350,282,729</u>	<u>367,030,243</u>	<u>16,747,514</u>
<u>Licenses and Permits</u>			
Alcoholic Beverages Licenses	372,150	493,615	121,465
Health Licenses	2,569,345	2,535,082	(34,263)
Amusement Licenses	237,400	2,080	(235,320)
Professional and Occupational Licenses	1,172,320	1,400,797	228,477
Animal Licenses	7,515	4,855	(2,660)
Building Permits	12,530,166	14,830,057	2,299,891
Street Permits	653,654	1,449,257	795,603
Total Licenses and Permits	<u>17,542,550</u>	<u>20,715,743</u>	<u>3,173,193</u>
<u>Intergovernmental</u>			
Library Aid from Bexar County	2,326,458	2,552,235	225,777
Park Reservation Services	31,791	32,496	705
Health Aid from Bexar County	390,647	409,559	18,912
Hotel/Motel Tax Collection Fee	46,410	60,838	14,428
Total Intergovernmental	<u>2,795,306</u>	<u>3,055,128</u>	<u>259,822</u>
<u>Revenues from Utilities</u>			
City Public Service Board	189,529,000	213,384,307	23,855,307
San Antonio Water System	7,255,803	8,390,366	1,134,563
Total Revenues from Utilities	<u>196,784,803</u>	<u>221,774,673</u>	<u>24,989,870</u>

(Cont'd)

CITY OF SAN ANTONIO, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Charges for Services</u>			
General Government	\$ 12,325,446	\$ 13,258,393	\$ 932,947
Public Safety:			
Police Department	4,966,537	5,345,073	378,536
Fire Department	1,334,070	2,003,869	669,799
Highway and Streets:			
Barricade Fees	1,900	10,245	8,345
Sanitation:			
Animal Pound Fees	230,105	244,838	14,733
Abatement of Nuisances	210,520	318,784	108,264
Health	2,428,016	2,547,060	119,044
Culture and Recreation:			
Hemisfair Plaza		24,060	24,060
Tower of the Americas	261,094	786,049	524,955
La Villita	269,577	533,153	263,576
Recreation Fees	354,348	689,985	335,637
Concessions in Other Parks	121,350	94,216	(27,134)
River Boats	3,472,080	4,387,965	915,885
Miscellaneous Recreation Revenue	517,565	473,293	(44,272)
Governor's Palace	38,616	45,921	7,305
Swimming Pools	78,250	86,499	8,249
Community Centers	322,500	243,620	(78,880)
Library	965,827	915,834	(49,993)
Market Square - Markets and Warehouses	1,102,976	1,303,213	200,237
Cemeteries	101,171	310,019	208,848
Total Charges for Services	<u>29,101,948</u>	<u>33,622,089</u>	<u>4,520,141</u>
<u>Fines and Forfeits</u>			
Municipal Court Fines	<u>12,315,804</u>	<u>12,025,344</u>	<u>(290,460)</u>
<u>Miscellaneous</u>			
Interest Earned	1,130,445	2,444,695	1,314,250
Sales	1,705,839	2,121,519	415,680
Recovery of Expenditures	3,275,732	4,390,505	1,114,773
Contributions from Governmental Agencies		24,000	24,000
Interfund Charges	4,677,810	4,524,972	(152,838)
Rents, Leases and Concessions	688,116	492,445	(195,671)
Other	190,081	287,957	97,876
Total Miscellaneous	<u>11,668,023</u>	<u>14,286,093</u>	<u>2,618,070</u>
<u>Total Revenues</u>	<u>\$ 620,491,163</u>	<u>\$ 672,509,313</u>	<u>\$ 52,018,150</u> (end of statement)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Expenditures</u>			
<u>General Government</u>			
Legislative:			
Personal Services	\$ 2,638,363	\$ 2,308,335	\$ 330,028
Contractual Services	2,317,703	1,723,868	593,835
Commodities	452,656	182,852	269,804
Other Expenditures	2,575,996	2,026,969	549,027
Total Legislative	7,984,718	6,242,024	1,742,694
Judicial:			
Personal Services	8,077,347	7,851,362	225,985
Contractual Services	878,329	1,167,011	(288,682)
Commodities	245,496	242,759	2,737
Other Expenditures	2,466,559	2,433,186	33,373
Capital Outlay		20,323	(20,323)
Total Judicial	11,667,731	11,714,641	(46,910)
Executive:			
Personal Services	37,460,087	26,197,436	11,262,651
Contractual Services	18,910,911	13,634,407	5,276,504
Commodities	2,390,225	774,617	1,615,608
Other Expenditures	8,956,617	8,164,976	791,641
Capital Outlay	35,211	18,437	16,774
Total Executive	67,753,051	48,789,873	18,963,178
Total General Government	87,405,500	66,746,538	20,658,962
<u>Public Safety</u>			
Police:			
Personal Services	189,989,310	190,828,030	(838,720)
Contractual Services	5,139,611	4,928,211	211,400
Commodities	682,903	767,721	(84,818)
Other Expenditures	18,918,639	17,002,201	1,916,438
Capital Outlay	83,686	84,156	(470)
Total Police	214,814,149	213,610,319	1,203,830
Fire:			
Personal Services	100,676,776	100,300,047	376,729
Contractual Services	2,427,416	1,525,828	901,588
Commodities	1,936,665	2,494,490	(557,825)
Other Expenditures	7,726,903	7,614,155	112,748
Capital Outlay	1,732,396	1,119,043	613,353
Total Fire	114,500,156	113,053,563	1,446,593

(Cont'd)

CITY OF SAN ANTONIO, TEXAS

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Public Safety (Cont'd)			
Building Inspection and Regulations:			
Personal Services	\$ 8,700,857	\$ 8,479,950	\$ 220,907
Contractual Services	1,100,344	895,446	204,898
Commodities	236,069	204,723	31,346
Other Expenditures	1,733,080	1,634,161	98,919
Total Building Inspection and Regulations	<u>11,770,350</u>	<u>11,214,280</u>	<u>556,070</u>
Administration:			
Personal Services	17,153,362	17,899,527	(746,165)
Contractual Services	2,006,771	1,752,190	254,581
Commodities	894,375	1,474,493	(580,118)
Other Expenditures	4,591,216	4,838,703	(247,487)
Capital Outlay		75,236	(75,236)
Total Administration	<u>24,645,724</u>	<u>26,040,149</u>	<u>(1,394,425)</u>
Other Protection:			
Personal Services	23,552,374	23,846,361	(293,987)
Contractual Services	3,439,350	4,179,880	(740,530)
Commodities	2,824,378	2,576,676	247,702
Other Expenditures	8,757,877	9,173,118	(415,241)
Capital Outlay	849,796	796,996	52,800
Total Other Protection	<u>39,423,775</u>	<u>40,573,031</u>	<u>(1,149,256)</u>
Total Public Safety	<u>405,154,154</u>	<u>404,491,342</u>	<u>662,812</u>
Public Works			
Streets:			
Personal Services	334,593	311,593	23,000
Contractual Services	5,742	1,333	4,409
Commodities	2,544	2,636	(92)
Other Expenditures	21,409	20,888	521
Total Streets	<u>364,288</u>	<u>336,450</u>	<u>27,838</u>
Lighting:			
Contractual Services	93,300		93,300
Commodities	10,240,700	10,141,315	99,385
Total Lighting	<u>10,334,000</u>	<u>10,141,315</u>	<u>192,685</u>
Total Public Works	<u>10,698,288</u>	<u>10,477,765</u>	<u>220,523</u>
Health Services			
Personal Services	11,007,882	10,279,876	728,006
Contractual Services	654,749	1,150,857	(496,108)
Commodities	465,994	919,810	(453,816)
Other Expenditures	2,116,444	1,998,844	117,600
Capital Outlay		29,500	(29,500)
Total Health Services	<u>14,245,069</u>	<u>14,378,887</u>	<u>(133,818)</u>

(Cont'd)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE-
	BUDGET	ACTUAL	POSITIVE (NEGATIVE)
<u>Sanitation</u>			
Personal Services	\$ 2,588,943	\$ 2,284,128	\$ 304,815
Contractual Services	46,779	65,872	(19,093)
Commodities	40,754	50,741	(9,987)
Other Expenditures	209,898	182,099	27,799
Total Sanitation	<u>2,886,374</u>	<u>2,582,840</u>	<u>303,534</u>
<u>Welfare</u>			
Personal Services	8,863,160	8,658,857	204,303
Contractual Services	3,043,327	2,620,374	422,953
Commodities	207,527	274,499	(66,972)
Other Expenditures	9,904,564	10,024,628	(120,064)
Total Welfare	<u>22,018,578</u>	<u>21,578,358</u>	<u>440,220</u>
<u>Culture and Recreation</u>			
Libraries:			
Personal Services	15,037,684	14,162,388	875,296
Contractual Services	1,360,411	1,193,508	166,903
Commodities	3,295,711	3,037,064	258,647
Other Expenditures	2,057,898	2,128,264	(70,366)
Total Libraries	<u>21,751,704</u>	<u>20,521,224</u>	<u>1,230,480</u>
Parks:			
Personal Services	25,619,452	28,415,961	(2,796,509)
Contractual Services	8,122,830	3,538,738	4,584,092
Commodities	2,778,933	2,380,732	398,201
Other Expenditures	8,394,793	8,212,483	182,310
Capital Outlay	59,115	409,603	(350,488)
Total Parks	<u>44,975,123</u>	<u>42,957,517</u>	<u>2,017,606</u>
Total Culture and Recreation	<u>66,726,827</u>	<u>63,478,741</u>	<u>3,248,086</u>
Economic Development:			
Personal Services	2,695,410	2,897,381	(201,971)
Contractual Services	1,177,606	816,078	361,528
Commodities	61,498	93,410	(31,912)
Other Expenditures	590,751	745,835	(155,084)
Total Economic Development	<u>4,525,265</u>	<u>4,552,704</u>	<u>(27,439)</u>
<u>Total Expenditures</u>	<u>\$ 613,660,055</u>	<u>\$ 588,287,175</u>	<u>\$ 25,372,880</u> (end of statement)

CITY OF SAN ANTONIO, TEXAS

DEBT SERVICE FUNDSSCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET(NON-GAAP BUDGETARY BASIS)YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Taxes:			
Current Taxes	\$ 95,474,367	\$ 96,263,087	\$ 788,720
Delinquent Taxes	1,890,913	2,659,844	768,931
Penalties and Interest on Delinquent Taxes	1,058,810	1,136,874	78,064
Miscellaneous:			
Interest Revenue	2,956,105	3,969,579	1,013,474
Total Revenues	<u>101,380,195</u>	<u>104,029,384</u>	<u>2,649,189</u>
<u>Expenditures</u>			
Principal Retirement	57,714,405	57,581,016	133,389
Interest	60,201,516	60,201,516	
Issuance Costs		1,027,134	(1,027,134)
Total Expenditures	<u>117,915,921</u>	<u>118,809,666</u>	<u>(893,745)</u>
<u>(Deficiency) of Revenues (Under) Expenditures</u>	<u>(16,535,726)</u>	<u>(14,780,282)</u>	<u>1,755,444</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	16,686,346	16,423,251	(263,095)
Long-Term Debt Issued		86,010,000	86,010,000
Premium on Long-Term Debt		6,913,831	6,913,831
Payment to Refunded Bond Escrow Agent		(93,162,674)	(93,162,674)
Total Other Financing Sources	<u>16,686,346</u>	<u>16,184,408</u>	<u>(501,938)</u>
<u>Excess of Revenues and Other Financing Sources</u>			
<u>Over Expenditures</u>	150,620	1,404,126	<u>\$ 1,253,506</u>
Fund Balances, October 1	83,723,650	83,723,650	
<u>Fund Balances, September 30</u>	<u>\$ 83,874,270</u>	<u>\$ 85,127,776</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
HOTEL MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Taxes:			
Hotel Occupancy Tax	\$ 37,890,000	\$ 40,266,458	\$ 2,376,458
Charges for Services	9,154,412	8,788,661	(365,751)
Miscellaneous:			
Interest	135,000	456,656	321,656
Recovery of Expenditures	130,000	78,025	(51,975)
Other	140,255	147,282	7,027
Total Revenues	<u>47,449,667</u>	<u>49,737,082</u>	<u>2,287,415</u>
<u>Expenditures</u>			
Convention and Tourism:			
International Affairs:			
Personal Services	487,161	478,576	8,585
Contractual Services	407,006	320,834	86,172
Commodities	51,293	54,292	(2,999)
Other Expenditures	91,113	79,777	11,336
Total	<u>1,036,573</u>	<u>933,479</u>	<u>103,094</u>
Economic and Employee Development:			
Contractual Services	30,000	30,000	
Total	<u>30,000</u>	<u>30,000</u>	
Arts and Cultural Affairs:			
Personal Services	1,492,108	557,428	934,680
Contractual Services	406,449	370,506	35,943
Commodities	13,063	7,807	5,256
Other Expenditures	47,356	35,950	11,406
Total	<u>1,958,976</u>	<u>971,691</u>	<u>987,285</u>
Convention Facilities:			
Personal Services	9,809,950	10,125,012	(315,062)
Contractual Services	1,328,610	1,338,753	(10,143)
Commodities	608,021	705,171	(97,150)
Other Expenditures	7,358,127	6,973,073	385,054
Capital Outlay	305,421	107,594	197,827
Total	<u>19,410,129</u>	<u>19,249,603</u>	<u>160,526</u>
Convention & Visitors Bureau:			
Personal Services	4,446,426	4,323,100	123,326
Contractual Services	9,792,848	8,715,082	1,077,766
Commodities	147,373	226,925	(79,552)
Other Expenditures	634,113	497,874	136,239
Capital Outlay	22,319	45,783	(23,464)
Total	<u>15,043,079</u>	<u>13,808,764</u>	<u>1,234,315</u>
Non-Departmental:			
Personal Services	168,115	137,556	30,559
Contractual Services	1,383,298	808,739	574,559
Commodities	1,125	4,587	(3,462)
Other Expenditures	355,551	554,313	(198,762)
Capital Outlay	200,000		200,000
Total	<u>2,108,089</u>	<u>1,505,195</u>	<u>602,894</u>
Contributions to Other Agencies	2,920,161	3,958,017	(1,037,856)
Total Expenditures	<u>42,507,007</u>	<u>40,456,749</u>	<u>2,050,258</u>
<u>Excess of Revenues Over Expenditures</u>	<u>4,942,660</u>	<u>9,280,333</u>	<u>4,337,673</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	378,585	408,296	29,711
Transfers Out	(8,980,431)	(8,125,565)	854,866
Total Other Financing (Uses)	<u>(8,601,846)</u>	<u>(7,717,269)</u>	<u>884,577</u>
<u>Excess (Deficiency) of Revenues and Other Financing Sources</u> <u>Over (Under) Expenditures and Other Financing (Uses)</u>	<u>(3,659,186)</u>	<u>1,563,064</u>	<u>\$ 5,222,250</u>
Fund Balances, October 1	9,775,637	9,775,637	
Add Encumbrances		792,654	
<u>Fund Balances, September 30</u>	<u>\$ 6,116,451</u>	<u>\$ 12,131,355</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
HOTEL MOTEL TAX CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Taxes	\$ 10,787,100	\$ 11,450,785	\$ 663,685
Miscellaneous:			
Interest	44,470	47,272	2,802
Other	15,500	29,157	13,657
Total Revenues	<u>10,847,070</u>	<u>11,527,214</u>	<u>680,144</u>
<u>Expenditures</u>			
Convention and Tourism:			
Other Expenditures	93,947	80,595	13,352
<u>Excess of Revenues Over Expenditures</u>	<u>10,753,123</u>	<u>11,446,619</u>	<u>693,496</u>
<u>Other Financing (Uses)</u>			
Transfers Out	(10,176,167)	(9,465,889)	710,278
<u>Excess of Revenues Over Expenditures and Other Financing Sources</u>	576,956	1,980,730	<u>\$ 1,403,774</u>
Fund Balances, October 1	<u>1,489,231</u>	<u>1,489,231</u>	
Fund Balances, September 30	<u>\$ 2,066,187</u>	<u>\$ 3,469,961</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
ALAMODOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Charges for Services	\$ 5,795,873	\$ 4,567,433	\$ (1,228,440)
Miscellaneous:			
Interest		20,956	20,956
Recovery of Expenditures	204,909	206,685	1,776
Other	253	133	(120)
Total Revenues	<u>6,001,035</u>	<u>4,795,207</u>	<u>(1,205,828)</u>
<u>Expenditures</u>			
Convention and Tourism:			
Administration:			
Personal Services	371,987	423,440	(51,453)
Contractual Services	121,044	60,546	60,498
Commodities	2,209	4,425	(2,216)
Other Expenditures	266,025	281,233	(15,208)
Total	<u>761,265</u>	<u>769,644</u>	<u>(8,379)</u>
Fiscal Operations:			
Personal Services	196,173	187,727	8,446
Contractual Services	290,099	153,029	137,070
Commodities	22,391	12,087	10,304
Other Expenditures	89,712	103,554	(13,842)
Total	<u>598,375</u>	<u>456,397</u>	<u>141,978</u>
Planning and Administration:			
Personal Services	8,749	3,846	4,903
Contractual Services	5,322	6,554	(1,232)
Commodities	5,085	3,571	1,514
Other Expenditures	44,661	43,219	1,442
Total	<u>63,817</u>	<u>57,190</u>	<u>6,627</u>
Marketing & Promotions:			
Personal Services	206,681	218,570	(11,889)
Contractual Services	68,542	37,831	30,711
Commodities	6,375	7,135	(760)
Other Expenditures	4,876	39,535	(34,659)
Total	<u>286,474</u>	<u>303,071</u>	<u>(16,597)</u>
Maintenance and Operations:			
Personal Services	1,053,543	1,134,187	(80,644)
Contractual Services	1,134,857	968,419	166,438
Commodities	136,216	192,342	(56,126)
Other Expenditures	2,363,000	2,262,600	100,400
Total	<u>4,687,616</u>	<u>4,557,548</u>	<u>130,068</u>
Event Services:			
Personal Services	94,352	191,920	(97,568)
Contractual Services	73,991	162,006	(88,015)
Commodities	7,193	6,927	266
Other Expenditures	78,317	68,618	9,699
Total	<u>253,853</u>	<u>429,471</u>	<u>(175,618)</u>
Event Contractual Staff Services:			
Personal Services	96,775	407,403	(310,628)
Contractual Services	474,905	162,278	312,627
Commodities	1,590	660	930
Other Expenditures	82,228	45,747	36,481
Total	<u>655,498</u>	<u>616,088</u>	<u>39,410</u>
Total Expenditures	<u>7,306,898</u>	<u>7,189,409</u>	<u>117,489</u>
<u>(Deficiency) of Revenues (Under) Expenditures</u>	<u>(1,305,863)</u>	<u>(2,394,202)</u>	<u>(1,088,339)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	53,783	53,783	
Transfers Out	(97,730)	(17,988)	79,742
Total Other Financing Sources (Uses)	<u>(43,947)</u>	<u>35,795</u>	<u>79,742</u>
<u>(Deficiency) of Revenues and Other Financing Sources</u> <u>(Under) Expenditures and Other Financing (Uses)</u>	<u>(1,349,810)</u>	<u>(2,358,407)</u>	<u>\$ (1,008,597)</u>
Fund Balances, October 1	(879,416)	(879,416)	
Add Encumbrances		38,492	
<u>Fund Balances, September 30</u>	<u>\$ (2,229,226)</u>	<u>\$ (3,199,331)</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
STREET MAINTENANCE AND IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues			
Intergovernmental	\$ 258,537	\$ 268,754	\$ 10,217
Charges for Services	1,002,700	1,292,065	289,365
Miscellaneous:			
Interest	48,700	41,070	(7,630)
Recovery of Expenditures		416,279	416,279
Total Revenues	1,309,937	2,018,168	708,231
Expenditures			
Streets and Roadways:			
Area Supervision:			
Personal Services	2,203,779	3,394,190	(1,190,411)
Contractual Services	1,703,167	7,350,264	(5,647,097)
Commodities	107,345	1,111,291	(1,003,946)
Other Expenditures	1,328,421	1,266,821	61,600
Capital Outlay	158,634	79,317	79,317
Total	5,501,346	13,201,883	(7,700,537)
Gravel and Asphalt Maintenance:			
Personal Services	7,745,587	6,290,735	1,454,852
Contractual Services	1,406,172	1,193,450	212,722
Commodities	4,920,869	5,578,539	(657,670)
Other Expenditures	3,468,055	3,348,985	119,070
Total	17,540,683	16,411,709	1,128,974
Maintenance and Construction:			
Personal Services	2,419,980	2,343,760	76,220
Contractual Services	18,189,545	3,082,266	15,107,279
Commodities	5,448,238	1,847,107	3,601,131
Other Expenditures	798,670	673,784	124,886
Total	26,856,433	7,946,917	18,909,516
Total Expenditures	49,898,462	37,560,509	12,337,953
(Deficiency) of Revenues (Under) Expenditures	(48,588,525)	(35,542,341)	13,046,184
Other Financing Sources (Uses)			
Transfers In	40,432,833	38,432,833	(2,000,000)
Transfers Out	(8,339,439)	(1,773,802)	6,565,637
Total Other Financing Sources	32,093,394	36,659,031	4,565,637
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(16,495,131)	1,116,690	\$ 17,611,821
Fund Balances, October 1	5,765,592	5,765,592	
Add Encumbrances		3,277,228	
Fund Balances, September 30	\$ (10,729,539)	\$ 10,159,510	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
PARKS DEVELOPMENT AND EXPANSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Miscellaneous:			
Interest	\$ 240,289	\$ 514,559	\$ 274,270
<u>Expenditures</u>			
Culture and Recreation:			
Contractual Services	1,555,840	2,746,374	(1,190,534)
Commodities		1,779	(1,779)
Other Expenditures	5,479	22,156	(16,677)
Total Expenditures	1,561,319	2,770,309	(1,208,990)
<u>Excess of Revenues Under Expenditures</u>	(1,321,030)	(2,255,750)	(934,720)
<u>Other Financing (Uses)</u>			
Transfers Out	(13,499,862)	(2,343,072)	11,156,790
<u>(Deficiency) of Revenues and Other Financing Sources</u>			
<u>(Under) Expenditures and Other</u>			
<u>Financing (Uses)</u>	(14,820,892)	(4,598,822)	<u>\$ 10,222,070</u>
Fund Balances, October 1	23,855,280	23,855,280	
Add Encumbrances		1,857,067	
<u>Fund Balances, September 30</u>	<u>\$ 9,034,388</u>	<u>\$ 21,113,525</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
STORMWATER OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues			
Charges for Services	\$ 26,212,021	\$ 31,859,954	\$ 5,647,933
Miscellaneous:			
Interest	10,420	521,959	511,539
Net (Decrease) in Fair Value of Investments	188,160		(188,160)
Recovery of Expenditures		48,383	48,383
Total Revenues	<u>26,410,601</u>	<u>32,430,296</u>	<u>6,019,695</u>
Expenditures			
Public Works:			
Administration:			
Personal Services	969,104	1,065,075	(95,971)
Contractual Services	3,451,904	3,494,971	(43,067)
Commodities	73,331	46,319	27,012
Other Expenditures	5,972	132,933	(126,961)
Capital Outlay		4,866	(4,866)
Total	<u>4,500,311</u>	<u>4,744,164</u>	<u>(243,853)</u>
Vegetation Control:			
Personal Services	2,574,065	2,227,839	346,226
Contractual Services	1,004,920	466,380	538,540
Commodities	350,350	322,086	28,264
Other Expenditures	51,723	790,061	(738,338)
Capital Outlay	32,600	3,288	29,312
Total	<u>4,013,658</u>	<u>3,809,654</u>	<u>204,004</u>
River Maintenance:			
Personal Services	2,969,093	2,970,664	(1,571)
Contractual Services	1,310,115	718,543	591,572
Commodities	670,173	320,574	349,599
Other Expenditures	110,463	1,344,716	(1,234,253)
Capital Outlay	380,006	383,631	(3,625)
Total	<u>5,439,850</u>	<u>5,738,128</u>	<u>(298,278)</u>
Street Sweeping:			
Personal Services	2,443,279	2,141,521	301,758
Contractual Services	871,409	632,889	238,520
Commodities	272,459	221,495	50,964
Other Expenditures	22,715	649,337	(626,622)
Capital Outlay		3,649	(3,649)
Total	<u>3,609,862</u>	<u>3,648,891</u>	<u>(39,029)</u>
Tunnel Maintenance:			
Personal Services	1,259,516	1,230,404	29,112
Contractual Services	828,849	867,306	(38,457)
Commodities	316,052	349,821	(33,769)
Other Expenditures	12,527	264,962	(252,435)
Capital Outlay		3,007	(3,007)
Total	<u>2,416,944</u>	<u>2,715,500</u>	<u>(298,556)</u>
Design Engineering:			
Personal Services	528,498	590,156	(61,658)
Contractual Services	20,138	9,004	11,134
Commodities	21,427	3,378	18,049
Other Expenditures	7,701	27,252	(19,551)
Total	<u>577,764</u>	<u>629,790</u>	<u>(52,026)</u>
Total Expenditures	<u>20,558,389</u>	<u>21,286,127</u>	<u>(727,738)</u>
Excess of Revenues Over Expenditures	<u>5,852,212</u>	<u>11,144,169</u>	<u>5,291,957</u>
Other Financing (Uses)			
Transfers Out	<u>(1,446,413)</u>	<u>(7,126,610)</u>	<u>(5,680,197)</u>
Total Other Financing (Uses)	<u>(1,446,413)</u>	<u>(7,126,610)</u>	<u>(5,680,197)</u>
Excess of Revenues Over Expenditures and Other Financing (Uses)	<u>4,405,799</u>	<u>4,017,559</u>	<u>\$ (388,240)</u>
Fund Balances, October 1	20,400,950	20,400,950	
Add Encumbrances		1,844,246	
Fund Balances, September 30	<u>\$ 24,806,749</u>	<u>\$ 26,262,755</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
EMERGENCY MEDICAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Charges for Services:			
Ambulance Service Fees	\$ 10,919,747	\$ 12,433,442	\$ 1,513,695
Ambulance Contract Fees	434,544	454,663	20,119
Miscellaneous:			
Interest		100	100
Recovery of Expenditures		143,347	143,347
Total Revenues	<u>11,354,291</u>	<u>13,031,552</u>	<u>1,677,261</u>
<u>Expenditures</u>			
Health Services:			
Personal Services	34,790,257	34,924,202	(133,945)
Contractual Services	3,156,374	3,176,733	(20,359)
Commodities	1,021,251	1,078,064	(56,813)
Other Expenditures	4,373,901	4,308,436	65,465
Capital Outlay	349,000	183,060	165,940
Total Expenditures	<u>43,690,783</u>	<u>43,670,495</u>	<u>20,288</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(32,336,492)</u>	<u>(30,638,943)</u>	<u>1,697,549</u>
<u>Other Financing Sources</u>			
Transfers In	<u>31,006,918</u>	<u>31,006,918</u>	
<u>Excess of Revenues and Other Financing Sources</u>			
Over (Under) Expenditures	(1,329,574)	367,975	<u>\$ 1,697,549</u>
Fund Balances, October 1	984,181	984,181	
Add Encumbrances		<u>312,699</u>	
<u>Fund Balances, September 30</u>	<u>\$ (345,393)</u>	<u>\$ 1,664,855</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
CAPITAL IMPROVEMENTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Intergovernmental:			
Street Light Installation	\$ 850,000	\$ 1,152,919	\$ 302,919
Miscellaneous:			
Interest	43,520	97,130	53,610
Other	286,300	566,014	279,714
Total Revenues	<u>1,179,820</u>	<u>1,816,063</u>	<u>636,243</u>
<u>Expenditures</u>			
General Government:			
Contractual Services	7,000	5,764	1,236
<u>Excess of Revenues Over Expenditures</u>	<u>1,172,820</u>	<u>1,810,299</u>	<u>637,479</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	938,146	800,000	(138,146)
Transfers Out	(2,352,215)	(4,633,763)	(2,281,548)
Total Other Financing (Uses)	<u>(1,414,069)</u>	<u>(3,833,763)</u>	<u>(2,419,694)</u>
<u>(Deficiency) of Revenues and Other Financing Sources</u>			
<u>(Under) Expenditures and Other Financing (Uses)</u>	(241,249)	(2,023,464)	<u>\$ (1,782,215)</u>
Fund Balances, October 1	3,674,981	3,674,981	
Add Encumbrances		<u>2,316,115</u>	
<u>Fund Balances, September 30</u>	<u>\$ 3,433,732</u>	<u>\$ 3,967,632</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS

NELSON WOLFF STADIUM

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET

(NON-GAAP BUDGETARY BASIS)

YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Charges for Services	\$ 669,039	\$ 661,680	\$ (7,359)
Miscellaneous:			
Interest		493	493
Recovery of Expenditures	55,662	31,025	(24,637)
Total Revenues	724,701	693,198	(31,503)
<u>Expenditures</u>			
Culture and Recreation:			
Personal Services	221,600	236,030	(14,430)
Contractual Services	183,168	136,624	46,544
Commodities	66,906	51,244	15,662
Other Expenditures	193,604	223,402	(29,798)
Total Expenditures	665,278	647,300	17,978
<u>Excess of Revenues Over Expenditures</u>	59,423	45,898	(13,525)
<u>Other Financing (Uses)</u>			
Transfers Out	(1,914)	(55,874)	(53,960)
<u>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)</u>	57,509	(9,976)	\$ (67,485)
Fund Balances, October 1	33,510	33,510	
Add Encumbrances		808	
<u>Fund Balances, September 30</u>	\$ 91,019	\$ 24,342	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
CONFISCATED PROPERTY FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Miscellaneous:			
Interest	\$ 10,510	\$ 84,705	\$ 74,195
Other	1,287,757	1,644,807	357,050
Total Revenues	1,298,267	1,729,512	431,245
<u>Expenditures</u>			
Public Safety:			
Office of Chief of Police:			
Personal Services	148,284	152,691	(4,407)
Contractual Services	1,385,967	590,023	795,944
Commodities	161,833	370,905	(209,072)
Other Expenditures	509,547	512,185	(2,638)
Capital Outlay	364,005	261,343	102,662
Total Expenditures	2,569,636	1,887,147	682,489
<u>(Deficiency) of Revenues (Under) Expenditures</u>	(1,271,369)	(157,635)	1,113,734
<u>Other Financing (Uses)</u>			
Transfers Out	(37,087)	(37,087)	
<u>(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</u>	(1,308,456)	(194,722)	<u>\$ 1,113,734</u>
Fund Balances, October 1	3,551,965	3,551,965	
Add Encumbrances		236,391	
<u>Fund Balances, September 30</u>	<u>\$ 2,243,509</u>	<u>\$ 3,593,634</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
PUBLIC HEALTH SUPPORT REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Intergovernmental	\$ 1,191,925	\$ 866,640	\$ (325,285)
Charges for Services	1,043,415	1,737,863	694,448
Miscellaneous:			
Interest	17,950	13,157	(4,793)
Other	133,830	133,125	(705)
Total Revenues	2,387,120	2,750,785	363,665
<u>Expenditures</u>			
Health Services:			
Administration:			
Personal Services	1,727,358	1,737,397	(10,039)
Contractual Services	254,177	327,454	(73,277)
Commodities	904,775	1,560,040	(655,265)
Other Expenditures	180,454	210,092	(29,638)
Total Expenditures	3,066,764	3,834,983	(768,219)
<u>(Deficiency) of Revenues (Under) Expenditures</u>	(679,644)	(1,084,198)	(404,554)
<u>Other Financing (Uses)</u>			
Transfers Out	(274,500)	(218,225)	56,275
<u>(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</u>	(954,144)	(1,302,423)	\$ (348,279)
Fund Balances, October 1	637,229	637,229	
Add Encumbrances		533,873	
<u>Fund Balances, September 30</u>	\$ (316,915)	\$ (131,321)	

———— CITY OF SAN ANTONIO, TEXAS ————

SPECIAL REVENUE FUNDS
JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Miscellaneous:			
Interest	\$ 51,760	\$ 96,182	\$ 44,422
<u>Expenditures</u>			
Economic Development and Opportunity:			
Contractual Services	110,000	159,000	(49,000)
<u>(Deficiency) of Revenues</u>			
<u>(Under) Expenditures</u>	(58,240)	(62,818)	<u>\$ (4,578)</u>
Fund Balances, October 1	4,225,355	4,225,355	
Add Encumbrances		159,000	
<u>Fund Balances, September 30</u>	<u>\$ 4,167,115</u>	<u>\$ 4,321,537</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
GOLF COURSE FUND

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Charges for Services	\$ 6,403,106	\$ 6,112,792	\$ (290,314)
Miscellaneous:			
Recovery of Expenditures		6,054	6,054
Total Revenues	6,403,106	6,118,846	(284,260)
<u>Expenditures</u>			
Culture and Recreation:			
Personal Services	3,273,892	3,275,026	(1,134)
Contractual Services	638,178	543,460	94,718
Commodities	884,853	814,617	70,236
Other Expenditures	1,578,790	1,609,300	(30,510)
Total Expenditures	6,375,713	6,242,403	133,310
<u>Excess (Deficiency) of Revenues</u>			
<u>Over (Under) Expenditures</u>	27,393	(123,557)	(150,950)
<u>Other Financing (Uses)</u>			
Transfers Out	(352,305)	(352,305)	
<u>(Deficiency) of Revenues</u>			
<u>(Under) Expenditures and Other</u>			
<u>Financing (Uses)</u>	(324,912)	(475,862)	\$ (150,950)
Fund Balances, October 1	(624,326)	(624,326)	
Add Encumbrances		126,194	
Fund Balances, September 30	\$ (949,238)	\$ (973,994)	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
INTERNATIONAL CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Charges for Services	\$ 1,070,846	\$ 1,193,922	\$ 123,076
Miscellaneous:			
Interest	5,040	17,069	12,029
Total Revenues	<u>1,075,886</u>	<u>1,210,991</u>	<u>135,105</u>
<u>Expenditures</u>			
Convention and Tourism:			
Personal Services	347,444	341,607	5,837
Contractual Services	234,678	236,100	(1,422)
Commodities	31,774	29,789	1,985
Other Expenditures	234,695	252,198	(17,503)
Total Expenditures	<u>848,591</u>	<u>859,694</u>	<u>(11,103)</u>
<u>Excess of Revenues Over Expenditures</u>	<u>227,295</u>	<u>351,297</u>	<u>124,002</u>
<u>Other Financing (Uses)</u>			
Transfers Out	<u>(16,343)</u>	<u>(16,343)</u>	
<u>Excess of Revenues Over Expenditures and Other Financing (Uses)</u>	210,952	334,954	<u>\$ 124,002</u>
Fund Balances, October 1	587,136	587,136	
Add Encumbrances		<u>13,431</u>	
<u>Fund Balances, September 30</u>	<u>\$ 798,088</u>	<u>\$ 935,521</u>	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
OFFICIAL CITY STORE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Miscellaneous:			
Interest	\$ 450	\$ 119	\$ (331)
Charges for Services:			
Sales	227,000	411,964	184,964
Total Revenues	227,450	412,083	184,633
<u>Expenditures</u>			
Economic Development and Opportunity:			
Personal Services	192,291	236,407	(44,116)
Contractual Services	85,167	23,010	62,157
Commodities	111,686	256,293	(144,607)
Other Expenditures	34,765	71,555	(36,790)
Total Expenditures	423,909	587,265	(163,356)
<u>(Deficiency) of Revenues</u>			
<u>(Under) Expenditures</u>	(196,459)	(175,182)	21,277
<u>Other Financing Sources (Uses)</u>			
Transfers In	175,000	125,000	(50,000)
Transfers Out	(1,418)	(1,418)	
Total Other Financing Sources (Uses)	173,582	123,582	(50,000)
<u>(Deficiency) of Revenues and Other Financing Sources</u>			
<u>(Under) Expenditures and Other Financing (Uses)</u>	(22,877)	(51,600)	<u>\$ (28,723)</u>
Fund Balances, October 1	67,830	67,830	
Add Encumbrances		347	
<u>Fund Balances, September 30</u>	<u>\$ 44,953</u>	<u>\$ 16,577</u>	

CITY OF SAN ANTONIO, TEXAS

PERMANENT FUNDS
SAN JOSE BURIAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED SEPTEMBER 30, 2005

	2005		VARIANCE- POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<u>Revenues</u>			
Miscellaneous:			
Sales	\$ 138,950	\$ 224,476	\$ 85,526
Interest on Investments	32,590	54,077	21,487
Total Revenues	<u>171,540</u>	<u>278,553</u>	<u>107,013</u>
<u>Expenditures</u>			
Culture & Recreation:			
Personal Services	286,757	328,819	(42,062)
Contractual Services	60,867	48,798	12,069
Commodities	12,734	25,642	(12,908)
Other Expenditures		71,691	(71,691)
Total Expenditures	<u>360,358</u>	<u>474,950</u>	<u>(114,592)</u>
(Deficiency) of Revenues (Under) Expenditures	(188,818)	(196,397)	<u>\$ (7,579)</u>
Fund Balances, October 1	2,479,839	2,479,839	
Fund Balances, September 30	<u>\$ 2,291,021</u>	<u>\$ 2,283,442</u>	

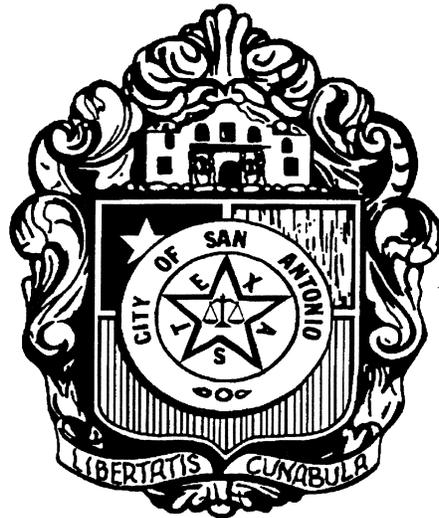




***City of San Antonio
Texas***

Statistical Section

(Unaudited)



STATISTICAL DATA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>HEALTH SERVICES</u>	<u>ENVIRONMENTAL PROTECTION/ SANITATION</u>	<u>WELFARE</u>
1996	\$ 42,529,874	\$ 237,255,653	\$ 8,918,131	\$ 10,573,920	\$ 2,773,727	\$ 9,171,600
1997	45,565,493	251,646,029	8,740,273	10,267,013	2,732,660	8,382,401
1998	44,617,078	267,566,794	9,162,860	10,753,132	2,780,539	10,232,506
1999	49,438,915	289,777,427	9,467,167	11,277,893	2,399,358	11,407,269
2000	55,436,446	305,859,236	9,909,813	12,299,792	2,600,995	12,857,131
2001	68,364,225	326,227,746	9,804,123	13,401,383	2,754,077	16,464,593
(1) 2002	64,153,082	364,240,290	67,128,230	76,541,219	3,045,224	133,160,777
2003	63,729,413	375,090,038	68,350,520	83,607,443	3,131,662	134,018,587
2004	59,602,261	391,949,909	65,204,425	79,843,070	2,410,466	115,613,745
2005	69,331,861	419,634,066	85,939,468	88,532,376	2,768,654	131,011,725

NOTE: (1) Commencing in Fiscal Year 2002, expenditures were adjusted to reflect the General Government amounts, which include the General Fund, Special Revenue Fund, and the Debt Service Fund.

— CITY OF SAN ANTONIO, TEXAS —

STATISTICAL DATA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>CULTURE AND RECREATION</u>	<u>CONVENTION AND TOURISM</u>	<u>CONSERVATION</u>	<u>URBAN REDEVELOPMENT AND HOUSING</u>	<u>ECONOMIC DEVELOPMENT AND OPPORTUNITY</u>	<u>PRINCIPAL INTEREST AND BOND COST</u>	<u>TOTAL</u>
\$	41,489,469	\$ -	\$ -	\$ -	\$ 4,561,839	\$ -	\$ 357,274,213
	41,049,946				4,555,513		372,939,328
	42,809,012				4,783,117		392,705,038
	48,025,859				5,189,929		426,983,817
	52,938,397				5,864,158		457,765,968
	58,137,342				6,394,692		501,548,181
	74,984,722	49,764,207	62,699	17,227,891	25,907,990	117,043,513	993,259,844
	74,289,454	51,633,673		23,536,416	20,046,610	120,903,154	1,018,336,970
	74,341,839	48,188,026		23,704,809	12,546,424	127,028,696	1,000,433,670
	79,586,622	48,315,232	2,158	25,557,158	16,336,486	118,809,667	1,085,825,473

STATISTICAL DATA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>INTER-GOVERNMENTAL</u>	<u>REVENUES FROM UTILITIES</u>
1996	\$ 214,635,376	\$ 9,438,492	\$ 2,141,719	\$ 145,189,566
1997	228,059,883	9,627,427	2,346,577	140,453,797 (2)
1998	245,430,127	11,159,736	2,354,189	150,833,144
1999	261,392,418	12,164,099	2,526,778	149,956,113
2000	277,833,729	12,257,775	2,669,780	172,300,674
2001	291,378,953	12,683,156	2,865,885	187,939,902
(3) 2002	462,933,800	13,302,392	183,492,912	171,234,083
2003	473,466,337	13,912,258	181,271,858	210,466,156
2004	500,439,012	17,026,379	181,717,170	196,405,099
2005	524,720,469	20,715,743	193,332,008	221,774,673

CITY OF SAN ANTONIO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>PROPERTY TAXES</u>	<u>SALES TAX</u>	<u>ALCOHOLIC BEVERAGE TAX</u>	<u>BUSINESS TAX</u>
1996	\$ 93,367,838	\$ 103,032,541	\$ 2,511,937	\$ 14,523,943
1997	97,726,308	110,034,458	2,568,331	16,660,109
1998	101,763,992	118,991,708	2,810,446	20,569,499 (1)
1999	108,043,972	126,472,730	2,967,461	22,462,669
2000	115,194,535	135,130,522	3,224,213	22,898,881
2001	125,533,518	136,810,787	3,426,706	24,197,809
(3) 2002	227,598,531	157,593,310	3,628,359	26,042,328
2003	239,214,435	156,322,600	3,862,581	26,364,175
2004	258,261,512	162,383,500	4,188,585	26,550,057
2005	271,490,198	167,331,757	4,473,348	26,273,566

NOTES: (1) Revenue increase due to revision in a Business Tax contract

(2) Stormwater Revenue transferred to Stormwater Program Special Revenue Fund

(3) Commencing in Fiscal Year 2002, revenues were adjusted to reflect the General Government amounts, which include the General Fund, Special Revenue Fund, and the Debt Service Fund.

— CITY OF SAN ANTONIO, TEXAS —

STATISTICAL DATA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>MISCELLANEOUS</u>	<u>IN-KIND CONTRIBUTIONS</u>	<u>TOTAL</u>
\$ 18,422,483	\$ 9,051,481	\$ 8,927,797	\$ -	\$ 407,806,914
18,666,543	8,475,837	9,601,800		417,231,864
21,676,353	11,525,034	10,862,192		453,840,775
21,726,181	11,838,121	12,705,684		472,309,394
23,010,824	11,593,504	13,017,615		512,683,901
23,211,576	11,116,047	14,249,362		543,444,881
84,532,397	10,828,974	30,393,910	14,504,494	971,222,962
87,950,255	11,282,396	27,312,172	19,886,895	1,025,548,327
93,809,805	11,713,073	30,430,708	10,407,692	1,041,948,938
107,263,791	12,025,344	26,848,276	24,872,099	1,131,552,403

CITY OF SAN ANTONIO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>HOTEL/MOTEL OCCUPANCY TAXES</u>	<u>PENALTIES AND INTEREST AND JUDGMENTS</u>	<u>TOTAL</u>
\$ -	\$ 1,199,117	\$ 214,635,376
	1,070,677	228,059,883
	1,294,482	245,430,127
	1,445,586	261,392,418
	1,385,578	277,833,729
	1,410,133	291,378,953
45,007,330	3,063,942	462,933,800
44,633,221	3,069,325	473,466,337
46,342,719	2,712,639	500,439,012
51,717,243	3,434,357	524,720,469

STATISTICAL DATA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>CURRENT NET TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS AND ACCRUALS (4)</u>	<u>PERCENT OF LEVY COLLECTED OR ACCRUED</u>	<u>DELINQUENT TAX COLLECTIONS (1) (4)</u>
1996	\$ 155,347,338	\$ 152,173,798	97.96%	\$ 2,607,183
1997	164,201,161	161,315,799	98.24%	1,616,889
1998	170,587,464	167,894,836	98.42%	2,265,936
1999	181,204,963	178,218,790	98.35%	2,731,401
2000	193,159,815	189,575,621	98.14%	3,272,233
2001	208,917,594	204,502,303	97.89%	2,957,004
2002	229,030,010	223,942,558	97.78%	3,373,532
2003	240,299,754	234,955,823	97.78%	3,503,868
2004	257,931,292	252,678,369	97.96%	4,180,075
2005	268,916,816	264,392,025	98.32%	5,256,224
Average Ten Years			98.08%	

NOTES: (1) Penalty, judgments, and interest on judgments are excluded

(2) Includes annexed Public Utility Districts

(3) Balance is adjusted for subsequent cancellations and supplements to original tax rolls

(4) Does not include excess Special Revenue Tax

STATISTICAL DATA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>TOTAL TAX COLLECTIONS AND ACCRUALS</u>	<u>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>	<u>CUMULATIVE OUTSTANDING DELINQUENT TAX BALANCE (1) (2) (3)</u>	<u>PERCENT OF CUMULATIVE DELINQUENT TAXES TO CURRENT NET TAX LEVY</u>
\$ 154,780,981	99.64%	\$ 15,412,653	9.92%
162,932,688	99.23%	15,429,754	9.40%
170,160,772	99.75%	14,957,421	8.77%
180,950,191	99.86%	14,765,521	8.15%
192,847,854	99.84%	16,888,906	8.74%
207,459,307	99.30%	18,169,442	8.70%
227,316,090	99.25%	18,967,966	8.28%
238,459,691	99.23%	18,888,837	7.86%
256,858,444	99.58%	19,511,196	7.56%
269,648,249	100.27%	18,613,664	6.92%
	99.60%		

STATISTICAL DATA
ASSESSED AND ESTIMATED APPRAISED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	TAX ROLL YEAR	REAL PROPERTY		PERSONAL PROPERTY	
		ASSESSED VALUE	ESTIMATED APPRAISED VALUE	ASSESSED VALUE	ESTIMATED APPRAISED VALUE
1996	1995	\$ 22,064,630,592	\$ 22,064,630,592	\$ 4,708,124,599	\$ 4,708,124,599
1997	1996	23,435,144,195	23,435,144,195	4,862,753,404	4,862,753,404
1998	1997	24,300,123,833	24,300,123,833	5,093,431,010	5,093,431,010
1999	1998	26,000,081,705	26,000,081,705	5,220,745,756	5,220,745,756
2000	1999	27,715,416,138	27,715,416,138	5,565,180,250	5,565,180,250
2001	2000	30,259,398,730	30,259,398,730	5,722,088,609	5,722,088,609
2002	2001	33,244,132,323	33,244,132,323	6,286,505,217	6,286,505,217
2003	2002	35,419,223,027	35,419,223,027	6,027,667,599	6,027,667,599
2004	2003	38,018,041,225	38,018,041,225	6,469,936,329	6,469,936,329
2005	2004	39,637,263,545	39,637,263,545	6,745,496,695	6,745,496,695

NOTE: (1) The basis of assessment is 100%. Amounts shown are net taxable assessed values after deductions of residential homestead exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include Historic Properties, Tax Phase-Ins, Freeport and Transitional Housing.

STATISTICAL DATA
ASSESSED AND ESTIMATED APPRAISED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>MOBILE HOMES</u>		<u>TOTAL</u>		<u>RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED APPRAISED VALUE</u>
<u>ASSESSED VALUE</u>	<u>ESTIMATED APPRAISED VALUE</u>	<u>ASSESSED VALUE (1)</u>	<u>ESTIMATED APPRAISED VALUE</u>	
\$ 20,969,780	\$ 20,969,780	\$ 26,793,724,971	\$ 26,793,724,971	100%
22,901,544	22,901,544	28,320,799,143	28,320,799,143	100%
28,729,831	28,729,831	29,422,284,674	29,422,284,674	100%
32,723,564	32,723,564	31,253,551,025	31,253,551,025	100%
34,882,474	34,882,474	33,315,478,862	33,315,478,862	100%
51,833,990	51,833,990	36,033,321,329	36,033,321,329	100%
56,946,740	56,946,740	39,587,584,280	39,587,584,280	100%
88,656,382	88,656,382	41,535,547,008	41,535,547,008	100%
95,161,373	95,161,373	44,583,138,927	44,583,138,927	100%
99,214,380	99,214,380	46,481,974,620	46,481,974,620	100%

**STATISTICAL DATA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

CITY OF SAN ANTONIO, TEXAS				
FISCAL YEAR ENDED	TAX ROLL	GENERAL FUND	DEBT SERVICE FUNDS	TOTAL
1996	1995	\$.34979	\$.23000	\$.57979
1997	1996	.34712	.23267	.57979
1998	1997	.34669	.23310	.57979
1999	1998	.34579	.23400	.57979
2000	1999	.34579	.23400	.57979
2001	2000	.35079	.22900	.57979
2002	2001	.35454	.22400	.57854
2003	2002	.36204	.21650	.57854
2004	2003	.36704	.21150	.57854
2005	2004	.36704	.21150	.57854

TAX LEVIES FOR LAST TEN FISCAL YEARS

CITY OF SAN ANTONIO, TEXAS				
FISCAL YEAR ENDED	TAX ROLL	GENERAL FUND	DEBT SERVICE FUNDS	TOTAL
1996	1995	\$ 93,721,771	\$ 61,625,567	\$ 155,347,338
1997	1996	98,307,158	65,894,003	164,201,161
1998	1997	102,004,119	68,583,345	170,587,464
1999	1998	108,071,654	73,133,309	181,204,963
2000	1999	115,201,594	77,958,221	193,159,815
2001	2000	126,401,288	82,516,306	208,917,594
2002	2001	140,353,821	88,676,189	229,030,010
2003	2002	150,375,295	89,924,459	240,299,754
2004	2003	162,859,119	94,056,261	256,915,380
2005	2004	170,607,440	98,309,376	268,916,816

NOTES: (1) Twelve (12) Independent School Districts

STATISTICAL DATA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<u>SCHOOLS (1)</u>	<u>ALAMO COLLEGE</u>	<u>COUNTY</u>	<u>OTHER</u>
Various	\$ 0.11000	\$ 0.35143	\$.24469
Various	0.10900	0.34427	.24444
Various	0.10900	0.34347	.24444
Various	0.11150	0.34191	.24387
Various	0.10690	0.33946	.24387
Various	0.10690	0.33946	.24387
Various	0.10460	0.32076	.24387
Various	0.10710	0.31757	.26030
Various	0.10705	0.32095	.26030
Various	0.10705	0.31847	.26030

TAX LEVIES FOR LAST TEN FISCAL YEARS

<u>SCHOOLS</u>	<u>ALAMO COLLEGE</u>	<u>COUNTY</u>	<u>OTHER</u>	<u>TOTAL</u>
\$ 528,627,260	\$ 41,542,342	\$ 122,304,546	\$ 95,880,023	\$ 943,701,509
550,693,607	41,852,615	125,310,923	99,500,627	981,558,933
585,984,991	42,982,681	130,485,037	99,847,338	1,029,887,511
622,983,906	46,155,042	136,196,326	104,085,382	1,090,625,619
744,458,186	50,061,809	142,205,334	109,757,236	1,239,642,380
807,757,184	53,493,874	154,157,033	129,477,426	1,353,803,111
862,593,532	57,093,099	159,719,635	129,597,389	1,438,033,665
821,549,416	61,061,789	167,471,307	146,697,561	1,437,079,827
969,551,624	64,884,734	183,094,324	158,978,915	1,633,424,977
1,044,473,826	68,081,494	191,366,391	175,305,363	1,748,143,890

STATISTICAL DATA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	POPULATION	NET ASSESSED VALUE (1)*	GROSS BONDED DEBT*	DEBT SERVICE FUNDS AVAILABLE*	DEBT PAYABLE FROM ENTERPRISE FUNDS (2) *	NET BONDED DEBT*	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1996	1,109,600	\$ 26,793,725	\$ 714,318	\$ 49,354	\$ 26,565	\$ 638,399	2.38%	\$ 575.34
1997	1,133,000	28,320,799	740,393	52,381	25,260	662,752	2.34%	584.95
1998	1,162,600	29,422,285	734,238	58,052	23,655	652,531	2.22%	561.27
1999	1,187,600	31,253,551	754,958	61,356	21,745	671,857	2.15%	565.73
2000	1,207,500	33,315,479	780,378	65,380	20,220	694,778	2.09%	575.39
2001	1,226,250	36,033,321	768,693	70,423	18,995	679,275	1.89%	553.94
2002	1,241,100	39,587,584	838,428	69,942	13,770	754,716	1.91%	608.10
2003	1,262,800	41,535,547	881,038	64,862	12,610	803,566	1.93%	636.34
2004	1,278,300	44,583,139	883,755	59,833	13,245	810,677	1.82%	634.18
2005	1,299,200	46,481,975	872,090	60,277	12,115	799,698	1.72%	615.53

* Amounts expressed in Thousands

NOTES: (1) From Statistical Data Schedule titled "Assessed and Estimated Appraised Value of Taxable Property"

(2) Includes General Obligation Bonds and Certificates of Obligation being repaid from Parking Facilities

STATISTICAL DATA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2005

Assessed Valuations:		
Net Assessed Value		\$ 46,481,974,620
Plus Exempt Property		<u>5,342,233,589</u>
Total Assessed Value		<u><u>\$ 51,824,208,209</u></u>
Legal Debt Margin:		
Debt Limitation-10 Percent of Total Assessed Value (See Note)		\$ 5,182,420,821
Debt Applicable to Limitation:		
Total Bonded Debt	\$ 872,090,124	
Less: Self-Supporting Debt:		
Debt Supplemented by Other Sources	(13,145,000)	
Assets Available for Payment of Principal in:		
Debt Service Fund	<u>60,277,466</u>	
Total Debt Applicable to Limitation		<u>919,222,590</u>
Legal Debt Margin		<u><u>\$ 4,263,198,231</u></u>
Bonds Authorized - Unissued *		<u><u>\$ 64,985,000</u></u>

NOTE: City Charter sets limits of Bond Indebtedness at 10% of Assessed Valuation.

*The City has authority pursuant to an election held January 26, 1980 to issue \$16,660,000 in bonds for libraries, fire protection, drainage and flood control, and street, bridge and related improvements. The City does not currently intend to issue bonds for any of the remaining purposes authorized in 1980.

STATISTICAL DATA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2005

<u>JURISDICTION</u>	<u>NET DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO THIS GVT. UNIT</u>	<u>AMOUNT APPLICABLE TO THIS GVT. UNIT</u>
Direct:			
City of San Antonio	\$ 799,697,658	100.00%	<u>\$ 799,697,658</u>
Overlapping:			
Alamo Community College District	23,285,000	77.40%	18,022,590
Alamo Heights Independent School District	79,208,070	48.54%	38,447,597
Bexar County	145,648,758	77.77%	113,271,039
East Central Independent School District	52,383,511	43.04%	22,545,863
Edgewood Independent School District	122,268,912	100.00%	122,268,912
Harlandale Independent School District	152,016,916	100.00%	152,016,916
Judson Independent School District	201,362,953	36.48%	73,457,205
Northeast Independent School District	738,119,229	87.79%	647,994,871
Northside Independent School District	1,018,094,308	82.04%	835,244,570
San Antonio Independent School District	504,467,805	98.96%	499,221,340
San Antonio River Authority	49,324,755	96.24%	47,470,144
Somerset Independent School District	26,626,868	1.20%	319,522
South San Antonio Independent School District	114,871,328	99.99%	114,859,841
Southside Independent School District	44,929,730	18.72%	8,410,845
Southwest Independent School District	51,172,665	47.04%	<u>24,071,622</u>
Total Overlapping Net Debt			<u>2,717,622,877</u>
<u>Total Direct and Overlapping Net Debt</u>			<u>\$ 3,517,320,535</u>

STATISTICAL DATA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL
GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENT EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENT EXPENDITURES</u>
1996	\$ 24,075,000	\$ 40,144,133	\$ 64,219,133	\$ 357,274,213	17.97%
1997	27,145,000	40,382,651	67,527,651 (1)	372,939,328	18.11%
1998	31,225,000	39,436,301	70,661,301	392,705,038	17.99%
1999	36,095,000	40,000,695	76,095,695	426,983,817	17.82%
2000	40,750,000	40,837,784	81,587,784	457,509,696	17.83%
2001	43,885,000	41,575,075	85,460,075	501,548,181	17.04%
2002	66,295,000	49,091,890 (2)	115,386,890	993,259,844 (3)	11.62%
2003	66,650,000	50,928,691	117,578,691	1,018,336,970	11.55%
2004	72,410,000	52,557,400	124,967,400	1,009,892,639	12.37%
2005	57,581,016	60,201,516	117,782,532	1,085,825,473	10.85%

- NOTE: (1) Commencing in Fiscal Year 1997, expenditures in Debt Service Fund exclude issue costs and payment to refunded bond escrow agent
- (2) Commencing in Fiscal Year 2002, interest payments on Hotel Occupancy Tax Revenue Bonds were included
- (3) Commencing in Fiscal Year 2002, expenditures were adjusted to reflect General Government amounts, which include the General Fund, Special Revenue Fund, and the Debt Service Fund

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
AIRPORT SYSTEM REVENUE BONDED DEBT
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>GROSS REVENUES (1)</u>	<u>EXPENSES (2)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>ANNUAL DEBT SERVICE REQUIREMENTS</u>	<u>COVERAGE</u>
1996	\$ 35,426,390	\$ 19,593,232	\$ 15,833,158	\$ 9,454,783	1.67
1997	35,897,243	18,874,441	17,022,802	11,570,093	1.47
1998	37,134,969	19,469,337	17,665,632	11,669,744	1.51
1999	38,128,184	21,449,007	16,679,177	11,957,544	1.39
2000	41,579,509	21,588,034	19,991,475	11,965,869	1.67
2001	42,928,794	23,612,635	19,316,159	11,960,544	1.61
2002	42,377,654	22,296,698	20,080,956	13,441,791	1.49
2003	43,930,686	25,363,607	18,567,079	12,782,896	1.45
2004	44,729,251	25,127,533	19,601,718	12,628,169	1.55
2005	47,180,690	26,411,106	20,769,584	12,410,770	1.67

- NOTES: (1) Revenues consist of Operating Revenue plus Nonoperating Revenues (excluding Federal Contributions and Consignment Sales).
- (2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets, Interest on Debt Expense and Extraordinary Items).

CITY OF SAN ANTONIO, TEXAS

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
PARKING FACILITIES GENERAL IMPROVEMENT BONDED DEBT
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>GROSS REVENUES (1)</u>	<u>EXPENSES (2)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>ANNUAL DEBT SERVICE REQUIREMENTS</u>	<u>COVERAGE</u>
1996	\$ 7,109,327	\$ 4,257,742	\$ 2,851,585	\$ 1,661,544	1.72
1997	7,124,200	4,236,062	2,888,138	1,716,514	1.68
1998	7,126,636	4,539,211	2,587,425	1,930,171	1.34
1999	7,786,796	5,093,349	2,693,447	2,163,143	1.25
2000	7,632,443	5,241,523	2,390,920	2,477,770	0.96
2001	8,364,904	4,949,441	3,415,463	3,082,075	1.11
2002	8,093,994	5,628,930	2,465,064	3,374,377	0.73
2003	8,548,640	4,768,836	3,779,804	3,181,446	1.19
2004	10,090,470	3,778,382	6,312,088	3,159,706	2.00
2005	10,913,712	7,455,768	3,457,944	1,797,273	1.92

- NOTES: (1) Revenues consist of Operating Revenues plus Nonoperating Revenues (excluding Gain on Disposal of Fixed Assets and Interest Income in the Construction Fund).
- (2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets and Interest on Debt Expense).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
ENVIRONMENTAL SERVICES DEBT
LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDED</u>	<u>GROSS REVENUES (1)</u>	<u>EXPENSES (2)</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>ANNUAL DEBT SERVICE REQUIREMENTS</u>	<u>COVERAGE</u>
1996	\$ 38,760,380	\$ 32,943,474	\$ 5,816,906	\$ 442,880	13.13
1997	36,528,803	35,398,013 (3)	1,130,790	449,200	2.52
1998	37,178,902	34,640,088	2,538,814	449,000	5.65
1999	39,835,646	38,414,716	1,420,930	452,400	3.14
2000	41,444,685	41,168,905	275,780	-	-
2001	42,027,420	44,429,392	(2,401,972)	-	-
2002	46,983,025	46,420,710	562,315	-	-
2003	49,940,815	47,193,672	2,747,143	-	-
2004	50,556,263	48,981,194	1,575,069	-	-
2005	52,643,326	54,878,611	(2,235,285)	-	-

- NOTES:
- (1) Revenues consist of Operating Revenues plus Nonoperating Revenues (excluding Gain on Disposal of Fixed Assets and Interest Income in the Construction Fund).
 - (2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets and Interest on Debt Expense).
 - (3) Excludes Nonoperating Expenses related to a Capital Project

CITY OF SAN ANTONIO, TEXAS

STATISTICAL DATA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (1)</u>	<u>MEDIAN AGE (1)</u>	<u>EDUCATION LEVELS IN YEARS OF FORMAL SCHOOLING (1)</u>	<u>SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE (3)</u>
1996	1,109,600	\$ 18,200	31.0	13.7	240,676	4.1%
1997	1,133,000	18,600	31.7	13.8	245,812	4.1%
1998	1,162,600	19,500	32.1	13.9	245,946	4.3%
1999	1,187,600	19,770	32.2	13.9	247,471	3.8%
2000	1,207,500	19,950	32.5	13.9	262,567	4.0%
2001	1,226,250	20,200	31.8	13.9	267,184	4.1%
2002	1,241,100	19,300	32.0	14.0	270,025	5.1%
2003	1,262,800	19,960	32.2	14.0	275,796	5.5%
2004	1,278,300	18,969	32.2	14.2	273,560	5.2%
2005	1,299,200	19,540	32.4	14.2	279,756	5.2%

NOTES: (1) Source: Planning Department, City of San Antonio, Texas

(2) Individual School Districts Annual Census

(3) Texas Workforce Commission

STATISTICAL DATA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(Dollar amounts expressed in Thousands)

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		NET ASSESSED VALUE (2)
	PERMITS (1) (3)	VALUE (1) *	PERMITS (1)	VALUE (1) *	
1996	7,581	\$ 510,336	9,242	\$ 355,228	\$ 26,793,725
1997	7,273	559,023	8,243	314,140	28,320,799
1998	7,540	962,383	8,891	400,151	29,422,285
1999	8,990	894,587	9,999	533,100	31,253,551
2000	9,686	904,295	9,647	528,807	33,315,479
2001	7,837	1,108,770	10,542	567,077	36,033,321
2002	12,646	939,264	10,910	605,120	39,587,584
2003	6,043 (4)	811,098	16,285 (4)	566,660	41,535,547
2004	6,684	1,379,321	18,789	813,616	44,583,139
2005	6,956	1,642,292	20,865	945,236	46,481,975

* Amounts expressed in Thousands

- NOTES: (1) Source: Departments of Building Inspection and Zoning, City of San Antonio, Texas
- (2) Source: Finance Department, City of San Antonio, Texas
- (3) Certificates of occupancy are included with permits; the certificates have no monetary value.
- (4) Variances from prior year due to the implementation of the enhanced permit-tracking system of the Hansen Software. This software provides better tracking of residential and commercial permits.

STATISTICAL DATA
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2005

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>PRINCIPAL TAXPAYER TAXABLE VALUATION</u>	<u>PERCENTAGE TO NET TAXABLE VALUATION</u>
H.E. Butt Grocery Stores	Retail/Grocery	\$ 525,786,733	1.13%
AT&T	Telecommunications	348,918,340	0.75%
United Services Automobile Association	Insurance/Banking/Real Estate	309,480,049	0.67%
Wal-Mart Stores, Inc.	Retail/Grocery	219,857,260	0.47%
Humana/Methodist Healthcare System	Hospital/Healthcare Provider	173,422,535	0.37%
Marriott Corporation	Hotel Chain	166,113,750	0.36%
Time Warner	Cable Television	123,027,810	0.26%
North Star Mall	Shopping Centers	116,483,860	0.25%
Hyatt Regency Hotels	Hotel Chain	105,757,610	0.23%
Simon Property Trust (Texas)	Shopping Centers	<u>102,987,711</u>	<u>0.22%</u>
<u>TOTALS</u>		<u>\$ 2,191,835,658</u>	<u>4.71%</u>

STATISTICAL DATA
SPECIAL ASSESSMENTS LEVY AND COLLECTIONS
SEPTEMBER 30, 2005

FISCAL YEAR ENDED	TAX ROLL YEAR	SPECIAL ASSESSMENTS LEVY (1)	CURRENT SPECIAL ASSESSMENTS COLLECTED	PERCENT OF CURRENT ASSESSMENTS COLLECTED	OUTSTANDING CURRENT YEAR LEVY	DELINQUENT TAX COLLECTIONS (3)	DELINQUENT TAX ADJUSTMENTS/ CANCELLATIONS	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES COLLECTED	TOTAL SPECIAL ASSESSMENTS COLLECTED
1996	1995	\$ 762,068	\$ 753,941	98.93%	\$ 8,127	\$ 8,848	\$ (16,101)	\$ 20,365	41.96%	\$ 762,789
1997	1996	708,103	706,283	99.74%	1,820	9,452	(5,844)	6,889	65.09%	715,735
1998	1997	733,830	728,148	99.23%	5,682	(1,007)	(4,919)	8,658	-51.09%	727,142
1999	1998	761,909	736,533	96.67%	25,376	(5,015)	(6,744)	32,304	-61.96%	731,518
2000	1999	1,966,307 (2)	1,958,774	99.62%	7,533	11,285	(8,869)	15,282	48.15%	1,970,059
2001	2000	1,216,971	1,186,429	97.49%	30,542	2,785	(310)	1,926	56.24%	1,189,214
2002	2001	1,182,348	1,168,584	98.84%	13,764	21,659	(3,201)	13,518	66.71%	1,190,243
2003	2002	1,177,972	1,152,404	97.83%	25,567	7,255	-	17,728	26.59%	1,159,659
2004	2003	1,262,714	1,239,256	98.14%	23,458	20,320	-	20,866	46.93%	1,259,576
2005	2004	1,146,999	1,139,369	99.33%	7,630	17,137	-	29,314	38.89%	1,156,506

NOTES: (1) Assessment District was established by City Resolution dated November 20, 1986. The final Levy was assessed in Fiscal Year 2000.

(2) Public Improvement District was established by Ordinance No. 89696, approved by City Council on April 29, 1999.

(3) Penalty and interest collections are excluded.



STATISTICAL DATA
MISCELLANEOUS STATISTICAL DATA
YEAR ENDED SEPTEMBER 30, 2005

Date of Incorporation	December 14, 1837
Date of Adoption of City Charter	October 2, 1951
Form of Government	Council-Manager
Area	519 square miles
Miles of Sewer:	
Storm	498.0
Sanitary (SAWS)	5,164
Building Permits:	
Permits Issued	27,821
Estimated Value of Construction	\$2,587,528,154
Fire Protection and Emergency Medical Services:	
Number of Fire Stations	49
Number of Firefighters	1,090
Number of EMS Units	26
Number of EMS Paramedics	297
Police Protection:	
Number of Stations	6
Number of Police Officers	1,964
Number of School Crossing Guards	236
Recreation:	
Parks Acreage	16,151
Number of Parks and Recreation Areas Larger than One Acre	203
Number of Municipal Golf Courses	6
Number of Municipal Swimming Pools	23
Number of Recreation Centers - All Year	27
Number of Recreation Centers - Summer	77
Sewer Service:	
Number of Sewer Customers	354,878
Estimated Number of Persons Served	1,415,826
Water Service:	
Number of Water Customers	325,944
Estimated Number of Persons Served	1,239,399

STATISTICAL DATA
MISCELLANEOUS STATISTICAL DATA
YEAR ENDED SEPTEMBER 30, 2005

Education:

(Twelve School Districts Wholly or Partly
 Within San Antonio City Limits)

Number of Schools	395
Number of Teachers	18,306
Number of Students Registered	279,756
Average Daily Attendance	263,660

City Employees:

Unclassified:

Regular	104
Part-time (Annual)	12
Temporary	1,154
Part-time	665

Classified:

Regular	9,390
Other	131

Total	11,456
-------	--------

Election:

Registered Voters	689,481 (2)
Number of Votes Cast Last City Regular Election	115,322 (2)
Percentage of Registered Voters voting	16.7% (2)

Population

		Increase
1900	53,321	-----
1910	96,614	81.2%
1920	161,379	67.0%
1930	231,543	43.5%
1940	253,854	9.6%
1950	408,442	60.9%
1960	587,718	43.9%
1970	654,153	11.3%
1980	786,023	20.2%
1990	938,900	19.4%
2000	1,207,500	28.6%
2005	1,299,200 (1)	7.6%

NOTE: Source of this information is the U.S. Census Bureau

(1) Estimate by City of San Antonio, Texas, Planning Department, as of September 30, 2005

(2) Information taken from the City Election held May 2005

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
AIRPORT SYSTEM
SEPTEMBER 30, 2005

AIRPORT SYSTEM PROPERTIES

Type of Policy: Property Insurance
Insurance Co.: Allianz Insurance Company
Policy No.: CLP3005479
Policy Period: December 31, 2004 to February 28, 2006

\$500,000 per occurrence deductible
Maximum Limits: \$200,000,000 (subject to certain sublimits)

Type of Policy: Excess Property Insurance
Insurance Co.: RSUI Indemnity Company
Policy No.: NHD338640
Policy Period: December 31, 2004 to February 28, 2006

Maximum Limits: \$100,000,000 excess of Allianz's \$200,000,000 underlying limit

Type of Policy: Property Insurance - Boiler and Machinery Insurance
Insurance Co.: Allianz Insurance Company
Policy No.: CLP3005479
Policy Period: December 31, 2004 to February 28, 2006

\$10,000 any one loss deductible
Maximum Limits: \$100,000,000 per accident (subject to certain sublimits)

Type of Policy: Crime Policy (Blanket Dishonesty and 3-D Policy)
Insurance Co.: Great American Insurance Company
Policy No.: GVT2687625
Policy Period: October 1, 2005 to October 1, 2006

Employee Dishonesty:	Limit	\$1,000,000	Deductible	\$10,000*
Forgery and Alteration:	Limit	\$100,000	Deductible	\$2,500*
Theft, Disappearance, Destruction:	Limit	\$150,000	Deductible	\$5,000*
Credit Card Forgery:	Limit	\$25,000	Deductible	\$250*

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
AIRPORT SYSTEM
SEPTEMBER 30, 2005

AIRPORT SYSTEM PROPERTIES (Continued)

Type of Policy:	Airport Liability
Insurance Co.:	ACE Property and Casualty Insurance
Policy No.:	AAPN00976258 002
Policy Period:	March 31, 2005 to March 31, 2006

\$10,000 per occurrence deductible, any one loss, \$100,000 aggregate per year deductible
Maximum Limits: \$10,000,000 (subject to certain exclusions and limits)

Type of Policy:	Aircraft Hull & Liability
Insurance Co.:	Westchester Fire Insurance Co
Policy No.:	AAC N0097626A002
Policy Period:	March 31, 2005 to March 31, 2006

Maximum Limits: \$10,000,000 per occurrence (subject to certain exclusions and limits)

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
PARKING SYSTEM
SEPTEMBER 30, 2005

PARKING FACILITIES PROPERTIES

Type of Policy: Property Insurance
 Insurance Co.: Allianz Insurance Company
 Policy No.: CLP3005479
 Policy Period: December 31, 2004 to February 28, 2006

\$500,000 per occurrence deductible
 Maximum Limits: \$200,000,000 (subject to certain sublimits)

Type of Policy: Excess Property Insurance
 Insurance Co.: RSUI Indemnity Company
 Policy No.: NHD338640
 Policy Period: December 31, 2004 to February 28, 2006

Maximum Limits: \$100,000,000 excess of Allianz's \$200,000,000 underlying limit

Type of Policy: Property Insurance - Boiler and Machinery Insurance
 Insurance Co.: Allianz Insurance Company
 Policy No.: CLP3005479
 Policy Period: December 31, 2004 to February 28, 2006

\$10,000 any one loss deductible
 Maximum Limits: \$100,000,000 per accident (subject to certain sublimits)

Type of Policy: Crime Policy (Blanket Dishonesty and 3-D Policy)
 Insurance Co.: Great American Insurance Company
 Policy No.: GVT2687625
 Policy Period: October 1, 2005 to October 1, 2006

Employee Dishonesty:	Limit	\$1,000,000	Deductible	\$10,000*
Forgery and Alteration:	Limit	\$100,000	Deductible	\$2,500*
Theft, Disappearance, Destruction:	Limit	\$150,000	Deductible	\$5,000*
Credit Card Forgery:	Limit	\$25,000	Deductible	\$250*

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
PARKING SYSTEM
SEPTEMBER 30, 2005

PARKING FACILITIES PROPERTIES (Continued)

Type of Policy:	Excess General Liability and Workers' Compensation
Insurance Co.:	State National Insurance Company
Policy No.:	MDB0266737
Policy Period:	December 31, 2004 to December 31, 2005

\$500,000 per occurrence deductible, any one loss

Maximum Limits:	\$5,000,000 (each accident)
	\$10,000,000 (policy aggregate limit)

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
ENVIRONMENTAL SERVICES
SEPTEMBER 30, 2005

ENVIRONMENTAL SERVICES PROPERTIES

Type of Policy: Property Insurance
Insurance Co.: Allianz Insurance Company
Policy No.: CLP3005479
Policy Period: December 31, 2004 to February 28, 2006

\$500,000 per occurrence deductible
Maximum Limits: \$200,000,000 (subject to certain sublimits)

Type of Policy: Excess Property Insurance
Insurance Co.: RSUI Indemnity Company
Policy No.: NHD338640
Policy Period: December 31, 2004 to February 28, 2006

Maximum Limits: \$100,000,000 excess of Allianz's \$200,000,000 underlying limit

Type of Policy: Property Insurance - Boiler and Machinery Insurance
Insurance Co.: Allianz Insurance Company
Policy No.: CLP3005479
Policy Period: December 31, 2004 to February 28, 2006

\$10,000 any one loss deductible
Maximum Limits: \$100,000,000 per accident (subject to certain sublimits)

Type of Policy: Crime Policy (Blanket Dishonesty and 3-D Policy)
Insurance Co.: Great American Insurance Company
Policy No.: GVT2687625
Policy Period: October 1, 2005 to October 1, 2006

Employee Dishonesty:	Limit	\$1,000,000	Deductible	\$10,000 *
Forgery and Alteration:	Limit	\$100,000	Deductible	\$2,500 *
Theft, Disappearance, Destruction:	Limit	\$150,000	Deductible	\$5,000 *
Credit Card Forgery:	Limit	\$25,000	Deductible	\$250 *

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
ENVIRONMENTAL SERVICES
SEPTEMBER 30, 2005

ENVIRONMENTAL SERVICES PROPERTIES (Continued)

Type of Policy:	Excess General Liability and Workers' Compensation
Insurance Co.:	State National Insurance Company
Policy No.:	MDB0266737
Policy Period:	December 31, 2004 to December 31, 2005

\$500,000 per occurrence deductible, any one loss

Maximum Limits:	\$5,000,000 (each accident)
	\$10,000,000 (policy aggregate limit)

