City of San Antonio, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2011

CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report

For Fiscal Period Ended September 30, 2011

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City of San Antonio, Texas

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City of San Antonio, Texas

Letter of Transmittal

CITY OF SAN ANTONIO

P O BOX 839966
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March 1, 2012

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, 2011. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Grant Thornton, LLP. 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. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

The Management Discussion and Analysis, (MD&A) beginning on page 1, provides 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 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 *Audit of State and Local Government and Nonprofit Organizations*, 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 a separate document. This report can be viewed on the City's webpage, under Budget and Financial information.

CITY SERVICES

The City is a home rule city that was incorporated in 1837 and chartered in 1951. The City Charter provides for a Council-Manager form of government, subject only to the limitations imposed by the Texas Constitution and the City Charter, all powers of the City are vested in an elective Council (the "City Council") which enacts legislation, adopts budgets and determines policy. The City Council is comprised of 11 members, with ten members elected from single-member districts, and the Mayor elected at-large. The term of the office of the Mayor or a member of the City Council is four full two-year terms. The City Council also appoints a City Manager who executes the laws and administers the government of the City, and serves as the City's Chief Administrative Officer. The City Manager serves at the pleasure of the City Council.

The City 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 September 30, 2011, the City's geographic area was approximately 467 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,326,539 citizens and is ranked as the seventh most populated city in the country.

CITY SERVICES (Continued)

The City provides a vast array of municipal services. The full range of services provided to its constituents includes ongoing programs to provide health, welfare, art, cultural, and recreational services; maintenance and construction of streets and drainage; public safety through police and fire protection; and urban redevelopment and housing. The City also considers the promotion of convention and tourism and participation in economic development programs as high priorities. The funding sources from which these services are provided include ad valorem, sales and use, and hotel occupancy tax receipts; grants; user fees; bond proceeds; tax increment financing; and other sources.

The City continues to support recreational improvements that enhance citizens' quality of life and recreation and fitness opportunities. For the third time, in November 2010 San Antonio voters approved a sales tax initiative to provide up to $135.0 million to be used to acquire and preserve land or interests in land in the Edwards Aquifer recharge and contributing zones and to be used for the acquisition of open space and linear parks along San Antonio's Creekways. A total of 32 miles of linear greenway walking and biking trails have been constructed through two previous voter-approved sales tax initiatives. The City actively pursues outside opportunities for grants and community partnerships to leverage public funds.

The City has twenty-six entities that are legally separate, but are considered part of the City's operations and therefore are included in its annual financial statements. Fifteen of these entities are blended component units of the City, while the other eleven entities are discretely presented. 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, entitled, Summary of Significant Accounting Policies.

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. The economic strategy resulting from SA2020 emerges as the City's roadmap to become a leader in job creation by maintaining growth in traditional industry sectors while specifically targeting 10.0% job growth in the following sectors: Healthcare and Biosciences, Information Technology and Information Security, Aerospace, and the New Energy economy. The City's SA2020 goals will be pursued through the next decade by utilizing San Antonio's unique assets, including its historical and cultural heritage, formidable local institutions (e.g. military bases, universities, medical center), and natural resources such as the Eagle Ford Shale formation in South Texas.

In addition to charting our course for continued economic prosperity, SA2020 also focuses on ongoing infrastructure improvements, neighborhood revitalization and workforce development initiatives, as well as downtown development. In February 2010, the City passed the Inner-City Reinvestment Infill Policy (ICRIP) to further support balanced and sustainable development throughout San Antonio's inner-city and southern sectors, which include Port San Antonio and Brooks City-Base. 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 the City. The City's cultural and geographic proximity to Mexico provides favorable conditions for international business relations. Also enhancing San Antonio's business appeal is the high quality of life the City offers and a cost-of-living that is below the national average. In addition to the favorable economic climate, excellent weather conditions year round help encourage and enhance the operation of many of San Antonio's most important industries.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Economic indicators tell the story of a resilient 2011 for San Antonio exemplifying the comparative stability of the local economy as it outperformed comparable cities impacted by the national recession. According to research performed by the Brookings Institution, San Antonio is one of the 20 strongest performing metropolitan areas (metros) out of the 100 largest metros. The Brookings Metropolitan Policy Program issues the quarterly series, *MetroMonitor*, which provides an understanding of how the current economic recession has 'affected America's metropolitan economies'.

The Brookings *MetroMonitor* measures overall metropolitan performance as an aggregate of four measures: percent employment change, percent unemployment rate change, percent Gross Metropolitan Product (GMP) change and percent change in Housing Price Index (HPI). The September 2011 report, which examined data throughout the 2nd quarter of calendar year 2011, showed San Antonio in the top 20 (strongest performers) in increased employment and stable housing price index.

As of the 2nd quarter of calendar year 2011, the 100 largest metros in the United States continue to struggle to regain pre-recession employment levels. San Antonio was among the top cities that suffered a less-severe decline in overall employment. From San Antonio's pre-recession peak employment quarter to the 2nd quarter of 2011, San Antonio ranked 4th among the top 100 metros with a change of 0.2%.

San Antonio's seasonally adjusted unemployment rate was 8.1%, compared to the 100-largest metro areas average rate of 9.4%, and the national rate of 9.3%. All metros experienced a rise in unemployment rates through the onset of the recession but among the 100 metros, San Antonio ranked 29th in the nation.

In addition to employment and unemployment data, Good Manufacturing Practice (GMP) is a valuable measure of the total value of goods and services produced within a metro area. When measuring the percentage change in GMP from San Antonio's recession peak quarter to the 2nd quarter of 2011, San Antonio ranked 25th with an increase of 2.9%.

San Antonio's housing market registered a relatively small negative impact as a result of the national housing bubble. According to the September 2011 Multiple Listing Service report by the San Antonio Board of REALTORS®, even though the number of sales was down by 2.0% year-to-date, the median price of a home rose to $151,500, a 2.0% increase when compared to a year ago.

San Antonio's resilient economy was fueled by several targeted industry projects in fiscal year 2011. The City utilized a combination of tax abatements, grant and loan agreements, impact fee waivers, and nominations for State project designations that assisted in enticing the following businesses to move to or remain in San Antonio:

<u>South Texas Research Facility</u>

The City invested $3.3 million in the construction of the $150.0 million South Texas Research Facility through the San Antonio Economic Development Corporation (SAEDC), which entered into an economic development agreement with the University of Texas Health Science Center San Antonio on July 28, 2011. This project will create at least 150 research jobs in the targeted bioscience industry and will provide a potential return on investment of up to $4.0 million through the SAEDC's equity investment in university spinout companies.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Additional entities that the City recruited to or retained within San Antonio are included in the following table:

Company Name	No. of Jobs	Investment ($M)
Argo Group	200	$ -
Baker-Hughes	400	30.0
Becton, Dickson	296	6.4
Boeing	400	10.0
Chevron	17	335.0
Cold Car	50	10.0
Consert	200	-
Conway Freight	129	8.5
Econtrols	275	-
Fiberglass Systems	40	8.0
Green Star	38	40.0
HVHC, Inc	350	-
J.Crew	270	1.7
M-7	450	-
PETCO	400	5.0
Schlumberger	200	20.0
Sun Edison	-	42.5
UT HSC	150	150.0
Weatherford	200	18.0
Total	**4,065**	**$ 685.1**

In addition to the targeted industry projects the following are further details regarding factors affecting the business climate and local economy for the City.

Base-Realignment and Closure and Fort Sam Houston

One of the most significant events in San Antonio's recent economic history is the 2005 Base Realignment and Closure (BRAC). BRAC has had a major positive impact on military medicine in San Antonio resulting in approximately $3.1 billion in construction and the addition of 12,500 jobs in San Antonio in 2011. This is an increase from the $1.6 billion in construction and 11,500 personnel projected in 2007. Currently, all U.S. Army combat medic training is conducted at Fort Sam Houston. As a result of the 2005 BRAC, all military combat medic training – Army, Air Force, Navy, Marines and Coast Guard – will be undertaken at the new Medical Education and Training Campus at Fort Sam Houston. The San Antonio Military Medical Center (SAMMC) has been established as a result of the 2005 BRAC and combines the Level 1 Trauma elements of Wilford Hall and Brooke Army Medical Center (BAMC). Wilford Hall has been renamed SAMMC-South and BAMC has been renamed SAMMC-North. SAMMC-North is doubling its Level 1 trauma missions from SAMMC-South. SAMMC-South is an outpatient only facility that has received outpatient missions from SAMMC-North and will be replaced by the Lackland Ambulatory Care Center. The Care Center is scheduled for completion in 2013. This $486.0 million Care Center will provide world-class medical care for the community.

Base-Realignment and Closure and Fort Sam Houston (Continued)

In addition, San Antonio will receive new medical research missions. The U.S. Army Institute for Surgical Research located next to SAMMC-North will double in size as a result of new BRAC missions and will be renamed the Joint Center of Excellence for Battlefield Health and Trauma. The new mission will continue its cutting edge research in the areas of robotics, prosthetics and regenerative medicine. As a result of BRAC, San Antonio will become a leader in military medical training, education and research.

Port San Antonio

Port San Antonio (Port) is a multimodal logistics platform and aerospace complex on the 1,900-acre site of the former Kelly Air Force Base. It was created by the Texas Legislature in 2001 following the closure of the base and tasked with redeveloping and managing the property to ensure that it continues serving as an economic engine for the region. Though created by the local government, the Port is self-sustaining and operates like a business—receiving its income from the properties it leases, services it provides, and reinvesting profits into further development of the property.

The Port is the region's single largest real estate management and leasing firm, overseeing 12.9 million square feet of facilities and logistics assets that include an industrial airport (Kelly Field, SKF) and a 350-acre railport (East Kelly Railport). The entire site is contained within a foreign-trade zone (FTZ #80-10) and has quick road connections to Interstate Highways 35, 10 and 37.

The Port's redevelopment efforts to date have attracted almost 80 customers to its site, including aerospace, logistics and military/governmental organizations. These customers employ more than 14,000 workers and generate over $4.0 billion in regional economic activity each year. The Port has received numerous recognitions for its innovative work, including being named Redevelopment Community of the Year in 2010 by the Association of Defense Communities. A regional sustainability leader, since 2009 two of the Port's newly developed properties have been LEED-certified by the U.S. Green Building Council (USGBC).

Fourteen of the Port's customers are aerospace-related firms, including industry leaders Boeing, Lockheed Martin, StandardAero, Chromalloy, Gore Design Completions and Pratt & Whitney. Of the 14,000 workers at the Port, about 5,000 are employed in the aerospace sector.

The Port reached important milestones in fiscal year 2011, positioning it and its customers for further growth as an important economic engine for the region.

In the aerospace sector, Boeing's Port facility ushered in a new era of commercial projects in the past year. The company, which has been operating at Kelly Field since 1998 with a focus on maintenance, repair and overhaul (MRO) of military aircraft, welcomed its first 787 Dreamliner in the spring of 2011. The airplane is one of four scheduled to undergo change incorporation (electronics and software upgrades) at Port before final completion and delivery to customers worldwide. In addition, the first of six new 747-8 tankers arrived at Boeing's Port facility in 2011 where they, too, will undergo change incorporation through 2013.

Similarly, Gore Design Completions, which is North America's largest outfitter of custom interiors for wide body jets and the third largest such company in the world, has been steadily growing since its arrival at the Port in 2005. In 2010 Gore added over 100,000 square feet to its hangar and workshop facilities at Kelly Field, giving it the necessary room to deliver luxury interiors for a Boeing 767 and its first Boeing 777 completion to foreign heads of state in 2011. The company additionally took in two new aircraft to keep it busy through 2012.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Port San Antonio (Continued)

Elsewhere at the Port, efforts to upgrade a 450,000 square-foot office facility known as Building 171 continued in 2011. The facility accommodates 11 Air Force agency headquarters and 3,000 personnel. Since 2009 the Port has managed over $60.0 million in upgrades to the property to meet new Anti-Terrorism Force Protection (ATFP) standards that ensure the safety of its occupants and the sensitive work that takes place within. In 2012 the completion of final bays will allow the 24th Air Force, also known as the Cyber Command, to become the final occupant of the building. There, the unit will lead operations to defend the Air Force's information systems worldwide against the new frontier in warfare—cyber attacks.

Looking ahead, in 2012 the Port will reach an important milestone as two road construction phases begun in 2011 are completed. The project extends 36th Street from the Port's northwest entrance for almost two miles into the heart of the property, improving access to the Port and, starting in 2012, opening 150 acres at Kelly Field for the development of new air-served facilities.

The new sites opened by the 36th Street extension will enable the construction of new hangars and workshops that can support an additional 8,000 new jobs in that part of the Port alone—further positioning the region as an important and thriving aerospace center. The project is headed by the City's Capital Improvement Management Services Department. Additional project partners include the Metropolitan Planning Organization (MPO), CPS Energy, San Antonio Water System (SAWS) and the Texas Department of Transportation.

Brooks City-Base

Brooks City-Base (BC-B) continues to foster the development of its business and technology center on the south side of San Antonio through its aggressive business attraction and retention efforts. Recognized as one of the most innovative economic development projects in the United States, BC-B is a 1,246 acre campus with approximately 350 acres available for immediate development.

The United States Air Force ceased all operations at BC-B on September 15, 2011. The Brooks Development Authority (BDA) gates opened in May 2011 with the completion of South New Braunfels Phase 1. BDA commissioned its first Economic Impact Study with The University of Texas at San Antonio Institute for Economic Development. Construction activities were estimated at $597.4 million in direct output and $1.0 billion in total output.

BDA completed the acceptance of $17.0 million in personal property from the Air Force. To date BDA has donated items with an estimated value of $559.0 thousand to local nonprofit organizations and schools. BDA moved to its new office space at 3201 Sidney Brooks, after a $300.0 thousand renovation of the former child care facility.

BDA signed a number of lease agreements with the following companies.

- **Volt Information Sciences, Inc** – Five-year lease agreement signed on November 17, 2010 for approximately 34,599 square feet in Building 532, for call center services. Volt expects to hire 600 employees over the next year.
- **NuStar Energy –** Two-year lease agreement with NuStar Refining, LLC signed on July 7, 2011 for approximately 12,615 square feet. The space will be utilized for office administration and lab testing.
- **Texas A&M** – Five-year lease agreement signed on July 5, 2011 for 77,648 square feet of classroom and office space.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Brooks City-Base (Continued)

- **Spine and Pain Center of San Antonio, PLLC** – 10- year lease agreement with Spine and Pain Center of San Antonio, PLLC on September 1, 2011, for approximately 9,622 rentable square feet of medical office space.
- **Wyle Laboratories, Inc** – Two-year lease agreement signed on July 1, 2011 for approximately 26,176 total square feet in Buildings 160, 170 and 159 and the surrounding grounds and parking areas for centrifugal training.

On June 27, 2011, the Mission Trail Baptist Hospital, located on 28 acres at BC-B, opened its doors. This facility consists of three stories, with the capability of adding additional floors and square footage as needed. It currently employs 567 people. Also, construction on a 300 unit multi-family apartment complex started July 20, 2011. The development will be owned by BDA and the NRP Group will be the co-developer. The development is slated to be completed in spring 2012. The apartments will be leased at market-rate and will offer all the conveniences of modern, urban living.

To continue fostering economic activities in the south side, BDA has leveraged resources by applying for designation as an EB-5 Regional Center and obtaining multiple State Energy Conservation Office (SECO) loans. The EB-5 designation will benefit BDA from an influx of foreign capital and will improve its financial operations and capital projects. The SECO loans were obtained by BDA for energy saving upgrades to various residential housing units, new chiller systems for various buildings, replacement of heating, ventilation, and air conditioning systems associated with Buildings 160 and 170, and upgrades to Buildings 532, 570, 775, and 150, for installation of rooftop solar panels and the replacement of the HVAC system.

Aerospace Industry Development

San Antonio International Airport (SAT) has 20 airlines (9 mainline and 11 regional) providing non-stop flights to a total of 30 destinations, which do not include seasonal charter flights to Mexico available during the spring and summer. During fiscal year 2011, SAT experienced an increase in enplaned passengers despite weak economic conditions. At final count, 4,057,000 passengers were enplaned in fiscal year 2011, an increase of 66,553 (or 1.6%) over the prior year. Both the United merger with Continental (now operating under a single operating certificate) and the Southwest merger with AirTran have been approved by the US government with no change in service at SAT. In November 2011, VivaAerobus and Interjet (both Mexican carriers) announced new service to Mexico City, Monterrey and Toluca from San Antonio to begin in November and December 2011. Southwest Airlines announced service from San Antonio to Mexico City to begin in May 2012 to Mexico City and Cancun.

On November 9, 2010, the first flights departed from Terminal B. The 225,000 square-foot terminal will have eight gates and four levels and replaces the demolished Terminal 2. Also completed in time for the Terminal B opening were a Central Utility Plant and a Baggage Handling System. The Central Utility Plant powers Terminals A & B and gives the SAT the capacity for future expansion, and the Baggage Handling System consolidates all baggage screening equipment from both terminals to a secured location behind the building.

In March 2011, the Vision 2050-Master Plan for SAT was adopted by City Council. Vision 2050, which updates the 1998 Master Plan, identifies the development options regarding land use, facilities and services to ensure that SAT meets its strategic objectives and can accommodate expected levels of activity over the next 20 years.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

International Trade and Outlook

As part of the International Relations Office (IRO) and Economic Development Department (EDD)'s ongoing efforts to focus on core functions, the City's "international" functions fit into two distinctive services: "International Relations" which encompasses Protocol and Sister City development including the Casas San Antonio Program, and the Economic Development Department's International Business Development which focuses on attracting foreign direct investment and assisting local companies to expand into foreign markets. This redesign is a natural evolution focused on providing a greater impact in job creation and investment, driven by focused performance measures.

IRO develops and maintains foreign relations for the City, fostering partnerships that increase global visibility, cultural understanding and economic growth.

In fiscal year 2011, vigorous crosssector follow through on new Friendship City Agreements with China resulted in selecting the City of Wuxi as San Antonio's next sister city. The Sister City Agreement will be signed in San Antonio in early 2012, focusing upon exchanges in Tourism, Education, Culture, Healthcare, Investment and Business Development. The Korean Sister City, Gwangju, built an authentic Korean Pavilion at the Denman Estate Park, and the Indian Diwali Festival of Lights grew to 10,000 attendees, promising to be an annual visitor draw. The City hosted officials from Argentina, Canada, China, Germany, Mexico, Korea, India, Russia, Japan, Namibia, Slovak Republic, US Department of State, UK, Singapore, Turkey, Taiwan, Italy, and Spain. Official foreign missions from San Antonio during this period included Mayor Castro's meeting with Mexican President Felipe Calderon as well as visits to Israel, China, Korea, Taiwan, Spain, and Germany.

In fiscal year 2011, the EDD began developing an international economic development strategy, which included aligning the City's contracts with the Free Trade Alliance and the Economic Development Foundation. EDD carried out a targeted foreign prospect development strategy hosting over 12 foreign site selectors from 6 different countries as well as meeting with foreign site selectors during trade missions abroad. This strategy resulted in increased awareness of San Antonio as an ideal foreign investment destination and augmented the number of international prospects engaging Economic Development Foundation in location discussions. The 11th Annual San Antonio Export Leaders Program was carried out in partnership with the Hispanic Chamber of Commerce, UTSA International Trade Center, US Foreign Commercial Service, and other business development stakeholders. National prominence was achieved for this Program by working with the United Stated Department of Commerce in Washington DC to help replicate the program in other US Cities as part of the Presidents' National Export Initiative. EDD worked in collaboration with IRO and the Convention and Visitors Bureau (CVB) to provided support to the China Advisory Subcommittee in the development of an Action Plan to increase trade, foreign direct investment and cultural ties with China, including our Sister City of Wuxi, China.

As of August 31, 2011, the North American Development Bank participated in the development and financing of 152 environmental infrastructure projects, with approximately $1.3 billion in loans and grants. These projects are estimated to cost a total of $3.3 billion to build and will benefit an estimated 13 million border residents throughout the 10 states that comprise the U.S. – Mexico border region.

San Antonio continues to develop itself as an Inland Port for imports and exports with Mexico, Latin America, India, Germany, China, Japan, Spain, and other regions of the world. This is accomplished through transportation, manufacturing and logistics facilities; professional services and value-added services involved in processing, marketing and moving freight within the South Texas Region. Over the past 17 years, the City led the nation by establishing three commercial trade offices in Mexico's principal cities and in Tokyo, Japan.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

International Trade and Outlook (Continued)

For 27 years, the IRO's trade representative in Japan has attracted multi-million dollar operations to San Antonio including Toyota and its 24 suppliers, Takata Seat Belt, Sony Corporation, MyCom International, Hyatt Hill Country Resort (a major Japanese investment joint venture), and Higuchi. The trade representative continues to promote Japanese investment in San Antonio by conducting trade missions to cities throughout Japan.

Community Development

Community development projects continue to play an important role in San Antonio's economic success. Targeted redevelopment, neighborhood revitalization and smart growth strategies are shaping the way San Antonio is growing and its citizens are living. The City is continuing its efforts to redevelop portions of the community and influence development of new areas through the ICRIP. Through incentive mechanisms such as qualified fee waivers, it promotes growth and development in the heart of the City, specifically in areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. It is the intent of this Policy to coordinate public initiatives within targeted areas in order to stimulate private investment in walkable urban communities that are the building blocks of a sustainable region.

In August 2011, San Antonio became the first major Texas city to possess both a University of Texas System and a Texas A&M University System degree granting campus, when Texas A&M University-San Antonio opened as a stand-alone university. Leveraging the economic momentum surrounding the Toyota manufacturing plant, Texas A&M University-San Antonio, and new activity surrounding the Eagle Ford Shale, as well as implementing the Heritage South Sector Plan, City South Management Authority continues to foster economic growth and sustainable development in the far South Side.

Hospitality Industry

The City's diversified economy includes a significant sector relating to the hospitality industry. A recent study prepared by Richard V. Butler, Ph.D. and Mary E. Stefl, Ph.D., both professors at Trinity University, found that the hospitality industry has an economic impact of nearly $11.0 billion. The estimated annual payroll for the industry is $1.99 billion, and the industry employs more than 106,000 workers. Also, this industry contributes more than $153.4 million in taxes and fees to the City, and more than $286.4 million to all local governments combined.

San Antonio's hospitality industry attracted 26.0 million visitors in 2010, and 12.2 million were overnight leisure visitors, placing San Antonio as one of the top leisure destinations in Texas. San Antonio continues to rank high as a top leisure and convention/group meeting destination. Recent fiscal year 2011 accomplishments contributing to our success include generating over $12.0 million in positive media value for San Antonio as a tourism and convention destination; Top Chef Texas which featured San Antonio in 8 episodes and showcases the City as a growing culinary destination; implementing a marketing and communication campaign leveraging the 175th anniversary of the Battle of the Alamo; and renovated and branded our Visitor Information Center across from the Alamo which services more than 300,000 visitors.

The list of attractions in the San Antonio area includes, among many others, the Alamo (and other sites of historic significance), River Walk and two major theme parks (SeaWorld San Antonio and Six Flags Fiesta Texas).

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Hospitality Industry (Continued)

San Antonio is also one of the top convention cities in the country. In fiscal year 2011, the City's CVB launched a niche CEO marketing plan which raised awareness of San Antonio with top business executives, primarily to influence meeting destination opportunities. Thus, the CVB sales staff booked more than 852,000 room nights for current and future years.

According to Smith Travel Research, in 2011, the City's overall performance for hotel occupancy increased by 3.4%. The increase was attributed to revenue per available room (REVPAR) increases of 1.9%; total room nights sold increases of 5.8%; and hotel room supply increases of 2.3%; tempered by average daily rate (ADR) decreases of 1.5%.

Convention, Sports and Entertainment Facilities

The continued success of the City's vibrant hospitality industry depends significantly on its inventory of high-quality facilities to host conventions, meetings, and major sporting events. The Convention, Sports, and Entertainment Facilities Department (CSEF) operates the Henry B. Gonzalez Convention Center, the recently-renovated Lila Cockrell Theatre, the Alamodome, and (until June 2011) the Municipal Auditorium. After 82 years of operation as a City-owned facility, the Municipal Auditorium was closed and will be redeveloped as the Tobin Center for the Performing Arts. Owned and operated by a nonprofit entity, the new facility will receive almost $200.0 million in renovations and is scheduled to open in 2014. In the past year, more than 570,000 visitors attended 314 events held at the Henry B. Gonzalez Convention Center, including 69 events at the Lila Cockrell Theatre. Significant conventions included the American College of Gastroenterology, Association for Financial Professionals, Society of Nuclear Medicine, Academy of Management, Society of Exploration Geophysicists, National Conference of State Legislators, and the Veterans of Foreign Wars of the US (VFW). The City also hosted the 2011 NCAA Men's Regional Basketball Tournament with more than 25,000 in attendance.

The Alamodome, a multi-purpose sports and general assembly facility, hosted more than 935,000 visitors over 132 event days. Many varied and significant events were held at the Alamodome in 2011, including the following: the Third Annual San Antonio Rock 'N' Roll Marathon and Half Marathon, with over 30,000 participants, which generated $26.1 million in direct visitor spending; the Dallas Cowboys Training Camp with 94,000 attendees over the 13 day camp; the 2010 Valero Alamo Bowl featuring Oklahoma State vs. University of Arizona, with more than 57,000 fans attending which generated a direct economic impact of $32.6 million for the City; the inaugural game for the new University of Texas San Antonio (UTSA) Football program featured the UTSA Roadrunners vs. Northeastern University. Attendance set a new modern-era record (56,000) for a season opener by a first-year NCAA Division I program. The Alamodome also debuted the new Illusions Theater offering a configuration of 3,785–11,000 seats and state-of-the-art curtain and LED lighting systems.

In the CSEF 2011 Capital Improvement Plan, the Convention Center constructed a new Visitor Services Center, enhanced building security with the addition of a new building access control system, and upgraded its technical infrastructure to enhance digital TV reception. Other capital improvements at the convention center include a new comprehensive digital way-finding and meeting room signage system. Total improvements in a two-year period at the Convention Center has totaled over $40.0 million, with the City projected to recover over $30.2 million in capital improvement-related rebates via the State's Convention Event Trust Legislation.

Facility enhancements to the Alamodome include design and construction for a new Home Team Locker Room and the opening of two new concessions outlets. These upgrades will assist the City in enticing future, high profile clients, and improve fan's experiences. The City is projected to recover over $4.1 million in capital improvement-related rebates via the State's Sporting Event Trust Legislation.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Downtown Development Projects

City Council approved economic development grants for center city projects that total $16.8 million for the Mosaic, 1111 Austin Highway, 1800 Broadway, Pearl Parkway North and South, Steel House Lofts, Camden Medical Office, and ButterKrust Redevelopment. These projects represent a total investment of $162.8 million and will add 770 housing units and 615 jobs to the center city.

Since October 2010, the HemisFair Park Area Redevelopment Corporation (HPARC) focused its efforts on the creation and implementation of a Master Plan for HemisFair Park. HPARC selected Johnson Fain, Inc. as the consultant for the Master Plan. Through several community workshops, Johnson Fain developed a Framework Plan that identified main points of focus for HemisFair Park. City Council endorsed the Framework Plan at the May 12, 2011 City Council meeting.

Since its endorsement, HPARC has refined the Framework Plan to include more detail. The refined document will serve as the final master plan for HemisFair Park. The Master Plan, using the Framework Plan as its basis outlines six big ideas for the redevelopment of HemisFair Park to include the following:

1. Expanding the Convention Center eastward;
2. Developing more public and open space;
3. Incorporating a multi-use amphitheater into the redevelopment;
4. Integrating water features into the site;
5. Accommodating the streetcar line through the site; and
6. Redeveloping the S Alamo and Cesar Chavez Corner to accommodate retail and a mix of activity.

Additionally, the Master Plan incorporates HPARC's guiding principles which address connectivity, development, balance, preservation, and sustainability and includes several big ideas that resulted from the public outreach efforts. City Council will take action on the final Master Plan in fiscal year 2012.

American Recovery and Reinvestment Act

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law on February 17, 2009. ARRA will provide a nationwide total of $787.0 billion in spending and tax cuts. The funding is temporary, intended to preserve and create jobs, and make investments in infrastructure, energy and science, unemployment assistance, and state and local stabilization.

In order to take full advantage of the funding opportunities and additional services that may be provided to the City of San Antonio as a result of the ARRA, City staff has worked closely with City Council to strategize and align specific City Council ranked projects to individual Federal and State agency funded programs.

As of February 2012, the City has been awarded over $139.6 million in ARRA grants. These grants have and will fund public safety, street projects, various child care programs, energy efficiency programs, and homeless assistance.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The management of the City is responsible for establishing a system of internal controls that are designed to provide reasonable assurance that assets are protected from loss, theft, or misuse. The City's accounting system supports the internal controls and procedures, which provide reliable financial records for preparing financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure provides reasonable assurance that the City's assets are safeguarded as well as the reliability of financial records for preparing financial statements. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondarily, the evaluation of costs and benefits require estimates and judgments by management.

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 department 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 and are generally appropriated as part of the following year's budget. Another budgetary control is the monthly revenue and expenditure reports detailing budget and actual balances with variances that are generated and reviewed by the Office of Management and Budget, Finance and the City Manager's Office prior to submission to City Council. As part of the annual review and close-out process, City Council will approve desired budget adjustments and carryforwards for the next fiscal year. The City further implemented available budget controls within its system of record for capital projects and grants. The system warns when cumulative expenditures are within 75.0% of total budget. The system will not allow the processing of non-payroll transactions in excess of the budget.

Each year the City prepares a five-year financial forecast (Forecast) prior to the adoption of the annual operating budget. The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services. The Forecast also examines the local and national economic conditions that have an impact on the City's economy and ultimately, its budget.

The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast enables the City Council and staff to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

After obtaining the priorities of City Council, as well as conducting reviews of each City department, the proposed City budget is presented to City Council. The proposed budget represents the City staff's professional recommendation on how to utilize revenues and expenditures in order to achieve a balanced budget, while optimizing City service deliveries.

FINANCIAL INFORMATION (Continued)

Accounting System and Budgetary Control (Continued)

As part of the City's sound financial planning, the City Council adopted a budget that is balanced and enhances services that are most important to the community while maintaining a strong financial position. The Budget included reductions totaling $24.0 million in the General Fund that were achieved as a result of technology investments, in-depth comprehensive review and operational efficiencies. The City also maintains an enhanced process for reviewing and justifying the need to fill vacant positions. The City's budget further incorporates a strategy, adopted by City Council, to maintain the financial reserves at 9.0%. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management and provides budgetary flexibility for unexpected events, financial emergencies, and the unusual fluctuation in revenue-expenditure patterns. These proactive actions assisted the City in generating a favorable ending fund balance for fiscal year 2011.

The City also employs a comprehensive multi-year, long-term capital improvement planning program that is updated annually. Debt management is a major component of the financial planning model which incorporates projected financing needs for infrastructure development that is consistent with the City's growth while at the same time measuring and assessing the cost and timing of each debt issuance.

In fiscal year 2010, the City achieved a triple-triple, with three national credit-rating agencies awarding the City 'AAA' status on its General Obligation Bonds, the highest bond rating a city can receive. San Antonio continues to be the only major U.S. city (with a population of more than one million) to be rated 'AAA' by all three major rating agencies: Fitch, Moody's, and Standard & Poor's. These ratings on the General Obligation Bonds were based on the City's "maintenance of strong financial reserves and continued diversification of the local economy." Over the long term, the improved ratings will result in savings to the City and its residents as a result of lower interest rates on the bonds the City sells.

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.

Fiscal Management

Debt Administration

The City utilizes a comprehensive debt management financial planning program, which is updated annually and is a major component of the City's financial planning. The model projects financing needs, 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 value 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.

Transparency

The City actively pursues transparency of its operations. The status of voter approved $550.0 million bond projects is available for public view on the City's website. At the end of fiscal year 2010, the City streamlined its website for user friendly access to the City's budget documents, quarter and annual reports, and check register. January 19, 2012, the City launched a new website to be more user-focused with subject-based categorization of information. The City will, throughout fiscal year 2012, convert all departmental webpages to this new design, and will continue to assess ways to provide the public with a more transparent government.

OTHER INFORMATION

Independent Audit

State statutes require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Grant Thornton, LLP. 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, OMB Circular A-133, *Audit of State and Local Government and Nonprofit Organizations* and *State of Texas Single Audit Circular*. The Independent Auditors' Report on the basic financial statements, Managements Discussion and Analysis (MD&A) (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 Single 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, 2010. This was the 35th 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 satisfies 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 CAFR 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.

The Office of Management and Budget received the Annual Distinguished Budget Award from the Government Finance Officers Association, recognizing outstanding achievement in preparation of the 2011 Operating and Capital Budget.

The Comptroller of Public Accounts has awarded the City with a "Gold" Circle Award for the City's transparency efforts in the Texas Comptroller Leadership Circle program. The Gold level highlights those entities that set the bar with their transparency.

Acknowledgements

The preparation of the City of San Antonio, Texas Comprehensive Annual Financial Report for the fiscal year ended September 30, 2011, was made possible by the dedication and hard work of the Finance Department, particularly the staff of the Accounting Division, Financial Reporting Section. 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, and their staff, for their continued support.

Respectfully submitted,

Ben Gorzell Jr., CPA
Chief Financial Officer

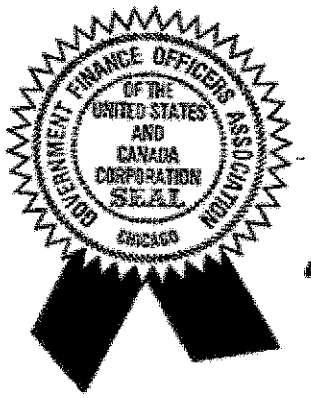
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio Texas

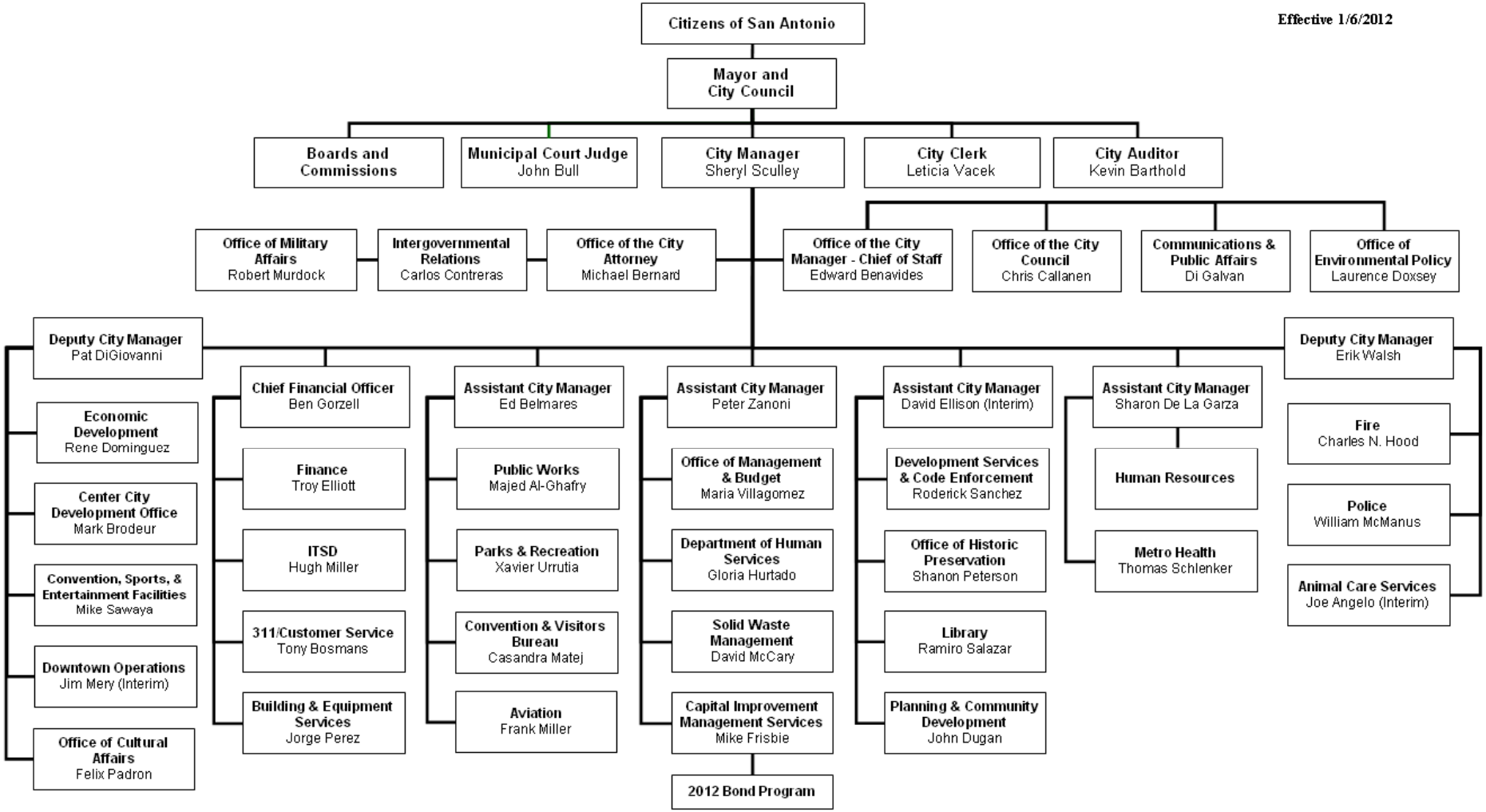
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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.



President

Executive Director


Effective 1/6/2012
Citizens of San Antonio
Mayor and City Council
Boards and Commissions
Municipal Court Judge John Bull
City Manager Sheryl Sculley
City Clerk Leticia Vacek
City Auditor Kevin Barthold
Office of Military Affairs Robert Murdock
Intergovernmental Relations Carlos Contreras
Office of the City Attorney Michael Bernard
Office of the City Manager - Chief of Staff Edward Benavides
Office of the City Council Chris Callanen
Communications & Public Affairs Di Galvan
Office of Environmental Policy Laurence Doxsey
Deputy City Manager Pat DiGiovanni
Economic Development Rene Dominguez
Center City Development Office Mark Brodeur
Convention, Sports, & Entertainment Facilities Mike Sawaya
Downtown Operations Jim Mery (Interim)
Office of Cultural Affairs Felix Padron
Chief Financial Officer Ben Gorzell
Finance Troy Elliott
ITSD Hugh Miller
311/Customer Service Tony Bosmans
Building & Equipment Services Jorge Perez
Assistant City Manager Ed Belmares
Public Works Majed Al-Ghafry
Parks & Recreation Xavier Urrutia
Convention & Visitors Bureau Casandra Matej
Aviation Frank Miller
Assistant City Manager Peter Zanoni
Office of Management & Budget Maria Villagomez
Department of Human Services Gloria Hurtado
Solid Waste Management David McCary
Capital Improvement Management Services Mike Frisbie
2012 Bond Program
Assistant City Manager David Ellison (Interim)
Development Services & Code Enforcement Roderick Sanchez
Office of Historic Preservation Shanon Peterson
Library Ramiro Salazar
Planning & Community Development John Dugan
Assistant City Manager Sharon De La Garza
Human Resources
Metro Health Thomas Schlenker
Deputy City Manager Erik Walsh
Fire Charles N. Hood
Police William McManus
Animal Care Services Joe Angelo (Interim)

Comprehensive Annual Financial Report
Period Ended September 30, 2011

Incorporated December 14, 1837
Charter Adopted October 2, 1951
Council - Manager Form of Government

CITY COUNCIL

Julián Castro
Mayor

Diego M. Bernal
District 1

Ivy R. Taylor
District 2

Leticia Ozuna
District 3

Rey Saldaña
District 4

David Medina, Jr.
District 5

Ray Lopez
District 6

Cris Medina
District 7

W. Reed Williams
District 8

Elisa Chan
District 9

Carlton Soules
District 10

EXECUTIVE LEADERSHIP TEAM

Sheryl L. Sculley
City Manager

Pat DiGiovanni
Deputy City Manager

Erik J. Walsh
Deputy City Manager

Sharon De La Garza
Assistant City Manager

David Ellison
Interim Assistant City Manager

Peter Zanoni
Assistant City Manager

Ed Belmares
Assistant City Manager

Ben Gorzell Jr.
Chief Financial Officer

Michael Bernard
City Attorney

Member of The Government Finance Officers
Association of the United States and Canada

City of San Antonio, Texas

Financial Section

City of San Antonio, Texas

Independent Auditors' Report

Grant Thornton

Audit • Tax • Advisory

Grant Thornton LLP
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Houston, TX 77002-4168

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Report of Independent Auditor's Report

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

We have 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 (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, San Antonio Health Facilities Development Corporation, San Antonio Health Trust Finance Corporation, San Antonio Industrial Development Authority, San Antonio Education Facilities Corporation and San Antonio Public Library Foundation, blended component units, which represent 71%, 78% and 20%, respectively, of the assets, net assets/fund balances and revenues/additions, of the aggregate remaining fund information. We also did not audit the San Antonio Water System, City Public Service of San Antonio, and the other non-major discretely presented component units which represent 100% of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of SA Energy Acquisition Public Facilities Corporation, San Antonio Health Facilities Development Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Industrial Development Authority, San Antonio Education Facilities Corporation and San Antonio Public Library Foundation audited by other auditors were not audited in accordance with *Government Auditing Standards*. 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's 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 the 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.

Grant Thornton

In our opinion, based on our audit and the reports of 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 12 and the Budgetary Comparison Schedule – General Fund on page 181, and Schedules of Funding Progress on pages 182 - 185 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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 did not audit the 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's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements and schedules and capital assets used in the operation of governmental funds have been subjected to the auditing procedures applied 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Grant Thornton LLP

Houston, Texas
March 1, 2012

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, 2011. 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 $2,964,940 (net assets). Of this amount, $115,493 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* This new pronouncement enhances the usefulness of fund balance reporting by establishing fund balance classifications which can more consistently be applied and by clarifying existing governmental fund type definitions.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $928,648, a decrease of $28,075 compared to the fiscal year 2010 restated fund balance. Of this amount, $9,355 is nonspendable and $919,293 is spendable. Of the total spendable fund balance, $687,637 is restricted in use, $115,821 has been committed, $20,650 is assigned and $95,185 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $170,693 or 19.8% of the total General Fund expenditures.
- Other governmental funds had a negative unassigned fund balance totaling $75,508 as of the end of the current fiscal year, resulting in net governmental fund balance of $95,185. For more information see Note 16 Deficits in Fund Balances/Net Assets.

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 have 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 help determine or help indicate 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, urban redevelopment and housing, welfare, and economic development and opportunity.

The business-type activities of the City include the airport system, development services, market square, parking system, and solid waste management.

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

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 nonmajor 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 funds and governmental activities.

The City 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, Debt Service, Categorical Grant-In Aid, 2007 General Obligation Bonds and General Obligation Project Funds all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund data for each nonmajor 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 System, Development Services, Market Square, Parking System, and Solid Waste Management 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, information technology services, and capital improvements management 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 and are reported alongside the enterprise funds in the fund financial statements. Information is presented separately in the proprietary funds statement of net assets and in the proprietary funds statement of revenues, expenses, and changes in fund net assets for the Airport System Fund, which is considered to be a major fund. The Internal Service Funds are combined into a single aggregated

presentation in the proprietary fund financial statements. Data from the other enterprise funds are combined into a single, aggregated presentation labeled "Nonmajor Enterprise Funds." Individual fund data for each nonmajor enterprise fund and each internal service fund are provided in the form of respective combining statements elsewhere in this report.

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. With the exception of agency funds, the accounting for fiduciary funds is much like that used for the proprietary funds.

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 the required supplementary information of (a) the City's General Fund budgetary comparison schedule that demonstrates compliance with its budget, and (b) schedules of funding progress related to pension and postemployment plans. The Debt Service Fund, various Special Revenue Funds and specific Permanent Fund budgets, which are legally adopted on an annual basis, are also included in the CAFR as supplementary schedules within the Combining Financial Statements and Schedules.

Government-Wide Financial Statement Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2011.

Net Assets
Year-Ended September 30, 2011
(With Comparative Totals for September 30, 2010)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010 (Restated)*	2011	2010 (Restated)*	2011	2010 (Restated)*
Current and Other Assets	$ 1,361,540	$ 1,469,758	$ 243,483	$ 230,497	$ 1,605,023	$ 1,700,255
Capital Assets	3,806,667	3,634,537	646,095	630,125	4,452,762	4,264,662
Total Assets	5,168,207	5,104,295	889,578	860,622	6,057,785	5,964,917
Current and Other Liabilities	312,553	399,289	32,331	54,767	344,884	454,056
Long-term Liabilities	2,269,674	2,179,737	478,287	453,397	2,747,961	2,633,134
Total Liabilities	2,582,227	2,579,026	510,618	508,164	3,092,845	3,087,190
Net Assets:						
Investments in Capital Assets, Net of Related Debt	2,364,212	2,238,834	273,108	273,344	2,637,320	2,512,178
Restricted	126,142	124,300	90,532	78,558	216,674	202,858
Unrestricted	95,626	162,135	15,320	556	110,946	162,691
Total Net Assets	$ 2,585,980	$ 2,525,269	$ 378,960	$ 352,458	$ 2,964,940	$ 2,877,727

* Amounts have been restated primarily to comply with the implementation of GASB Statement No. 54 as discussed in Note 18 Prior Period Restatement.

For the year-ended September 30, 2011, total assets exceeded liabilities by $2,964,940. The largest portion of the City's net assets, $2,637,320 (89.0%) 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, and intangibles.

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 liabilities.

Of the total net assets, $216,674 (7.3%) represents resources that are subject to external restrictions on how they may be used. The remaining $110,946 (3.7%) represents unrestricted net assets, which can be used to meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a detail of the changes to the City's net assets:

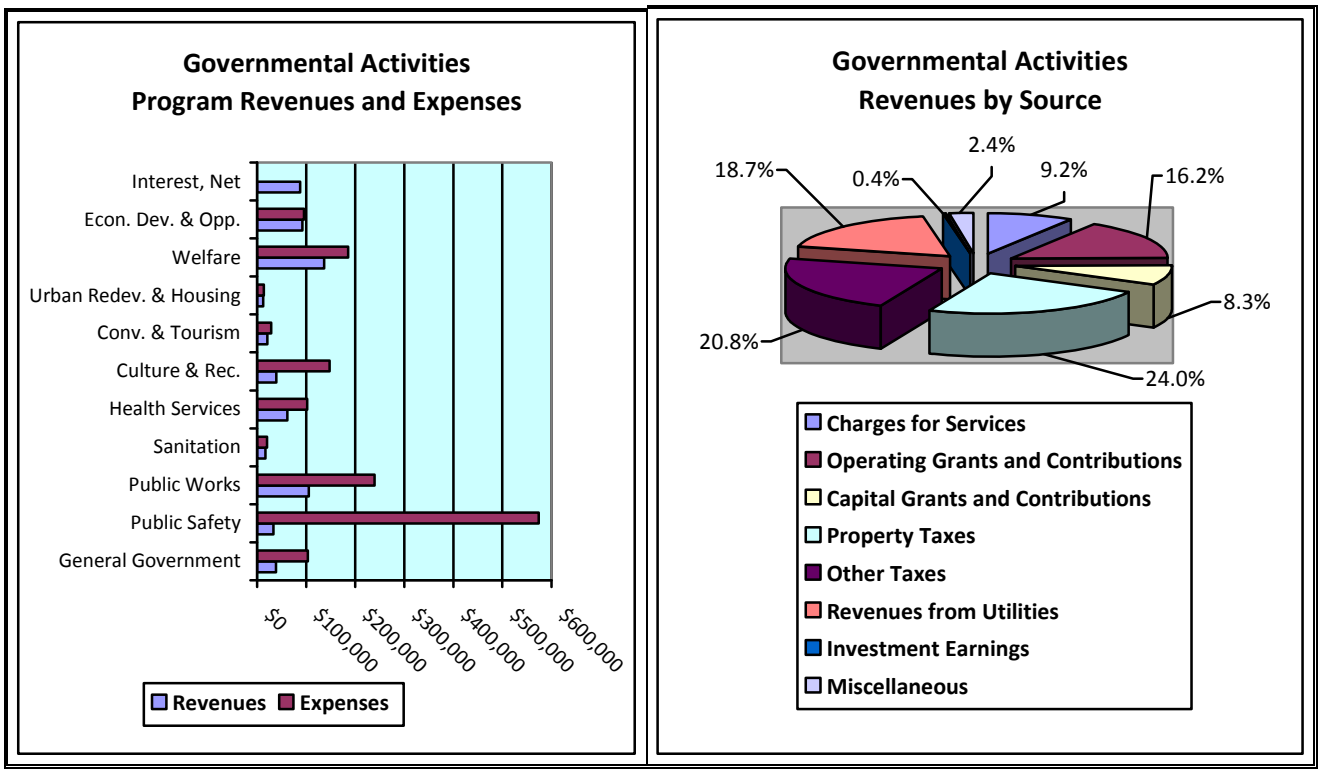
City of San Antonio, Texas
Changes in Net Assets
Year-Ended September 30, 2011
(With Comparative Totals for September 30, 2010)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010 (Restated)*	2011	2010 (Restated)*	2011	2010 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 151,344	$ 155,336	$ 205,396	$ 181,173	$ 356,740	$ 336,509
Operating Grants and Contributions	267,524	256,214			267,524	256,214
Capital Grants and Contributions	137,892	98,362	40,237	40,156	178,129	138,518
General Revenues:						
Property Taxes	396,847	406,579			396,847	406,579
Other Taxes	343,804	328,928			343,804	328,928
Revenues from Utilities	308,838	293,114			308,838	293,114
Investment Earnings	6,184	6,954	772	823	6,956	7,777
Miscellaneous	40,217	24,016	450	1,547	40,667	25,563
Total Revenues	1,652,650	1,569,503	246,855	223,699	1,899,505	1,793,202
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	103,617	114,591			103,617	114,591
Public Safety	574,263	545,359			574,263	545,359
Public Works	239,195	221,612			239,195	221,612
Sanitation	20,015	8,385			20,015	8,385
Health Services	101,995	104,667			101,995	104,667
Culture and Recreation	147,591	143,122			147,591	143,122
Convention and Tourism	28,735	26,437			28,735	26,437
Urban Redevelopment and Housing	13,696	26,486			13,696	26,486
Welfare	185,600	177,819			185,600	177,819
Economic Development and Opportunity	90,844	104,964			90,844	104,964
Interest on Long-Term Debt, Net	87,792	70,945			87,792	70,945
Business-Type Activities:						
Airport System			105,708	83,109	105,708	83,109
Development Services			20,195	19,570	20,195	19,570
Market Square			2,215	251	2,215	251
Parking System			8,703	9,135	8,703	9,135
Solid Waste Management			82,128	85,058	82,128	85,058
Total Expenses	1,593,343	1,544,387	218,949	197,123	1,812,292	1,741,510
Change in Net Assets						
Before Transfers	59,307	25,116	27,906	26,576	87,213	51,692
Transfers	1,404	5,429	(1,404)	(5,429)		
Net Change in Net Assets	60,711	30,545	26,502	21,147	87,213	51,692
Beginning, Net Assets (restated)	2,525,269	2,494,724	352,458	331,311	2,877,727	2,826,035
Ending, Net Assets	$ 2,585,980	$ 2,525,269	$ 378,960	$ 352,458	$ 2,964,940	$ 2,877,727

* Amounts have been restated primarily to comply with the implementation of GASB Statement No. 54 as discussed in Note 18 Prior Period Restatement; and reclassified in order to be consistent with the current year's presentation.

The City's total revenues were $1,899,505 for fiscal year-ended September 30, 2011. Revenues from governmental activities totaled $1,652,650 and revenues from business-type activities totaled $246,855. General revenues represented 57.8% of the City's total revenue, while program revenues provided 42.2% of revenue received in fiscal year 2011. Expenses for the City totaled $1,812,292. Governmental activity expenses totaled $1,593,343, or 87.9% of total expenses.

Governmental Activities



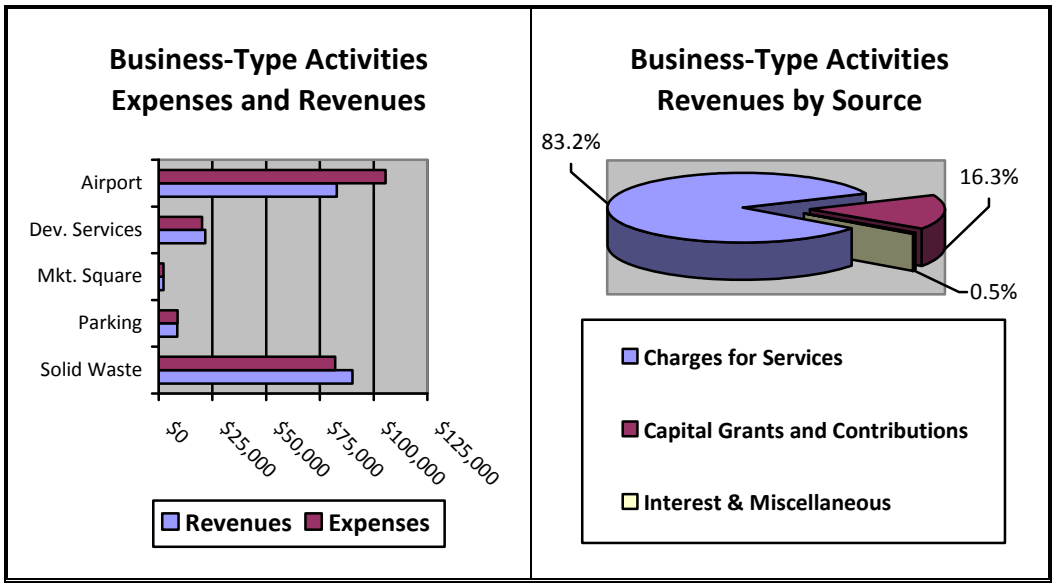
Governmental Activities increased the City's net assets by $60,711. The reason for the change is as follows:

- Grants and Contributions revenues increased by $50,840 primarily due to increased contributions received for the Convention Center Hotel ($20,416), funding received from TXDOT and SAWS for various public works street and drainage projects ($23,650) and amounts received for weatherization, energy efficiency, and City retrofit programs ($9,573).
- The reduction in net taxable assessed values decreased from $72,743,219 in fiscal year 2010 to $71,007,547 in fiscal year 2011 was the primary reason causing Property Taxes revenues to be $9,732 lower than the prior year. Although assessed values for new construction increased in fiscal year 2011, values for existing properties decreased causing an overall reduction in taxable values.
- Other Taxes increased by $14,876 due to an improvement in the local economy from the prior year. This improvement came from an increase in tourism and convention business causing Hotel Occupancy Taxes and Sales and Use Taxes to increase by $13,344, and $3,234, respectively, from the prior year. These increases were tempered by a $1,284 reduction in Gross Receipts Business Taxes due to a reduction in telecommunication access lines.
- CPS Energy revenues increased by $14,128 due to a 5.65% increase in electric sales resulting from an above average hot summer in 2011. Revenues from SAWS increased by $1,597 due to an increase of sales resulting from an extreme drought in 2011, which increased water usage. The precipitation during fiscal year 2011 was 10.55" compared to 52.22" in the prior year.
- Miscellaneous Revenues increased by $16,201 as a result of $5,000 of Community Infrastructure and Economic Development (CIED) funds received from CPS Energy in fiscal year 2011, a subsidy for Build America Bonds (BAB) in the amount of $4,148, and other miscellaneous revenues associated with confiscated property and other donations received from private donors.
- General Government expenses were lower by $10,974 primarily due to $7,588 in assets expensed in fiscal year 2010 that did not meet the threshold to be capitalized.

- The increase in Public Safety expenses of $28,904 from the prior fiscal year is partly associated with higher motor fuel costs and police and fire accrued leave. Police also added additional Sergeant and Detective positions, along with equipping all police cruiser vehicles with in-car video systems. Fire added positions to create an additional fire battalion, created a second Hazardous Materials Response Team and supplied five engine companies with equipment needed to provide Advance Life Support (ALS) capabilities at all times.
- Public Works expenses were higher by $17,583 as a result of increased capital project activity of $10,554 for the 36th Street Extension through Kelly USA project. The remainder of the increase is primarily due to increased activity from the prior year associated with various city-wide drainage projects.
- Expenses for Sanitation increased by $11,630 primarily due to three ARRA grants received for the Weatherization Assistance Program, Energy Efficiency Block Grant, and the Retrofit Ramp Up Program.
- Urban Redevelopment and Housing's reduction of $12,790 was due to a decrease of $6,789 in HOME program expenditures as larger programs had not received their tax credits as expected. These dollars were reprogrammed for projected expenses in fiscal year 2012. Additionally, due to the economy, less rental rehabilitation monies were awarded to be spent. Also, two multi-year grants awarded in fiscal year 2009 have decreasing expenditures due to the closing of their grant period. In total, expenditures incurred for Neighborhood Stabilizing Program and Other Community Development Block Grants in fiscal year 2010 totaled $8,800, while dollars expended in fiscal year 2011 only totaled $2,800.
- Welfare increased $7,781 from fiscal year 2010 due to overall increased activity from grants. Categorical Grant In-aid increased by $12,446 due to increased staffing on the CCS and Head Start grant, which translated into higher expenditures in meeting grant objectives. This increase in staffing costs were mitigated by a reduction in American Recovery Reinvestment Act expenses due to funds being exhausted in fiscal year 2011.
- Economic Development and Opportunity expenses decreased $14,120 from fiscal year 2010 due to lower spending for HUD 108 in anticipation of the loan's expiration. The loan was subsequently extended through December 2013 with dollars being reprogrammed to be spent through the first quarter of fiscal year 2014.
- Net increases of $56,178 in bonds and certificates, $11,249 in capital leases, and $9,478 in unamortized premiums and discounts caused the expenses to increase by $16,847 in Interest on Long-term Debt from the prior year.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $245,633, which is $24,304 higher than the previous fiscal year. The remaining revenues were a result of investment earnings and other miscellaneous items. Expenses for Business-Type Activities were $218,949 compared to prior year's expenses of $197,123.



Business-Type Activities increased the City's net assets by $26,502 primarily because of the following:

- Charges for Services increased by $24,223 primarily due to an increase in passenger travel through San Antonio International Airport, resulting in $19,184 more in Airport Systems revenues; Solid Waste fees increasing by $2,179, mainly due to increased recycling activity in fiscal year 2011; and Development Services by $3,327 as the City experienced increases in building permits and plan review revenues for both residential and commercial activity in fiscal year 2011.
- Airport System expenses increased by $22,955 primarily due to increased costs associated with the new terminal expansion at the San Antonio International Airport.
- Market Square expenses were higher in fiscal year 2011 by $1,604 as a result of increased repair and maintenance costs and higher personnel costs needed to operate and maintain the market square facilities.
- Solid Waste expenses decreased by $2,930 from the prior year as the final purchases for city-wide trash and recycle bins occurred in fiscal year 2010.

Financial Analysis of Governmental Funds

Activities of the Primary Government's General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds are considered general government functions. The General Fund is the City's primary operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. The Capital Projects Funds are used to account for financial activity related to the City indebtedness for Capital Projects, other agency contributions and the operating activities of those projects.

Revenues from taxes increased by $5,144, which is primarily attributable to: (1) a $4,660 decrease in property tax and related penalties and interest revenues in the General Fund, (2) a $11,504 increase in sales and use tax revenues in the General Fund (3) a $2,794 decrease in property tax and related penalties and interest revenues in the Debt Service Fund, (4) a $3,204 increase in occupancy taxes and related penalties and interest revenues in the Nonmajor Governmental Funds, and (5) a $1,136 decrease in property tax revenue in the Tax Increment Reinvestment Zone Fund. The decreases in property taxes are a result of a decrease in assessed property values while the increase in sales and use taxes and occupancy taxes are results of an upswing in the economy and increased activity associated with tourism and convention business.

The total fund balance of the General Fund at year-end was $232,692, an increase of $1,870 from the total restated fund balance of $230,822 in fiscal year 2010. The total spendable General Fund balance for fiscal year 2011 is $227,753, which represents $1,107 in restricted, $48,540 in committed, $7,413 in assigned and $170,693 in unassigned fund balances. The unassigned fund balance represents amounts available for additional appropriations at the end of the fiscal year.

The total fund balance of the Debt Service Fund at year-end was $93,569, a decrease of $15,514 from the total fund balance of $109,083 in fiscal year 2010. The entire fund balance is reserved for payment of debt service.

The Categorical Grant-In Aid Fund has a total deficit fund balance of $4,209 an increase of $394 from the total restated deficit fund balance of $3,815, which is a result of providing additional program services to the community beyond what monies were provided by grantor agencies. The uncollectible amounts were incorporated into the City's annual budget process to be funded over five years of which the City has one year to fund. Remaining deficit amounts will be incorporated into future adopted budgets to fund.

The total fund balance of the 2007 General Obligation Bonds at year-end was $217,775, a decrease of $20,546 from the total fund balance of $238,321 in fiscal year 2010. This stems from capital expenditures associated with the $550,000 bond approved by voters in fiscal year 2007.

The fund balance in the General Obligation Project Fund has a deficit fund balance of $46,836, an increase of $22,286 from the prior year. This is primarily due to the timing difference between capital expenditures associated with the 2007-2012 Municipal Bond Program and the final bond issuance to fund that program.

General Fund Budgetary Highlights

Variances in Budget Appropriations
(Budgetary Basis)
General Fund

	Original Budget	Final Budget	Actual Results
General Government	$ 107,560	$ 89,243	$ 81,729
Public Safety	527,607	536,765	530,955
Public Works	40,505	44,905	45,357
Health Services	72,194	74,826	76,619
Sanitation	3,276	3,312	3,354
Culture and Recreation	81,829	83,884	83,291
Welfare	41,856	46,294	44,342
Economic Development and Opportunity	12,205	12,334	13,428
Transfers to Other Funds	52,070	55,616	55,500
Total	$ 939,102	$ 947,179	$ 934,575

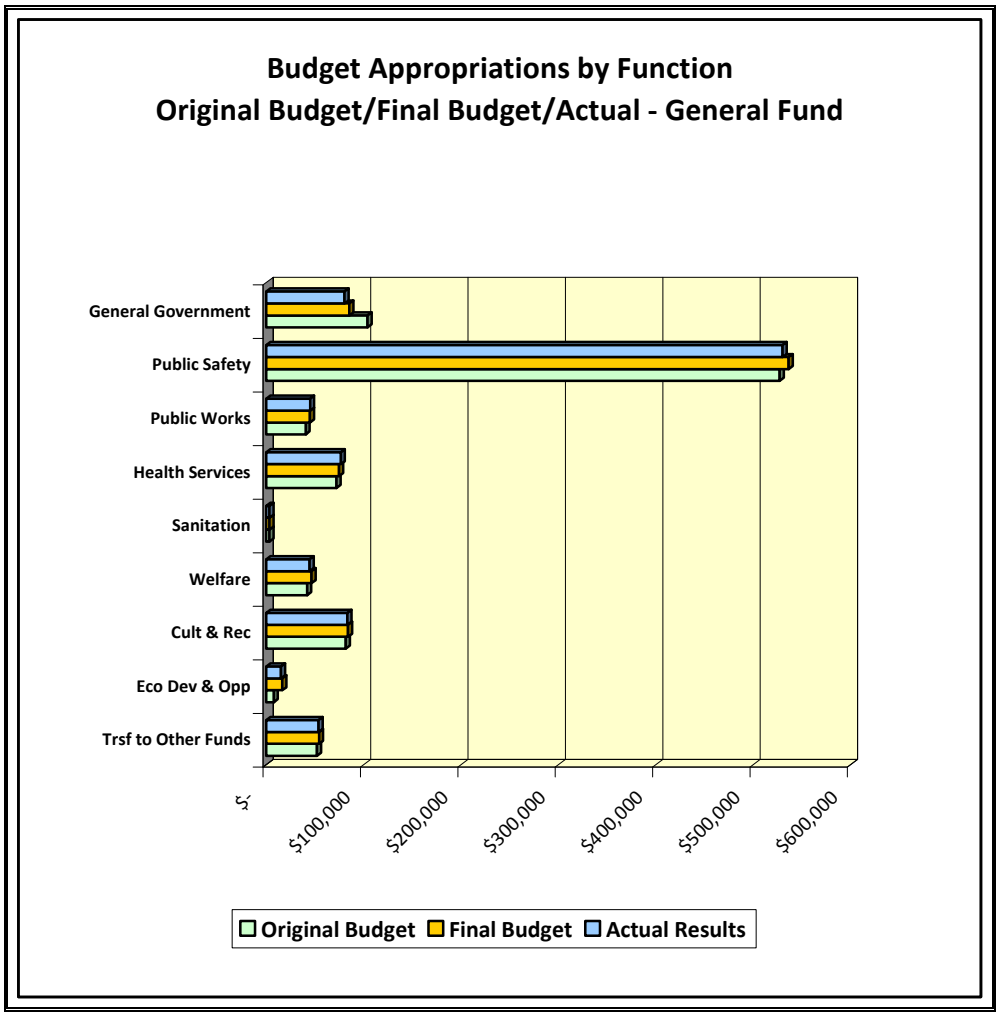
Changes in original budget appropriations to the final amended budget appropriations resulted in a net $8,077 increase in appropriations. This increase can be summarized by the following:

- General Government had an $18,317 decrease, which is attributable to indirect cost reimbursements from other funds causing a $9,459 decrease; budget carryforwards causing a $3,640 increase; and ordinance and analyst adjustments accounting for a decrease of $12,498.
- Public Safety contributed $9,158 to the overall increase, which was comprised of $3,399 in prior year budget carryforwards and $5,759 in ordinance and budget adjustments.
- Of the $4,400 increase in Public Works, $3,921 consisted of budget carryforwards while the remaining $479 increase consisted of budget adjustments.
- Health Services had an increase of $2,632 from the original budget, which was due to $555 added for budget carryforwards and $2,077 in budget adjustments during fiscal year 2011.
- Of the $4,438 increase in Welfare, $3,386 came from budget carryforwards while the remaining $1,052 was decreased via budget adjustments.
- The increase in Transfers to Other Funds consisted of $8,038 in budget carryforwards reduced by $4,492 in budget adjustments.

Final budgeted appropriations for the General Fund were $947,179, while actual expenditures on a budgetary basis were $934,575 creating a positive variance of $12,604. Significant variances are as follows:

- General Government had a $7,514 positive variance. The City budgeted the retiree payouts in the General Government function while actual payouts are charged across all functions. Salary reserves, which are mainly used for cost of living adjustments and step increases for pay, represented $2,163 in fiscal year 2011. Public Safety typically receives 70% of these funds. Further savings were achieved across departments as a result of hiring being delayed during the fiscal year.
- Public Safety had a $5,810 positive variance largely due to position vacancies during the fiscal year.

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



Financial Analysis of Proprietary Funds

Activities of the Primary Government's Airport System, Development Services, Market Square, Parking System, and Solid Waste Funds are considered proprietary funds. The Airport System handles operations at both the San Antonio International Airport and Stinson Municipal Airport. Development Services supports the activities related to the regulation of City development. Market Square accounts for all revenues and expenses associated with the management and operation of the Farmers' Market, El Mercado, the Market Square parking lot and Alameda. The Parking System handles operations of the City's parking garages and lots. Solid Waste Management handles trash collection operations, recycling, and the activities of the City's landfills. Financial analysis for the proprietary funds is on the same basis as the business-type activities. See further analysis on the funds' operations at pages 6 and 7.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounts to $4,452,762 (net of accumulated depreciation). This investment in capital assets includes land, other non-depreciable assets, buildings, improvements, infrastructure, machinery and equipment, intangible assets and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $188,100, which comprises a $172,130 increase in governmental activities and a $15,970 increase in business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010 (Restated)*	2011	2010 (Restated)*	2011	2010 (Restated)*
Land	$ 1,371,289	$ 1,364,382	$ 14,385	$ 14,385	$ 1,385,674	$ 1,378,767
Other Non-Depreciable Assets	575	500			575	500
Non-Depreciable Intangible Assets	81,961	81,809			81,961	81,809
Depreciable Intangible Assets	2,711	109			2,711	109
Buildings	434,600	454,417	291,449	139,354	726,049	593,771
Improvements	359,593	272,961	262,642	134,372	622,235	407,333
Infrastructure	847,588	817,171			847,588	817,171
Machinery and Equipment	170,782	163,419	21,714	23,630	192,496	187,049
Construction in Progress	537,568	479,769	55,905	318,384	593,473	798,153
Total	$ 3,806,667	$ 3,634,537	$ 646,095	$ 630,125	$ 4,452,762	$ 4,264,662

* Amounts have been restated primarily to comply with GASB Statement No. 54 as discussed in Note 18 Prior Period Restatement

During fiscal year 2011, the City transferred $507,724 of construction in progress to land and depreciable asset classes for completed capital projects which were mainly comprised of city-wide streets and drainage projects, San Antonio River Walk improvements, terminal expansion at the San Antonio International Airport and improvements to the City's convention and sports facilities to include a renovation of the Lila Cockrell Theatre.

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

Change in Capital Assets
September 30, 2011

	Governmental Activities	Business-Type Activities	Total
Beginning Balance (Restated)	$ 5,801,230	$ 844,119	$ 6,645,349
Additions	314,315	49,443	363,758
Deletions	(22,870)	(11,117)	(33,987)
Accumulated Depreciation	(2,286,008)	(236,350)	(2,522,358)
Ending Balance	$ 3,806,667	$ 646,095	$ 4,452,762

Additional information on the City's capital assets can be found in Note 4 Capital Assets.

Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $2,307,999 in bonds, certificates, and tax notes outstanding, an increase of 3.2% over last year. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 6 Long-Term Debt and Note 7 Commercial Paper Programs.

September 30, 2011 and 2010

	Governmental Activities	
	2011	2010*
Bonds Payable:		
Tax-Exempt General Obligation Bonds	$ 708,055	$ 721,350
Taxable General Obligation Bonds	191,550	$ 191,550
Tax-Exempt Certificates of Obligation	356,870	303,635
Taxable Certificates of Obligation		80
Tax Notes	27,450	28,860
Commercial Paper		14,370
Revenue Bonds	575,115	557,387
Capital Appreciation Bonds (CAB)	23,239	20,077
Total	$ 1,882,279	$ 1,837,309

	Business-Type Activities	
	2011	2010*
Bonds Payable:		
Tax-Exempt General Obligation Bonds	$ 1,310	$ 1,345
Taxable General Obligation Bonds	16,075	$ 16,875
Tax-Exempt Certificates of Obligation	2,035	2,135
Tax Notes		34,500
Revenue Bonds	406,300	344,525
Total	$ 425,720	$ 399,380

* Reclassed in order to be consistent with the current year's presentation.

Governmental Activities

In July 2011, the City issued additional indebtedness for a total of $176,635. This was composed of $59,485 in tax-exempt general obligation bonds, $79,780 in tax-exempt certificates of obligation, $9,445 in tax notes and $27,925 in revenue bonds.

The General Obligation Bonds, Series 2011 were issued to finance improvements to streets, bridges, sidewalks, and drainage.

The Combination Tax and Revenue Certificates of Obligation, Series 2011 were issued for the purpose of providing funds for, fire protection, and law enforcement facilities improvements, drainage facilities, sidewalks, bridges, and streets improvements, parks, municipal facilities improvements, and pedestrian walkway improvements along and within the San Antonio River Channel.

The Tax Notes, Series 2011 were issued to provide funding for improving the City's technology infrastructure and business systems by renovating, improving, and equipping various City facilities.

In July 2011, Municipal Facilities Corporation issued $27,925 in Municipal Facilities Corporation Lease Revenue Bonds, Series 2011, to fund the construction of a new Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility.

Business-Type Activities

In December 2010, the City issued $42,220 in Airport System Revenue Improvement and Refunding Bonds, Series 2010A (2010A GARBs), $20,885 in Airport System Revenue Refunding Bonds, Taxable Series 2010B (2010B Taxable GARBs), and $37,335 in Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement and Refunding Bonds, Series 2010 (2010 PFC Bonds).

The 2010A GARBs were issued to fund various airport system capital improvements including PFC eligible airport-related projects, to refund a portion of the City's outstanding indebtedness originally issued to finance Airport System

improvements, provide funds for capitalized interest, and to pay the costs of issuance. The 2010B Taxable GARBs were issued to refund certain GARB obligations and to pay the costs of issuance.

The 2010 PFC Bonds were issued to pay costs related to constructing, improving, renovating, enlarging and equipping airport projects that qualify and have been approved by the Secretary of the United States Department of Transportation. The PFC Bonds were also used to refund the remaining portion of the 2010 Tax Notes attributed to PFC projects not being refunded by the 2010A GARBs, and to pay the costs of issuance.

Standard & Poor's, Moody's, and Fitch's underlying rating for City obligations during fiscal year 2011 were as follows:

	Standard & Poor's	Moody's	Fitch
General Obligation/Certificates of Obligation/Tax Notes	AAA	Aaa	AAA
Hotel Occupancy Tax Bonds (Prior Lien) [1]	A+	Aa2	AA-
Hotel Occupancy Tax Bonds (Subordinate Lien - Long Term)	A+	Aa3	A+
Hotel Occupancy Tax Bonds (Variable Rate - Short Term)	A+	Aa3	A+
Hotel Occupancy Tax Notes [2]	Private Placement - Not Rated		
Airport System	A+	A1	A+
Aiport PFC	A-	A2	A
Municipal Drainage Utility System Revenue Bonds	AA+	Aa2	AA
Sales Tax Revenue Commercial Paper Notes [3]	A-1+	P-1	F1+

[1] Standard and Poor's elevated the City's Hotel Occupancy Tax Bonds (Prior Lien) rating in December 2011 from A+ to AA-.
[2] The Hotel Occupancy Tax Notes were no longer outstanding as of August 15, 2011.
[3] The ratings assigned to the Sales Tax Revenue Commercial Paper Notes are based upon the credit rating of the Letter of Credit provider and no application for an underlying rating on the Notes was submitted.

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits see Note 6 Long-Term Debt. The total gross assessed valuation for the fiscal year-ended 2011 was $82,736,182, which provides a debt ceiling of $8,273,618.

Currently Known Facts

On February 16, 2012, the City Council approved calling an election on Saturday, May 12, 2012, for the City's proposed 2012-2017 Bond Program. If approved, the $596,000 140-project program will be the largest in the City's history and will not require a property tax increase to fund the debt service obligations. These projects will be divided into the following five categories:

- Streets, Bridges and Sidewalks: 41 projects – $338,000
- Drainage and Flood Control: 17 projects – $128,000
- Parks, Recreation and Open Space: 68 projects – $87,000
- Library, Museum and Cultural Arts Facilities: 11 projects – $29,000
- Public Safety Facilities: 3 projects – $14,000

For more information on other currently known facts, please see Note 19 Subsequent Events.

Requests for Information

This financial report is designed to provide a general overview of the City's position for 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.

City of San Antonio, Texas

Basic Financial Statements

Statement of Net Assets
As of September 30, 2011
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 24,149	$ 2,134	$ 26,283	$ 227,575
Securities Lending Collateral	12,975	1,356	14,331	2,055
Investments	261,354	27,322	288,676	311,327
Receivables, Net	111,509	11,103	122,612	261,599
Due From Other Governmental Agencies	21,703		21,703	12,732
Internal Balances	(1,343)	1,343		
Materials and Supplies, at Cost	6,761	706	7,467	151,771
Prepaid Expenses	1,062		1,062	87,697
Other Assets				1,204
Deposits	213		213	
Restricted Assets:				
Cash and Cash Equivalents	142,567	32,360	174,927	312,046
Securities Lending Collateral	24,982	6,744	31,726	
Investments	587,109	148,031	735,140	1,389,102
Receivables, Net	116,669	2,228	118,897	46,655
Materials and Supplies, at Cost	75		75	
Deferred Charges				3,700
Deposits	151		151	
Prepaid Expenses	459		459	
Due From Other Governmental Agencies	13,090		13,090	
Total Current Assets	1,323,485	233,327	1,556,812	2,807,463
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	1,991,393	70,290	2,061,683	1,567,278
Depreciable, Net	1,815,274	575,805	2,391,079	9,297,005
Assets Held for Resale				382
Receivables, Net				3,716
Prepaid Expenses				922,726
Net OPEB Asset and Pension Asset				32,664
Other Noncurrent Assets				84,329
Unamortized Bond Issuance Costs	38,055	10,156	48,211	19,017
Total Noncurrent Assets	3,844,722	656,251	4,500,973	11,927,117
Total Assets	5,168,207	889,578	6,057,785	14,734,580
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	101,490	7,302	108,792	359,467
Unearned Revenue	8,448	1,774	10,222	8,053
Securities Lending Obligation	12,975	1,356	14,331	2,055
Accrued Interest	1	80	81	
Due To Other Governmental Agencies	2,187	6	2,193	3,408
Restricted Liabilities:				
Accounts Payable and Current Liabilities	79,355	9,618	88,973	41,169
Unearned Revenue	62,012		62,012	
Securities Lending Obligation	24,982	6,744	31,726	
Accrued Interest	15,638	5,451	21,089	26,986
Due To Other Governmental Agencies	5,465		5,465	
Total Current Liabilities	312,553	32,331	344,884	441,138
Noncurrent Liabilities:				
Due Within One Year	191,129	26,700	217,829	328,127
Due in More Than One Year	2,078,545	451,587	2,530,132	8,666,872
Total Noncurrent Liabilities	2,269,674	478,287	2,747,961	8,994,999
Total Liabilities	2,582,227	510,618	3,092,845	9,436,137
Net Assets:				
Invested in Capital Assets, Net of Related Debt	2,364,212	273,108	2,637,320	4,266,136
Restricted for:				
Debt Service	88,190	27,893	116,083	32,514
Capital Projects	20,674	62,639	83,313	450,533
Operating and Other Reserves				84,643
Perpetual Care: Expendable	12,247		12,247	2,953
Perpetual Care: Nonexpendable	5,031		5,031	
Unrestricted	95,626	15,320	110,946	461,664
Total Net Assets	$ 2,585,980	$ 378,960	$ 2,964,940	$ 5,298,443

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

Amounts are expressed in thousands

Statement of Activities

Year-Ended September 30, 2011

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS – PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
Primary Government:								
Governmental Activities:								
General Government	$ 103,617	$ 27,853	$ 8,803	$ 1,583	$ (65,378)	$ -	$ (65,378)	$ -
Public Safety	574,263	9,882	18,494	4,662	(541,225)		(541,225)	
Public Works	239,195	43,267	15,325	46,729	(133,874)		(133,874)	
Sanitation	20,015	407	16,694	91	(2,823)		(2,823)	
Health Services	101,995	33,815	27,426	608	(40,146)		(40,146)	
Culture and Recreation	147,591	33,037	5,238	719	(108,597)		(108,597)	
Convention and Tourism	28,735		20,915		(7,820)		(7,820)	
Urban Redevelopment and Housing	13,696	400	11,288	417	(1,591)		(1,591)	
Welfare	185,600	52	136,904		(48,644)		(48,644)	
Economic Development and Opportunity	90,844	2,631	6,437	83,083	1,307		1,307	
Amortization of Bond Related Costs	(3,891)				3,891		3,891	
Interest on Long-Term Debt	91,683				(91,683)		(91,683)	
Total Governmental Activities	1,593,343	151,344	267,524	137,892	(1,036,583)		(1,036,583)	
Business-Type Activities:								
Airport System	105,708	82,901		36,025		13,218	13,218	
Development Services	20,195	21,629				1,434	1,434	
Market Square	2,215	2,211		4,212		4,208	4,208	
Parking System	8,703	8,588				(115)	(115)	
Solid Waste Management	82,128	90,067				7,939	7,939	
Total Business-Type Activities	218,949	205,396		40,237		26,684	26,684	
Total Primary Government	$ 1,812,292	$ 356,740	$ 267,524	$ 178,129	(1,036,583)	26,684	(1,009,899)	
Discretely Presented Component Units:								
CPS Energy	$ 2,072,849	$ 2,068,686	$ -	$ 25,107				20,944
San Antonio Water System	425,761	368,780		53,692				(3,289)
Brooks Development Authority	17,939	12,817		9,011				3,889
City South Management Authority	170							(170)
Main Plaza Conservancy	597	50	545					(2)
Municipal Golf Association - San Antonio	8,748	9,146		35				433
Port Authority of San Antonio	41,879	42,242	1,300	12				1,675
SA Energy Acquisition Corporation	53,944	53,032						(912)
OUR SA	354	26						(328)
San Antonio Housing Trust Foundation, Inc.	412		379					(33)
Total Component Units	$ 2,622,653	$ 2,554,779	$ 2,224	$ 87,857				22,207
General Revenues:								
Taxes:								
Property					396,847		396,847	
General Sales and Use					236,819		236,819	
Selective Sales and Use					5,879		5,879	
Gross Receipts Business					34,341		34,341	
Occupancy					62,968		62,968	
Penalties and Interest on Delinquent Taxes					3,797		3,797	
Revenues from Utilities					308,838		308,838	
Investment Earnings					6,184	772	6,956	77,041
Miscellaneous					40,217	450	40,667	302
Adjustment for STP Pension Cost								(14,072)
Transfers, net					1,404	(1,404)		
Total General Revenues and Transfers					1,097,294	(182)	1,097,112	63,271
Change in Net Assets					60,711	26,502	87,213	85,478
Net Assets - Beginning of Fiscal Year (restated)					2,525,269	352,458	2,877,727	5,212,965
Net Assets - End of Fiscal Year					$ 2,585,980	$ 378,960	$ 2,964,940	$ 5,298,443

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

Amounts are expressed in thousands

Balance Sheet
Governmental Funds
As of September 30, 2011
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	CATEGORICAL GRANT-IN AID	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:							
Cash and Cash Equivalents	$ 7,654	$ -	$ -	$ -	$ -	$ 6,906	$ 14,560
Securities Lending Collateral	4,308					2,695	7,003
Investments	87,835					53,216	141,051
Receivables, Net	103,647					4,905	108,552
Materials and Supplies, at Cost	4,854					241	5,095
Deposits						75	75
Prepaid Expenditures	85						85
Due from:							
Other Funds	84,466					12,085	96,551
Other Governmental Agencies, Net	2,943					17,775	20,718
Restricted Assets:							
Cash and Cash Equivalents	85	40,938	921	13,696	81	86,846	142,567
Securities Lending Collateral	50		459	8,546		15,927	24,982
Investments	1,003	52,482	9,256	172,163		352,205	587,109
Receivables, Net		8,057	29,495	121	7,623	71,373	116,669
Materials and Supplies, at Cost			75				75
Deposits						151	151
Prepaid Expenditures						459	459
Due from:							
Other Funds	49	467	1,906	31,865	2,506	11,837	48,630
Other Governmental Agencies, Net			2		10,631	2,457	13,090
Total Assets	$ 296,979	$ 101,944	$ 42,114	$ 226,391	$ 20,841	$ 639,153	$ 1,327,422
Liabilities and Fund Balances:							
Liabilities:							
Vouchers Payable	$ 10,996	$ -	$ -	$ -	$ -	$ 2,994	$ 13,990
Accounts Payable - Other	8,311					4,691	13,002
Accrued Payroll	4,096					404	4,500
Accrued Leave Payable	7,803					203	8,006
Deferred Revenue	22,682						22,682
Securities Lending Obligation	4,308					2,695	7,003
Due To:							
Other Funds	4,535					13,272	17,807
Other Governmental Agencies	1,476						1,476
Restricted Liabilities:							
Vouchers Payable		18	1,156		14,429	18,779	34,382
Accounts Payable - Other			5,763		10,360	25,568	41,691
Accrued Payroll			359			494	853
Accrued Leave Payable						99	99
Deferred Revenue		7,349	3,686		466	57,860	69,361
Securities Lending Obligation	50		459	8,546		15,927	24,982
Amounts Held in Trust						2,429	2,429
Due to:							
Other Funds	30	1,008	31,160	70	42,422	56,356	131,046
Other Governmental Agencies			3,740			1,725	5,465
Total Liabilities	64,287	8,375	46,323	8,616	67,677	203,496	398,774
Fund Balances:							
Nonspendable	4,939		75			4,341	9,355
Restricted	1,107	93,569		217,775		375,186	687,637
Committed	48,540					67,281	115,821
Assigned	7,413					13,237	20,650
Unassigned	170,693		(4,284)		(46,836)	(24,388)	95,185
Total Fund Balances	232,692	93,569	(4,209)	217,775	(46,836)	435,657	928,648
Total Liabilities and Fund Balances	$ 296,979	$ 101,944	$ 42,114	$ 226,391	$ 20,841	$ 639,153	$ 1,327,422

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

Amounts are expressed in thousands

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of September 30, 2011
(In Thousands)

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

Fund Balances - Total Governmental Funds		$	928,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Governmental Capital Assets:			
Land	1,371,289		
Other Non-Depreciable Assets	575		
Construction In Progress	537,441		
Non-Depreciable Intangible Assets	81,961		
Depreciable Intangible Assets	3,014		
Buildings	731,255		
Improvements	484,633		
Infrastructure	2,470,282		
Machinery and Equipment	232,071		
Less: Accumulated Depreciation	(2,173,802)		
Total Governmental Capital Assets			3,738,719
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as deferred revenues.			
Revenues previously recorded as deferred in the fund financial statements	29,416		
Unearned revenues previously recorded as income in the fund financial statements	(7,810)		
Net revenues recognized			21,606
Long-term receivables applicable in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental funds.			1,506
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 included in the governmental activities in the Statement of Net Assets.			118,573
Long-term liabilities are not due and payable in the current year, neither are associated unamortized assets' available financial resources and, therefore, are not reported in the governmental funds.			
Governmental Bonds Payable	(1,882,279)		
Unamortized Discount/(Premium) on Bonds, Net	(73,504)		
Deferred Amount on Refunding	23,168		
Capital Lease Liability	(16,746)		
Notes Payable	(48,816)		
Unamortized Bond Issuance Costs	38,055		
Net OPEB Obligation	(64,411)		
Accrued Interest Payable	(15,638)		
Pollution Remediation Payable	(1,545)		
Compensated Absences	(181,356)		
			(2,223,072)
Net Assets of Governmental Activities		$	2,585,980

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

Amounts are expressed in thousands

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2011
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	CATEGORICAL GRANT-IN AID	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Taxes:							
Property	$ 242,242	$ 144,912	$ -	$ -	$ -	$ 9,081	$ 396,235
General Sales and Use	200,245					36,574	236,819
Selective Sales and Use	5,879						5,879
Gross Receipts Business	32,534					1,807	34,341
Occupancy						62,968	62,968
Penalties and Interest on Delinquent Taxes	2,298	1,372				127	3,797
Licenses and Permits	8,680						8,680
Intergovernmental	5,403		165,238		20,915	115,257	306,813
Revenues from Utilities	308,451						308,451
Charges for Services	50,134		28			67,445	117,607
Fines and Forfeits	13,697					427	14,124
Miscellaneous	18,880	4,532	1,883		2,636	12,695	40,626
Investment Earnings	1,819	311	72	967		2,346	5,515
Contributions			19,960			84,749	104,709
Total Revenues	890,262	151,127	187,181	967	23,551	393,476	1,646,564
Expenditures:							
Current:							
General Government	78,057	1,779	1,053	235		12,673	93,797
Public Safety	528,319		18,420			6,585	553,324
Public Works	43,981		15,655			34,339	93,975
Health Services	76,307		19,037			7,379	102,723
Sanitation	3,352		430			16,238	20,020
Welfare	42,704		130,144			12,094	184,942
Culture and Recreation	80,658		2,062			50,081	132,801
Convention and Tourism						20,043	20,043
Urban Redevelopment and Housing			3,419			9,879	13,298
Economic Development and Opportunity	10,504					13,447	23,951
Capital Outlay					154,642	256,628	411,270
Debt Service:							
Principal Retirement		135,205				5,770	140,975
Interest		69,584				14,397	83,981
Issuance Costs				512		1,114	1,626
Total Expenditures	863,882	206,568	190,220	747	154,642	460,667	1,876,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,380	(55,441)	(3,039)	220	(131,091)	(67,191)	(230,162)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt				59,485		117,150	176,635
Issuance of Notes and Loans						14,716	14,716
Premium/(Discount) on Long-Term Debt				5,402		9,780	15,182
Transfers In	14,603	39,927	6,876		108,805	165,859	336,070
Transfers Out	(39,113)		(4,231)	(85,653)		(211,519)	(340,516)
Total Other Financing Sources (Uses)	(24,510)	39,927	2,645	(20,766)	108,805	95,986	202,087
Net Change in Fund Balances	1,870	(15,514)	(394)	(20,546)	(22,286)	28,795	(28,075)
Fund Balances, October 1 (restated)	230,822	109,083	(3,815)	238,321	(24,550)	406,862	956,723
Fund Balances, September 30	$ 232,692	$ 93,569	$ (4,209)	$ 217,775	$ (46,836)	$ 435,657	$ 928,648

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

Amounts are expressed in thousands

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year-Ended September 30, 2011

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$	(28,075)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current year.			
Expenditures for Capital Assets	287,180		
Pollution Remediation Capitalization	183		
Less: Current Year Depreciation	(118,985)		
Less: Current Year Deletions	(7,122)		161,256
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			4,580
The issuance of long-term debt (e.g. bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond, Note and Loan Amounts Issued	(191,351)		
(Premium)/Discount on Long-term Debt	(15,182)		
Bond Issuance Costs	1,626		
Amortization of Bond Premiums/Discounts, Deferred Charges, and Cost of Issuance, Net	3,974		
Principal Payments	140,975		(59,958)
The following 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:			
Interest Expense	(7,702)		
Compensated Absences	(9,060)		
Net OPEB Obligation	(16,522)		
Pollution Remediation	280		
Principal Amounts on Leases and Notes	3,364		(29,640)
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.			12,548
Change in Net Assets of Governmental Activities		$	60,711

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

Amounts are expressed in thousands

Statement of Net Assets
Proprietary Funds
As of September 30, 2011
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 1,123	$ 1,011	$ 2,134	$ 9,589
Securities Lending Collateral	716	640	1,356	5,972
Investments	14,430	12,892	27,322	120,303
Receivables, Net	2,871	8,232	11,103	1,451
Materials and Supplies, at Cost	646	60	706	1,666
Deposits				138
Prepaid Expenses				977
Due From:				
Other Funds		5,984	5,984	3,454
Other Governmental Agencies, Net				985
Total Unrestricted Assets	19,786	28,819	48,605	144,535
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	15,201	947	16,148	
Securities Lending Collateral		243	243	
Investments	11,731	5,332	17,063	
Receivables, Net		3	3	
Construction Accounts:				
Cash and Cash Equivalents	8,501	241	8,742	
Securities Lending Collateral	2,948	20	2,968	
Investments	59,390	406	59,796	
Receivables, Net	42		42	
Due From:				
Other Funds	7		7	
Improvement and Contingency Accounts:				
Cash and Cash Equivalents	4,557	1,107	5,664	
Securities Lending Collateral	2,842	691	3,533	
Investments	57,255	13,917	71,172	
Receivables, Net	2,173	10	2,183	
Other Restricted Assets:				
Cash and Cash Equivalents	1,806		1,806	
Total Restricted Assets	166,453	22,917	189,370	
Total Current Assets	186,239	51,736	237,975	144,535
Noncurrent Assets:				
Capital Assets:				
Land	5,322	9,063	14,385	
Buildings	359,139	26,683	385,822	178
Improvements	365,813	14,475	380,288	244
Machinery and Equipment	14,391	31,654	46,045	179,605
Construction in Progress	50,211	5,694	55,905	127
Total Capital Assets	794,876	87,569	882,445	180,154
Less: Accumulated Depreciation	208,385	27,965	236,350	112,206
Net Capital Assets	586,491	59,604	646,095	67,948
Unamortized Bond Issuance Costs	9,833	323	10,156	
Total Noncurrent Assets	596,324	59,927	656,251	67,948
Total Assets	$ 782,563	$ 111,663	$ 894,226	$ 212,483

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

Amounts are expressed in thousands

Statement of Net Assets
Proprietary Funds
As of September 30, 2011
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 785	$ 1,578	$ 2,363	$ 4,805
Accounts Payable-Other	1,608	2,267	3,875	5,473
Claims Payable				58,868
Accrued Payroll	385	679	1,064	852
Accrued Interest	80		80	1
Current Portion of Accrued Leave Payable	1,312	1,744	3,056	1,991
Securities Lending Obligation	716	640	1,356	5,972
Unearned Revenue	1,672	102	1,774	23
Current Portion of Capital Lease Liability	124	5,217	5,341	106
Current Portion of Accrued Landfill Postclosure Costs		100	100	
Due To:				
Other Funds	437	1,347	1,784	3,821
Other Governmental Agencies		6	6	711
Total Payable from Current Unrestricted Assets	7,119	13,680	20,799	82,623
Payable from Restricted Assets:				
Vouchers Payable	9,283	307	9,590	
Accrued Bond Interest	5,159	292	5,451	
Securities Lending Obligation	5,790	954	6,744	
Current Portion of Bonds and Certificates	17,640	1,315	18,955	
Due To:				
Other Funds	27	141	168	
Current Portion of Unamortized Premium/(Discount)	238	59	297	
Current Portion of Deferred Amount on Refunding	(869)	(180)	(1,049)	
Other Payables		28	28	
Total Payable from Restricted Assets	37,268	2,916	40,184	
Total Current Liabilities	44,387	16,596	60,983	82,623
Noncurrent Liabilities:				
Bonds and Certificates	388,660	18,105	406,765	
Unamortized Premium/(Discount)	7,276	210	7,486	
Deferred Amount on Refunding	(1,416)	(1,552)	(2,968)	
Accrued Leave Payable	814	583	1,397	723
Capital Lease Liability	3,088	12,711	15,799	193
Net OPEB Obligation	7,119	13,004	20,123	13,067
Pollution Remediation	1,040		1,040	
Accrued Landfill Postclosure Costs		1,945	1,945	
Total Noncurrent Liabilities	406,581	45,006	451,587	13,983
Total Liabilities	450,968	61,602	512,570	96,606
Net Assets:				
Invested In Capital Assets, Net of Related Debt	241,447	31,661	273,108	67,649
Restricted:				
Debt Service	21,762	6,131	27,893	
Capital Projects	56,041	6,598	62,639	
Unrestricted	12,345	5,671	18,016	48,228
Total Net Assets	$ 331,595	$ 50,061	$ 381,656	$ 115,877
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,696)	
Net assets of business-type activities			$ 378,960	

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

Amounts are expressed in thousands

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year-Ended September 30, 2011
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:				
Charges for Services	$ 82,901	$ 122,495	$ 205,396	$ 262,649
Total Operating Revenues	82,901	122,495	205,396	262,649
Operating Expenses:				
Personal Services	28,975	48,810	77,785	57,265
Contractual Services	7,339	28,010	35,349	40,890
Commodities	2,454	8,064	10,518	2,722
Materials				24,877
Claims				104,648
Other	8,058	21,124	29,182	17,202
Depreciation	23,558	4,794	28,352	15,067
Total Operating Expenses	70,384	110,802	181,186	262,671
Operating Income	12,517	11,693	24,210	(22)
Nonoperating Revenues (Expenses):				
Investment Earnings	631	141	772	593
Other Nonoperating Revenue	17,304	450	17,754	3,437
Gain (Loss) on Sale of Capital Assets	(1,183)	(333)	(1,516)	4,047
Interest and Debt Expense	(19,903)	(1,955)	(21,858)	
Other Nonoperating Expense	(14,145)	(1,538)	(15,683)	(63)
Total Nonoperating Revenues (Expenses)	(17,296)	(3,235)	(20,531)	8,014
Change in Net Assets Before Contributions and Transfers	(4,779)	8,458	3,679	7,992
Capital Contributions	18,721	4,212	22,933	
Transfers In (Out):				
Transfers In	463	3,850	4,313	7,796
Transfers Out	(268)	(5,449)	(5,717)	(1,946)
Total Transfers In (Out)	195	(1,599)	(1,404)	5,850
Change In Net Assets	14,137	11,071	25,208	13,842
Net Assets - October 1 (restated)	317,458	38,990		102,035
Net Assets - September 30	$ 331,595	$ 50,061		$ 115,877
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,294	
Change in Net Assets of Business-Type Activities.			$ 26,502	

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

Amounts are expressed in thousands

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2011
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 83,994	$ 121,433	$ 205,427	$ 260,966
Cash Payments to Suppliers for Goods and Services	(21,290)	(58,125)	(79,415)	(189,472)
Cash Payments to Employees for Service	(28,071)	(47,120)	(75,191)	(55,827)
Net Cash Provided by Operating Activities	34,633	16,188	50,821	15,667
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	463	3,850	4,313	7,796
Transfers Out to Other Funds	(268)	(5,449)	(5,717)	(1,946)
Due to Other Funds	(419)	1,139	720	2,765
Due from Other Funds	1,219	(4,526)	(3,307)	(1,774)
Cash Received from Other Nonoperating Revenues	17,304	450	17,754	3,437
Net Cash Provided by (Used for) Noncapital Financing Activities	18,299	(4,536)	13,763	10,278
Cash Flows from Capital and Related Financing Activities:				
Contributed Capital	16,083		16,083	
Acquisitions and Construction of Capital Assets	(50,605)	(4,588)	(55,193)	(26,977)
Proceeds from Issuance of Long-Term Debt	45,445		45,445	
Principal Payments or Refundings on Long-Term Debt	(18,170)	(935)	(19,105)	
Interest and Fees Paid on Long-Term Debt	(23,634)	(1,080)	(24,714)	
Interest Paid on Notes and Leases	(80)	(779)	(859)	(1)
Principal Payments on Notes and Leases		(7,687)	(7,687)	(103)
Proceeds from Sale of Assets	30		30	5,083
Net Cash (Used for) Capital and Related Financing Activities	(30,931)	(15,069)	(46,000)	(21,998)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(208,803)	(41,450)	(250,253)	(148,805)
Maturity of Investment Securities	200,497	44,576	245,073	144,122
Purchases of Investments for Securities Lending	10,327	3,486	13,813	11,231
Proceeds from Cash Collected for Securities Lending Cash Collateral	(10,327)	(3,486)	(13,813)	(11,231)
Investments Earnings	551	133	684	458
Net Cash Provided by (Used for) Investing Activities	(7,755)	3,259	(4,496)	(4,225)
Net Increase (Decrease) in Cash and Cash Equivalents	14,246	(158)	14,088	(278)
Cash and Cash Equivalents, October 1 (restated)	16,942	3,464	20,406	9,867
Cash and Cash Equivalents, September 30	$ 31,188	$ 3,306	$ 34,494	$ 9,589
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	$ 12,517	$ 11,693	$ 24,210	$ (22)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	23,558	4,794	28,352	15,067
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(123)	(7,783)	(7,906)	(1,678)
Decrease in Accrued Revenues		6,704	6,704	13
(Increase) Decrease in Due from Other Governmental Agencies		6	6	(41)
(Increase) Decrease in Materials and Supplies	(106)	23	(83)	(350)
Decrease in Prepaid Expenses	17		17	195
Increase (Decrease) in Vouchers Payable	125	68	193	(2,550)
Increase in Claims Payable				2,437
Increase (Decrease) in Accounts Payable - Other	(3,815)	(1,012)	(4,827)	1,135
(Decrease) in Accrued Payroll	(741)	(1,240)	(1,981)	(1,490)
(Decrease) in Accrued Leave Payable	(104)	(485)	(589)	(743)
(Decrease) in Landfill Postclosure Liability		(12)	(12)	
Increase in Net OPEB Obligation	1,749	3,415	5,164	3,671
Increase in Pollution Remediation Liability	340		340	
Increase in Unearned Revenue	1,216	17	1,233	23
Net Cash Provided by Operating Activities	$ 34,633	$ 16,188	$ 50,821	$ 15,667
Noncash Investing, Capital and Financing Activities				
Acquisitions and Construction of Capital Assets from Debt Proceeds and Leases	$ 3,212	$ -	$ 3,212	$ -
Contributed Capital	2,638	4,212	6,850	

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, 2011
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM	AGENCY FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 75,951	$ 24	$ 8,495
Security Lending Collateral	141,570		104
Investments:			
Common Stock	781,313		
U.S. Government Securities	87,460		2,106
Corporate Bonds	413,281		
Hedge Funds	249,719		
Real Estate	233,849		
Alternative	327,951		
Receivables:			
Accounts	31,625		50
Accrued Interest	4,476		1
Accrued Revenue	29		
Total Current Assets	2,347,224	24	10,756
Capital Assets:			
Machinery and Equipment	457		
Buildings	1,469		
Total Capital Assets	1,926		
Less: Accumulated Depreciation	482		
Net Capital Assets	1,444		
Total Assets	$ 2,348,668	$ 24	$ 10,756
Liabilities:			
Vouchers Payable	$ 4,296	$ -	$ 28
Accounts Payable - Other	30,838		10,624
Claims Payable	3,069		
Accrued Payroll	169		
Securities Lending Obligation	141,570		104
Total Liabilities	179,942		$ 10,756
Net Assets:			
Net Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,168,726	$ 24	

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

Amounts are expressed in thousands

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year-Ended September 30, 2011
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 91,470	$ -
Employee	44,171	
Other Contributions	624	
Total Contributions	136,265	
Investment Earnings:		
Net Increase in Fair Value of Investments	34,072	
Real Estate Income, Net	2,231	
Interest and Dividends	33,474	
Securities Lending	400	
Other Income	117	
Total Investment Earnings	70,294	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(10,537)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(112)	
Net Investment Earnings	59,645	
Total Additions	195,910	
Deductions:		
Benefits	127,036	
Refunds of Contributions	356	
Administrative Expense	4,603	
Total Deductions	131,995	
Change in Net Assets	63,915	
Net Assets - October 1	2,104,811	24
Net Assets - September 30	$ 2,168,726	$ 24

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

Amounts are expressed in thousands

Statement of Net Assets
Discretely Presented Component Units
As of September 30, 2011
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 154,063	$ 48,393	$ 25,119	$ 227,575
Cash Collateral from Securities Lending	2,055			2,055
Investments	215,881	95,013	433	311,327
Receivables, Net:				
Notes			7,338	7,338
Accounts	197,367	47,104	6,512	250,983
Accrued Interest	1,316	1,809	153	3,278
Materials and Supplies, at Cost	146,098	5,497	176	151,771
Due from Other Governmental Agencies			12,732	12,732
Prepaid Expenses	51,235	2,151	34,311	87,697
Other Assets			1,204	1,204
Total Unrestricted Assets	768,015	199,967	87,978	1,055,960
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	545		15,669	16,214
Investments		42,328	11,073	53,401
Receivables - Accrued Interest	3		96	99
Capital Projects Accounts:				
Cash and Cash Equivalents	227,622	41,061		268,683
Investments	138,983	249,359		388,342
Receivables - Accrued Interest	665			665
Ordinance Accounts:				
Investments	443,955			443,955
Receivables - Accrued Interest	2,091			2,091
Other Restricted Accounts:				
Cash and Cash Equivalents	25,631	275	1,243	27,149
Investments	404,204	99,200		503,404
Deferred Charges			3,700	3,700
Receivables			40,189	40,189
Receivables - Accrued Interest	3,611			3,611
Total Restricted Assets	1,247,310	432,223	71,970	1,751,503
Total Current Assets	2,015,325	632,190	159,948	2,807,463
Noncurrent Assets:				
Capital Assets:				
Land	119,301	82,055	40,071	241,427
Infrastructure			74,326	74,326
Buildings			231,359	231,359
Utility Plant in Service	10,346,687	3,693,105		14,039,792
Machinery and Equipment		152,663	8,209	160,872
Construction in Progress	671,735	415,810	31,410	1,118,955
Other Intangible Assets		206,896		206,896
Nuclear Fuel	655,508			655,508
Total Capital Assets	11,793,231	4,550,529	385,375	16,729,135
Less: Accumulated Depreciation	4,576,190	1,187,662	101,000	5,864,852
Assets Held for Resale			382	382
Net Capital Assets	7,217,041	3,362,867	284,757	10,864,665
Other Noncurrent Assets:				
Receivables			3,716	3,716
Prepaid Expenses	397,444		525,282	922,726
Net OPEB and Pension Asset	32,664			32,664
Other Noncurrent Assets	72,979	5,575	5,775	84,329
Unamortized Bond Issuance Costs		19,017		19,017
Total Noncurrent Assets	7,720,128	3,387,459	819,530	11,927,117
Total Assets	$ 9,735,453	$ 4,019,649	$ 979,478	$ 14,734,580

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

Amounts are expressed in thousands

Statement of Net Assets
Discretely Presented Component Units
As of September 30, 2011
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	$ 316,203	$ 31,645	$ 11,619	$ 359,467
Securities Lending Obligation	2,055			2,055
Unearned Revenue			8,053	8,053
Due to Other Governmental Agencies			3,408	3,408
Current Portion of Long-term Lease/Notes Payable			5,919	5,919
Current Portion of Deferred Lease/Leaseback	22,560			22,560
Current Portion of Other Payables	28,687	6,596		35,283
Total Payable from Current Unrestricted Assets	369,505	38,241	28,999	436,745
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		41,169		41,169
Accrued Bond and Certificate Interest		11,106	15,880	26,986
Current Portion of Bonds and Certificates	199,890	39,730	22,025	261,645
Current Portion of Commercial Paper		2,720		2,720
Total Payable from Restricted Assets	199,890	94,725	37,905	332,520
Total Current Liabilities	569,395	132,966	66,904	769,265
Noncurrent Liabilities:				
Bonds and Certificates (Net of Current Portion)	4,661,130	1,805,255	597,396	7,063,781
Commercial Paper (Net of Current Portion)	130,000	241,930		371,930
Unamortized Premium/(Discount) on Bonds and Certificates	117,262	9,268		126,530
Deferred Amount on Refunding	(45,844)	(27,909)		(73,753)
Long-Term Lease/Notes Payable (Net of Current Portion)			90,020	90,020
Deferred Lease/Leaseback (Net of Current Portion)	453,091			453,091
Net OPEB Obligation		67,302		67,302
Other Payables (Net of Current Portion)	552,478	11,776	3,717	567,971
Total Noncurrent Liabilities	5,868,117	2,107,622	691,133	8,666,872
Total Liabilities	6,437,512	2,240,588	758,037	9,436,137
Net Assets:				
Invested in Capital Assets, Net of Related Debt	2,525,771	1,549,777	190,588	4,266,136
Restricted for:				
Debt Service	531	31,222	761	32,514
Capital Projects	449,290		1,243	450,533
Operating and Other Reserves		84,643		84,643
Perpetual Care:				
Expendable			2,953	2,953
Unrestricted	322,349	113,419	25,896	461,664
Total Net Assets	$ 3,297,941	$ 1,779,061	$ 221,441	$ 5,298,443

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

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2011
(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTALS
CPS Energy	$ 2,072,849	$ 2,068,686	$ -	$ 25,107	$ 20,944	$ -	$ -	$ 20,944
San Antonio Water System	425,761	368,780		53,692		(3,289)		(3,289)
Nonmajor Component Units	124,043	117,313	2,224	9,058			4,552	4,552
Total	$ 2,622,653	$ 2,554,779	$ 2,224	$ 87,857	20,944	(3,289)	4,552	22,207
General Revenues:								
Investment Earnings					71,919	3,742	1,380	77,041
Miscellaneous							302	302
Adjustment for STP Pension Cost					(14,072)			(14,072)
Total General Revenues and Special Items					57,847	3,742	1,682	63,271
Change in Net Assets					78,791	453	6,234	85,478
Net Assets - Beginning of Fiscal Year (restated)					3,219,150	1,778,608	215,207	5,212,965
Net Assets - End of Fiscal Year					$ 3,297,941	$ 1,779,061	$ 221,441	$ 5,298,443

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

Amounts are expressed in thousands

Comprehensive Annual Financial Report
Table of Notes to Financial Statements
Year Ended September 30, 2011

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Note 1 Summary of Significant Accounting Policies

The financial statements of the City of San Antonio (the City) have been prepared in conformity 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.

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.

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 or the services rendered by the component unit are provided entirely or almost entirely to the City (blended), and (c) component units, 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 Statements No. 14 and No. 39 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 were discretely presented.

The following criteria (as set forth in GASB Statements No. 14 and 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined above were excerpted from GASB Statements No. 14 and 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, 2011, 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 its 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 Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statements No. 14 and No. 39, for inclusion in the reporting entity and are such that the financial statements are blended 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. Following is a brief description of the City's blended component units:

Convention Center Hotel Finance Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret Villegas Telephone No. (210) 207-5734	The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio.
Empowerment Zone Development Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Brian James Telephone No. (210) 207-0150	The Empowerment Zone Development Corporation (EZDC) was established in fiscal year 2004 in accordance with state laws for the purposes of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City. The EZDC is governed by a board of directors, which is comprised of the City Council of San Antonio.
San Antonio Fire and Police Pension Fund 11603 W. Coker Loop, Ste 201 San Antonio, TX 78216 Contact: Mark Gremmer Telephone No. (210) 534-3262	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 two members of the City Council of San Antonio, and the Mayor or his appointee. The City and Pension Fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state laws. Benefit levels are also set by state laws. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers, upon retirement.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Fire and Police Retiree Health Care Fund
11603 W. Coker Loop, Ste 130
San Antonio, TX 78216
Contact: James Bounds
Telephone No. (210) 494-6500

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 health care 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 health care benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including two members of the City Council of San Antonio and the Mayor or his appointee. The City, active employees and retirees on behalf of their dependents are obligated to make all contributions to the Health Fund in accordance with rates established by state laws. Benefits are established pursuant to legislation enacted by the State with the Health Fund Board's ability to modify those benefits within certain parameters.

San Antonio Health Facilities Development Corporation
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Rene Dominguez
Telephone No. (210) 207-8080

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 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 City Council of San Antonio comprises the board of directors that govern HFDC.

San Antonio Housing Trust Finance Corporation
P.O. Box 15915
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

The San Antonio Housing Trust Finance Corporation (HTFC) was established in fiscal year 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC is managed by a five-member board of directors, which is appointed by the City Council of San Antonio.

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Industrial Development Authority
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Rene Dominguez
Telephone No. (210) 207-8080

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 a 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, which may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and public welfare. The IDA is governed by a board of directors, which is comprised of the City Council of San Antonio.

San Antonio Public Library Foundation
625 Shook
San Antonio, TX 78212
Contact: Kaye Lenox
Telephone No. (210) 225-4728

The San Antonio Public Library Foundation (the Foundation) was created in 1983 to emphasize the important role the private sector has in helping to enhance library resources and services. The Foundation works to raise funds from several sources, including individuals, corporations and charitable foundations for the sole benefit of the City's libraries and to raise awareness of reading. The library board of trustees' Chairman and two additional members of the library board of trustees are members of the 100+ member Foundation Board. The Foundation is a self-governing agency, as such the City has no control over its board of trustees, how its funds are expended, or access to the Foundation's funds. The purpose of the Foundation is exclusively to support the San Antonio Public Library System and to increase the awareness and use of the library through financial support and programmatic efforts.

San Antonio Texas Municipal Facilities Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret Villegas
Telephone No. (210) 207-5734

The San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state laws 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 San Antonio.

Starbright Industrial Development Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret Villegas
Telephone No. (210) 207-5734

The Starbright Industrial Development Corporation (SIDC) was established in fiscal year 2003 in accordance with state laws 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 public welfare, including but not limited to the acquisition of land. The SIDC is governed by a board of directors, which is comprised of the City Council of San Antonio.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

HemisFair Park Area Redevelopment Corporation
c/o City of San Antonio
200 E. Market St.
San Antonio, TX 78205
Contact: Lori Houston
Telephone No. (210) 207-2129

The HemisFair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within HemisFair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by eleven members approved by the City Council of San Antonio. As HPARC had minimal activity through September 30, an audit is not deemed necessary in fiscal year 2011.

San Antonio Education Facilities Corporation
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Rene Dominguez
Telephone No. (210) 207-8080

City of San Antonio Higher Education Authority (HEA) was established in 1984, in accordance with state laws for the purpose of aiding nonprofit 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 (the Code), all to be done on behalf of the City and its duly constituted authority and instrumentality. In 2001, the HEA changed its name to San Antonio Education Facilities Corporation (EFC). The Code authorizes EFC to issue revenue bonds for these purposes on behalf of the City. These bonds are not obligations of the City. The City Council of San Antonio comprises the board of directors that govern EFC. The City reserves the right to terminate and dissolve EFC at any time.

Westside Development Corporation
2300 W. Commerce, Ste 207
San Antonio, TX 78207-3839
Contact: Ramon Flores
Telephone No. (210) 207-8204

Westside Development Corporation (WDC) was established in fiscal year 2006 in accordance with state laws for the purposes of promoting economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create more higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality. WDC is governed by a board of directors nominated by a City Council committee and appointed by the City Council of San Antonio. Representatives of key stakeholders and Westside advocates are the policy-setting oversight authority for WDC, comprised of 17 members.

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Economic Development Corporation 100 W. Houston St., 19th Floor San Antonio, TX 78205 Contact: Rene Dominguez Telephone No. (210) 207-8080	The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council of San Antonio. The City Council may remove a director at any time without cause. EDC's budget is not effective until adopted by the City Council.
San Antonio Housing Trust Public Facility Corporation 2515 Blanco Rd. San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Public Facility Corporation (HTPFC) was established in fiscal year 2010 as a nonprofit corporation, organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. HTPFC was created to provide a tool to develop affordable housing. HTPFC enables housing resources to be better coordinated and directed to accomplish the City's revitalization goals, and gives the City another tool to establish housing in downtown and other areas targeted for development. HTPFC's board of directors is appointed by the City Council of San Antonio, and consists of five City Council members.

The blended component unit with a different fiscal year-end from the City is the Foundation with a fiscal year-end of December 31st.

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to Pension Fund and Health Fund would be misleading. Therefore, relevant disclosures have been included in the City's financial statements.

The City noted that EDC, HTPFC and WDC did not complete audits of their fiscal year 2011 activities in time for the City to include in its financial statements. It is management's belief that the exclusion of these component units' statements does not materially misrepresent the City's financial statements. The City restated beginning fund balance/net assets for HTPFC and EDC. WDC was not reported in fiscal year 2010 and will not be reported in fiscal year 2011's financial statements so a restatement is not needed. See Note 18 Prior Period Restatement.

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Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

The relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statements No. 14 and No. 39, for inclusion in the reporting entity as discretely presented component units.

Brooks Development Authority
1 B.D.A. Crossing, Ste 100
Brooks City-Base, TX 78235-5355
Contact: Bart Sanchez
Telephone No. (210) 678-3306

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 laws 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 for Brooks Air Force Base and in the surrounding community. An eleven-member board of directors appointed by the City Council of San Antonio governs the BDA for two-year terms and oversees the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City's ability to impose its will on BDA is through the City Council having the power to remove board members.

City South Management Authority
c/o City of San Antonio
1901 S. Alamo
San Antonio, TX 78204
Contact: David Ellison
Telephone No. (210) 207-7833

City South Management Authority (CSMA) is a political subdivision of the State of Texas established at the request of the City for the purposes of supporting economic development, creating sustainable communities, and promoting the unique historical, cultural and environmental assets of the City's southern edge. CSMA was established by the City in fiscal year 2005, with a fifteen-member board; six appointed by the City, six by Bexar County, and three appointed collectively by Southwest, East Central, and Southside Independent School Districts. The issuance of bonds or notes must be approved by the City Council of San Antonio.

CPS Energy
P.O. Box 1771
San Antonio, TX 78296-1771
Contact: Gary W. Gold
Telephone No. (210) 353-2523

CPS Energy, a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS Energy is governed by a board of trustees, which is comprised of four members appointed by the City Council of San Antonio and has the City's Mayor as an ex-officio member. The user rates for services and charges and the issuance of bonds are approved by the City Council.

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Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

Main Plaza Conservancy
111 Soledad, Ste 825
San Antonio, TX 78205
Contact: Jane Pauley-Flores
Telephone No. (210) 225-9800

Main Plaza Conservancy (MPC), a nonprofit organization that provides the management of Main Plaza, was incorporated in October 2007. MPC operates and maintains Main Plaza in coordination with the City and Bexar County to develop and implement a strategy to increase awareness of the historical and cultural significance of Main Plaza, and to organize cultural and artistic events at Main Plaza for the benefit of the citizens, residents and visitors of San Antonio. MPC is governed by a seven-member board of directors, with one representative from both the City and Bexar County. MPC must obtain written permission from the City Manager or designee on such items as security guidelines, charges for admittance, improvements and changes to Main Plaza, and debt issuances.

Municipal Golf Association – San Antonio
2315 Avenue B
San Antonio, TX 78215
Contact: James E. Roschek
Telephone No. (210) 853-2261

Municipal Golf Association – San Antonio (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City's municipal golf facilities. MGA-SA is governed by a fifteen member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council of San Antonio.

Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio
c/o City of San Antonio
1400 S. Flores
San Antonio, TX 78204
Contact: Scott Price
Telephone No. (210) 207-6357

The Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio (Our SA) was created under the provisions of the Urban Renewal Law of the State of Texas. OUR SA was formerly known as San Antonio Development Agency (SADA), but changed its name in fiscal year 2011. Our SA is responsible for implementing the City's Urban Renewal Program and may designate for urban renewal in such areas as it deems advisable, subject to approval by the City Council of San Antonio. Our SA receives a majority of its operating funds from the sale of land owned by the entity. Our SA is governed by a six-member board of commissioners appointed by the City Council of San Antonio.

SA Energy Acquisition Public Facility Corporation
P.O. Box 1771
San Antonio, TX 78296-1771
Contact: Gary W. Gold
Telephone No. (210) 353-2523

SA Energy Acquisition Public Facility Corporation (SAEAPFC) was established in 2007, in accordance with state laws for the purposes of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City. SAEAPFC is governed by a seven-member board of directors appointed by the City Council of San Antonio for two-year terms. Board members are subject to removal by the City Council for cause, or at will.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

Port Authority of San Antonio dba Port San Antonio
907 Billy Mitchell Blvd,
San Antonio, TX 78226-1802
Contact: Maria Booth
Telephone No. (210) 362-7800

Greater Kelly Development Corporation (GKDC) was established in 1996 as a 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. In 2006, GKDA changed its name to Port Authority of San Antonio dba Port San Antonio (the Port). The Port is a special district and political subdivision of the State of Texas that 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 Port is governed by an eleven-member board of directors, appointed by the City Council of San Antonio. The City Council also has the ability to remove appointed members of the Port's governing board at will. The Port is authorized to issue bonds to finance projects as permitted by state laws. These bonds are not obligations of the City.

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

San Antonio Housing Trust Foundation, Inc. (HTF) is a nonprofit entity incorporated in 1990 under the laws of the State of Texas. HTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low- and middle-income families, promoting public health, safety, convenience, and welfare, revitalizing neighborhoods and the downtown area through appropriate housing activities, 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. HTF is governed by an eleven-member board of directors appointed by the City Council of San Antonio. HTF administers the HTFC. The City has the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the HTF as it authorizes a contract for the administration and management of the operations on an annual basis.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Water System P.O. Box 2449 San Antonio, TX 78298-2449 Contact: Doug Evanson Telephone No. (210) 233-3803	On May 19, 1992, the consolidation of water systems, agencies and activities into one institution through a refunding of the then outstanding water and sewer bonds of the former City Water Board, Alamo Water Conservation and Re-Use District, and the City's Sewer and Stormwater System, resulted in the creation of the San Antonio Water System (SAWS). The City Council of San Antonio determined that the interests of the citizens and the customers would best be served by placing authority for management and control of SAWS, as consolidated, with 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 rates for user charges and bond issuance authorizations are approved by the City Council.
San Antonio Housing Trust Reinvestment Corp. 2515 Blanco Rd San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council of San Antonio to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30, an audit is not deemed necessary in fiscal year 2011.

Discretely presented component units with different fiscal year-ends from the City are CPS Energy and SAEAPFC with fiscal year-ends of January 31st and SAWS with a fiscal year-end of December 31st.

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to CPS Energy and SAWS would be misleading. CPS Energy and SAWS have been identified as major discretely presented component units as they both relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City's financial statements.

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.

Related Organizations

The City Council of San Antonio appoints members to the board of commissioners for the San Antonio Housing Authority (SAHA) and a majority of the board of directors for Keep San Antonio Beautiful, Inc. However, the City's accountability for these entities does not extend beyond making appointments to their boards and the coordination and approval of strategic plans for SAHA.

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Note 1 Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - GASB Statement No. 34

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 nonfiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, 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 user fees and charges for services. Long-term assets, such as capital assets and unamortized bond issuance costs, and long-term obligations, such as debt, are now reported in the governmental activities. The components of net assets are presented in three separate components: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. Interfund receivables and payables within 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. The net amount of interfund transfers between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Assets. Component units are also reported in the Statement of Net Assets.

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 and use tax, revenues from utilities, etc.). Direct (gross) expenses of a given function or segment are offset by charges for services, operating and capital grants and contributions. Program revenues must be directly associated with the function of program 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 related to the Internal Service Fund allocation.

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Note 1 Summary of Significant Accounting Policies (Continued)

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 balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled. The City has three types of funds: governmental, proprietary, and fiduciary. The fund financial statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements.

The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets, liabilities, revenues or expenditures/expenses of that 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 governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

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 those that are accounted for in enterprise funds.
- The Categorical Grant-In-Aid Fund, a special revenue fund, accounts for the receipt and disbursement of all federal and state grants, except for Community Development Block Grants, HUD 108 loans, HOME Investment Partnership Grants, Confiscated Property, and the American Recovery and Reinvestment Act Grants.
- The 2007 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of $550,000 in bond sales for physical infrastructure development and improvement projects approved by a bond election held on May 12, 2007. These projects were within five areas: streets and pedestrian, drainage improvements, parks and recreation, library and public health.
- The General Obligation Project Fund, a capital projects fund, accounts for the work effort activities to construct assets primarily funded by General Obligation Bonds.

The following is a brief description of the major enterprise fund that is presented separately 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds

General Fund is the primary operating fund for the City, which accounts for and reports all financial resources of the general government not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. The specific revenue sources are the foundation for the fund's designation and are expected to continue to compromise a substantial portion of the inflows reported in the fund. If the fund no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources, the fund's remaining resources and activities are reported in the General Fund.

Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest as well as financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those financed by enterprise funds and trust funds.

Permanent Funds are used to account for and report resources that are 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 that have legally adopted budgets are the General Fund, Debt Service Fund, Special Revenue Funds (excluding HOME Program, Categorical Grant-In-Aid, HUD 108 Loan Program, Community Development Program, American Recovery and Reinvestment Act, Tax Increment Reinvestment Zone, and most Community Services Funds), and City Cemeteries.

Proprietary Funds

Enterprise Funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the 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.

Internal Service Funds are used to account for and report 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, other internal service programs, and Capital Improvements Management Services (CIMS) are accounted for in these funds.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds are used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. These include the Pension Fund and Health Fund, which account for resources for pension and health care benefits for the City's firefighters and police officers. The Private Purpose Trust Fund includes reporting on funds restricted for the City's literacy programs. The Agency Funds account for the City's sales and use tax to be remitted to the State of Texas, various fees for other governmental entities, unclaimed property, and various deposits held. Pension Fund, Health Fund, and the Private Purpose Trust Fund are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Measurement Focus and Basis of Accounting

Primary Government (City)

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 year-end, along with related interest and penalties. For additional disclosure related to property taxes see Note 2, Property Tax. 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 in 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.

1) Charges for services are revenues 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, and food establishment licenses. Fines and forfeitures, license and permits and intergovernmental revenues as reported in the General Fund 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 for operations of a particular program.
3) Capital grants and contributions are also restricted revenues; the funds may only be spent to purchase or build capital assets for specified programs.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (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 in their balance sheets and revenues are recognized in the accounting period in which they become available and measurable. “Available” means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues from property taxes, sales and use taxes, occupancy taxes, gross receipts taxes, municipal court fines and fees, licenses, revenues from utilities, investment earnings, 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. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by the provider have been met. Grant funds received in advance and delinquent property taxes are recorded as deferred revenue until earned and available.

Gross receipts and sales and use taxes are considered available when received by 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, accrued leave, debt service expenditures, claims and judgments, arbitrage rebates, postemployment obligations, and pollution remediation 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 materials and supplies, prepaid expenditures, and deposits 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 nonspendable accounts.

Proprietary, Pension, private purpose trust, Health Funds, and governmental and business-type activities 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 accrued leave, 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 in 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, and (3) unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

Proprietary funds report both operating and nonoperating 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 System 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, noncapital financing or investing activities. Operating expenses include personal services, contractual services, commodities, other expenses (such as insurance), and depreciation. Revenues and expenses not fitting the above definitions are considered nonoperating.

The City's proprietary funds, Pension, private purpose trust and Health 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*.

CPS Energy

CPS Energy's operating revenue includes receipts from energy sales and miscellaneous revenue related to the operation of electric and gas systems.

CPS Energy revenues are recorded when earned. Customers' meters are read and bills are prepared monthly based on billing cycles. Rate tariffs include adjustment clauses that permit recovery of electric and gas fuel costs. CPS Energy has used historical information from the relative prior fiscal years as partial bases to estimate and record earned revenue not yet billed. This process has involved an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue are the over/under-recoveries of electric and gas fuel costs and regulatory assessments.

CPS Energy's electric fuel cost adjustment clause also permits recovery of regulatory assessments. Specifically, beginning in March 2000, CPS Energy began recovering assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges, and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas (ERCOT), for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities.

Miscellaneous revenue includes late payment fees, rental income, jobbing and contract work, and ancillary services. Operating expenses are recorded as incurred and include those costs that result from the ongoing operations of the electric and gas systems.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

Nonoperating revenue consists primarily of investment income, including fair market value adjustments, and grant programs. The amortization of net gains from the lease/leaseback of J.K. Spruce Unit 1 is also included. Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating revenue when they are not directly identified with the electric or gas systems. These amounts for fiscal year 2011 were recorded net of expenses.

In fiscal year 2009, CPS Energy changed its method of accounting for the Decommissioning Trusts. Under the new method, a pro rata share of total decommissioning costs (as determined by the most recent cost study) has been recognized as a liability. In subsequent years, annual decommissioning expense and an increase in the liability will include the effects of inflation and an additional year of plant usage.

Additionally, due to requirements under the Code of Federal Regulations governing nuclear decommissioning trust funds, guidance under FAS 71, *Accounting for the Effects of Certain Types of Regulation*, has been followed. Under this guidance, the zero fund net assets approach to accounting for the Decommissioning Trusts has been retained. In accordance with FAS 71, the cumulative effect of activity in the Trusts has been recorded as a regulatory liability reported on the balance sheet as net costs refundable through future rates since any excess funds are payable to customers. Going forward, prolonged unfavorable economic conditions could result in the assets of the Trusts being less than the estimated decommissioning liability. In that case, instead of an excess as currently exists, there would be a deficit that would be reported as net costs recoverable through future rates. This amount would be receivable from customers.

To more accurately reflect funding methodology, the Allowance for Funds Used During Construction (AFUDC) rate was modified in fiscal year 2010 to include both a debt and an equity component. The new blended rate is composed of 50.0% equity and 50.0% debt based on construction funding forecasts. Both the investment rate as well as the debt rate will continue to be reviewed quarterly to determine if any adjustments are necessary. Projects costing more than $100,000 use alternate AFUDC rates, which reflect the method by which they are funded.

Federal stimulus funds have been made available to CPS Energy as a subrecipient for a portion of the grant funds allocated to the State of Texas under the American Recovery and Reinvestment Act of 2009. Used primarily for the weatherization of qualifying homes, grant receipts are recorded as nonoperating income and are to reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. This accounting treatment results in no impact to fund net assets. Revenues associated with the stimulus programs are exempt from City payment.

San Antonio Water System (SAWS)

SAWS revenues are recorded when earned. Customers' meters are read and bills are prepared monthly based on billing cycles. SAWS uses historical information to estimate and record earned revenue not yet billed.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS' principal operating revenues are charges to customers for water supply, water delivery, wastewater, and chilled water and steam 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 nonoperating revenues and expenses.

Nonoperating revenues consist primarily of interest income earned on investments, including the changes in fair value of investments. Nonoperating expenses consist primarily of interest expense, amortization of debt related costs, sales of capital assets and payments to the City.

Current Year GASB Statement Implementations

In fiscal year 2011, the City implemented the following GASB Statements:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements for this Statement are effective for fiscal periods beginning after June 15, 2010. The City's implementation of this Statement in fiscal year 2011 resulted in the reclassification of funds reported within the financial statements and the new classifications of governmental fund balances. See Note 15 Fund Balance Classifications.

GASB Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This Statement provides for amendments to the National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*; GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plan*s, and No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*s; GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools;* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures.* The City does not currently own any of the applicable financial instruments impacted by this Statement; therefore, there was no impact to the City's financial statements in fiscal year 2011.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations

GASB Statement No. 57, *OPEB Measurements by Agent Employees and Agent Multiple-Employer Plans*, is intended to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agency multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements for this Statement are effective for fiscal periods beginning after June 15, 2011. The City will implement this Statement in fiscal year 2012.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements (SCAs). The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34,* improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity,* and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* The requirements of this Statement are effective for fiscal periods beginning after June 15, 2012. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement will bring the authoritative accounting and financial reporting literature together in one place. This Statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The requirements of this Statement are effective for fiscal periods beginning after December 15, 2011. The City will implement this Statement in fiscal year 2013.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. The City will implement this Statement in fiscal year 2012.

The City has not fully determined the effects that implementation of Statements No. 57 and Nos. 60 through 64 will have on the City's financial statements.

Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (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, 2011, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way, except as noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 3 Cash and Cash Equivalents and Investments.

The City, CPS Energy, 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 Pension Fund and the Health 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 have 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, CPS Energy, and SAWS consider all highly liquid investments with an original maturity of approximately 90 days or less to be cash equivalents.

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 certain materials and supplies. Under the consumption method, these acquisitions are recorded in material and supplies accounts and charged as expenditures (governmental fund types) or expenses (proprietary fund types) when used.

Note 1 Summary of Significant Accounting Policies (Continued)

Materials and Supplies and Prepaid Items (Continued)

Prepaid items are goods and services that are paid 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.

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 in the Statement of Net Assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The City has established capitalization thresholds for buildings, improvements, infrastructure, machinery and equipment, furniture and office equipment, and intangible assets (e.g. right of ways, easements, internally generated software). Some intangible assets may have an indefinite life. For those assets, depreciation is not calculated. 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
Infrastructure	15-100	100
Machinery and Equipment	5-20	5
Furniture and Office Equipment	5-10	5
Intangible Assets	5-40	100

During fiscal year 2011, the useful life for machinery and equipment was modified from 2-20 years to 5-20 years to more accurately reflect the actual lives of the City's assets.

CPS Energy

The costs of additions and replacements of assets identified as major components or property units are capitalized. Maintenance and replacements of minor items are charged to operating expenses. Except for certain assets that may become impaired, the cost of depreciable plant retired, plus removal costs and less salvage, is charged to accumulated depreciation. Per the financial reporting requirements of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, any losses associated with capital asset impairments will be charged to operations, not to accumulated depreciation.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

CPS Energy's utility plant is stated at the cost of construction, including expenditures for contracted services; direct equipment, material and labor; indirect costs, including general engineering, labor, equipment and material overheads; AFUDC, which represents capitalized interest. CPS Energy computes AFUDC using rates that approximate the cost of borrowed funds measured as the investment rate for other funds used for construction. Noncash AFUDC is applied to projects estimated to require 30 days or more to complete.

Proceeds from customers to partially fund construction expenditures are reported in the Statements of Activities as increases in fund net assets in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 3.1% for fiscal year 2011.

The estimated useful lives of capital assets were as follows:

Assets	Useful Life (Years)
Buildings and Structures	20-60
Systems and Improvements:	
Generation	18-60
Transmission and Distribution	20-55
Gas	50-65
Machinery and Equipment	4-30
Mineral Rights and Other	20-40
Nuclear Fuel	Units of Production

Capitalization thresholds contained in CPS Energy's capitalization policy for fiscal year 2011 were as follows:

Assets	Capitalization Threshold
Land, Land Improvements and Certain Easements	Capitalize All
Buildings and Building Improvements	$ 10
Computer Software:	
Purchased	10
Internally Developed	100
Enhancements/Upgrades	100
Computer Hardware	3
All Other Assets	3

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to $5. Utility plant additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas and development costs for internally generated computer software. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated fair market value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. 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 and intangible assets. 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. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. All capital assets are periodically reviewed for potential impairment. The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Assets	Useful Life (Years)
Structures and Improvements	25-50
Pumping and Purification Equipment	10-50
Distribution and Transmission System	25-50
Collection System	50
Treatment Facilities	25
Equipment and Machinery	5-20
Furniture and Fixtures	3-10
Computer Equipment	5
Software	3-10
Intangible Assets (Definite Useful Life)	20

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, investment earnings within the Debt Service Fund, and transfers from other funds.

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Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured (payable from available resources) for both civilian and uniformed employees. The matured portion of the City's compensatory time is also accrued annually for both civilian and uniformed employees. In addition, the City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay.

For governmental fund types, the matured current portion of the liability resulting from the accrual of these leave liabilities 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 funds.

CPS Energy

Employees earn vacation benefits based upon their employment status and years of service.

San Antonio Water System (SAWS)

It is SAWS' policy to accrue employee vacation pay as earned as well as the employer portion of Social Security taxes and required pension contributions related to the accrued vacation pay. Sick leave is not accrued as a terminating employee is not paid for accumulated sick leave.

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, and employee wellness are included.

The City is insured for property loss on a primary basis through Great American Insurance Company of New York. Excess liability coverage for casualty losses is provided by Star Insurance Company. 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 determines and accrues loss liabilities based on an actuarial assessment of historical claim data and industry trends performed annually.

The City also provides employee health insurance, which includes a pro rata share of retiree health benefits, workers' compensation, and unemployment benefits under its self-insurance 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 that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third-party administrators. In addition, as of September 30, 2011, the City has excess workers' compensation coverage through Star Insurance Company. The City records all workers' compensation loss contingencies, including claims incurred but not reported. The City determines and accrues workers' compensation liabilities based on an actuarial assessment of historical claim data and industry trends performed annually.

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

Employee and retiree health benefit liabilities are determined and accrued based upon the City's estimates of aggregate liabilities for unpaid benefits utilizing claim lag data from the City's third party administrator. The City additionally determines and accrues postemployment liabilities based on an actuarial assessment of historical claim data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the postemployment liability as additional contributions.

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 13, Risk Financing.

Fund Balance

Fund balances are classified as Nonspendable, Restricted, Committed, Assigned and Unassigned based on the extent to which the City is bound to observe constraints imposed on the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or it's imposed by law through enabling legislation.
- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council.
- Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the general fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

Generally, the City would apply restricted, committed or assigned resources prior to unassigned resources when an expenditure is incurred for purposes for which more than one of the classification of fund balance is available. See Note 15 Fund Balance Classification.

Note 1 Summary of Significant Accounting Policies (Continued)

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 2011, general government expenditures were reduced by $8,857, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $6,492 and $2,365, respectively.

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 are amortized over the life of the debt. Debt refundings (carrying value of the debt net of any unamortized costs of the old debt) are deferred and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period of issuance. 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 are reported as other financing uses.

Bond Issuance Costs

In the government-wide and proprietary fund financial statements, bond issuance costs are reported as assets in the Statement of Net Assets and amortized over the life of the debt.

In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures of the funds during the period in which proceeds of debt issuances are recorded.

Elimination of Internal Activity

Elimination of internal activity, particularly related to Internal Service Fund transactions, is 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity (Continued)

The City has four Internal Service Funds: Other Internal Services, Information Technology Services, Self-Insurance Funds, and CIMS. Other Internal Services and Information Technology Services charge user fees for requested goods or services. Building maintenance, a component of the Other Internal Services Fund, charges are based on the space occupied by departments. Information Technology Services also charges a monthly amount based on the number of personnel positions in each department. Through the tracking of these charges to the applicable departments, the net income or loss is 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 Employee Benefits Fund charges pro rata user fees to employees, and additionally generates revenue through a pro rata user fee charged to retirees. 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 over time.

CIMS generates revenues by charging a capital administrative fee for projects worked on. The fund additionally generates revenue through reimbursements of costs incurred for various arts and general service activities. The net income or loss generated is allocated back to the user funds, based on actual charges incurred.

Application of Restricted and Unrestricted Net Assets

The City may receive funding from an organization whose expenditures are 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.

Note 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. Property tax billing and collections are performed via an inter-local agreement with the Bexar County Tax Assessor/Collector's Office.

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 (note amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2011, was $0.56569 per $100 taxable valuation, which means that the City has a tax margin of $1.93431 per $100 taxable valuation (note that tax rate amounts are not reflected in thousands). This could raise an additional $1,373,506 per year based on the net taxable valuation of $71,007,547 before the limit is reached.

The City has approved a “TIF Manual” for the utilization of Tax Increment Financing (TIF) and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF as a vehicle to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2011, there are 24 existing TIRZ with a total taxable captured value of $2,488,758. For fiscal year 2011, this total taxable captured value produced $8,325 in tax increment revenues for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. The existing TIRZ have terms ranging from 13 years to 30 years which are anticipated to expire starting in fiscal year 2014 through fiscal year 2038. It is estimated that the City will contribute approximately $689,378 in tax increment revenues in aggregate over the life of these TIRZ projects.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

A summary of cash and cash equivalents, securities lending and investments for the primary government (City), Pension Fund, Health Fund, CPS Energy, and SAWS are presented below as of each entity's respective fiscal year. The information is provided in order to facilitate reconciliation between the Statement of Net Assets and the following note disclosures:

Totals from Statement of Net Assets

	City [1]	Fire and Police Pension Fund [2]	Fire and Police Retiree Health Care Fund [2]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 26,283	$ 72,510	$ 3,441	$ 154,063	$ 48,393
Security Lending Collateral	14,331	133,809	7,761	2,055	
Investments	288,676	1,895,071	198,502	215,881	95,013
Total Unrestricted	329,290	2,101,390	209,704	371,999	143,406
Restricted:					
Cash and Cash Equivalents	183,446			253,798	41,336
Security Lending Collateral	31,830				
Investments	737,246			987,142	390,887
Total Restricted	952,522	-	-	1,240,940	432,223
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,281,812	$ 2,101,390	$ 209,704	$ 1,612,939	$ 575,629

[1] Private Purpose Trust and Agency Funds, City South Management Authority, WDC and Our SA's cash, security lending collateral and investments are included in the City's pooled cash, security lending collateral and investments but are not available for City activities and are excluded from the primary government's Statement of Net Assets. The Private Purpose Trust and Agency assets are presented above as Restricted Cash and Cash Equivalents of $8,519, Security Lending Collateral of $104, and Investments of $2,106. City South Management Authority and Our SA's assets are presented in the Discretely Presented Component Unit's Statement of Net Assets. WDC is not included in these financial statements.

[2] The Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund are separately issued fiduciary component units and are excluded from the primary government's Statement of Net Assets.

[3] For the fiscal year ended January 31, 2011.

[4] For the fiscal year ended December 31, 2010.

Summary of Cash and Cash Equivalents

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
Deposits with Financial Institutions	$ 57,377	$ 228	$ 298	$ 16,394	$ 73,371
Investments with Original Maturities of Less than Ninety Days	151,339	72,282	3,143	391,350	16,328
Cash with Other Financial Agents	779				
Petty Cash Funds	81			117	
Cash on Hand	153				30
Total Cash and Cash Equivalents	$ 209,729	$ 72,510	$ 3,441	$ 407,861	$ 89,729

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Investments

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
U.S. Treasury, Government Agencies, and Money Market Mutual Funds	$ 1,172,930	$ 159,742	$ 3,143	$ 1,328,310	$ 502,228
Repurchase Agreements	1,767				
Fixed Income Securities [1]	654				
Equity Securities [1]	1,910				
Corporate Bonds		413,281		56,340	
Foreign Bonds				6,005	
Government & Agency Notes					
Common Stock		739,584	28,787	203,718	
Real Estate		197,654	36,195		
Hedge Funds		215,601	34,118		
International Equities - Common Stock			12,942		
Alternative Investment		241,491	86,460		
Total Investments	1,177,261	1,967,353	201,645	1,594,373	502,228
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(151,339)	(72,282)	(3,143)	(391,350)	(16,328)
Total	$ 1,025,922	$ 1,895,071	$ 198,502	$ 1,203,023	$ 485,900

[1] These investments are reported under a blended component unit (the Foundation). As the Foundation is a self-governing agency the City has no control over or rights to the Foundation's investments. Further breakout of these investments was not attainable.

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 shares 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 interfund payables by the overdrawn fund and as interfund receivables of either the General Fund or another fund within a similar purpose.

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. 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 nonpooled 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, 2011.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City)

The City accounts for and reports investments in accordance with 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 increase in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $231 for the year-ended September 30, 2011. 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, interest rate 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 beginning of Note 3, with a comparison to the Statement of Net Assets and Statement of Fiduciary Net Assets.

City Investments					
	Carrying Amount [1]	Fair Value [1]	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 850,139	$ 850,105	72.2%	AA+/A-1+	.56 years
U.S. Treasuries	172,986	173,251	14.7%	N/A	.43 years
Money Market Mutual Fund	149,574	149,574	12.7%	AAAm	1 day
Fixed Income Securities [4]	654	654	0.1%		
Equity Securities [4]	1,910	1,910	0.2%		
Repurchase Agreement	1,767	1,767	0.1%	N/A	1 day
Total City Investments	$ 1,177,030	$ 1,177,261	100.0%		

[1] The Carrying Amount and Fair Value include blended component unit investments for SIDC, TMFC, CCHFC, and the Foundation, which total $31,929.

[2] The allocation is based on fair value.

[3] Standard & Poors Rating.

[4] These investments are reported under a blended component unit (the Foundation). As the Foundation is a self-governing agency the City has no control over or rights to the Foundation's investments. Further breakout of these investments, ratings and WAM were not attainable.

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 at 102.0% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the U.S. government and its agencies and obligations of the State and its municipalities, school districts, and district corporations.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

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 (not less than 102.0% of the deposit amount) 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 and its agencies or U.S. government guaranteed obligations 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 Mellon, in the depository bank's name "as a custodian for the City". Assets pledged as collateral must generally be a type of security specifically authorized to be held as a direct investment; must be held by an independent third party; and must be pledged in the name of the City.

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. Per the City's Investment Policy, investments are diversified across issuers and maturity dates so that fewer funds will be subject to interest rate risk occurrence at any given time. In addition, the City generally follows a laddered approach to investing, whereby blocks of roughly the same increments are invested at similarly increased maturity lengths. This approach provides security that all investments will not become due at one particularly advantageous or disadvantageous period of time, thereby spreading the risk. 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 money market mutual funds with 100.0% overnight liquidity. Additionally, the City has entered into several repurchase agreements with 100.0% overnight liquidity for investment of certain bond proceeds.

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2011, 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, Federal Home Loan Bank, and Federal Agricultural Mortgage Corporation, were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market funds were rated 'AAAm' by Standard & Poor's, and all repurchase agreements were greater than 100.0% collateralized with U.S. government agency securities.

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 concentration of credit risk through diversification. As of September 30, 2011, the U.S. government agency's 72.2% securities allocation was as follows: Federal National Mortgage Association 20.7%, Federal Home Loan Mortgage Corporation 22.8%, Federal Home Loan Bank 16.8%, Federal Agricultural Mortgage Corporation 8.5%, and Farm Federal Credit Bank 3.4%.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Securities Lending – The City engages in securities lending transactions under a contract with its lending agent, Frost National Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (the Act) and the City's Investment Policy. The City has authorized Frost National Bank to loan up to 100.0% of the par value of its investments in the Pooled Operating Funds Portfolio, consisting of agency and treasury securities, in securities lending transactions for fiscal year 2011.

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions,* provides guidance for reporting and disclosing securities lending transactions. This guidance includes reporting certain securities lending collateral on the balance sheet as an asset, with a corresponding liability for the obligation to repay the collateral.

In securities lending transactions, the City, through its lending agent, transfers securities to approved borrowers in exchange for collateral and simultaneously agrees to return the collateral for the same securities in the future. Cash collateral received from borrowers may be invested in 'AAA'-rated money market mutual funds or investments that adhere to the Act and the City's Investment Policy. The liquidity provided by the money market mutual funds allows for the easy return of collateral upon termination of a security loan. As of September 30, 2011, all cash collateral was invested in next day money market funds. The money market mutual funds' overnight liquidity is a shorter maturity than the term of the securities lending loan which can vary for one day to the length of the maturity of the security.

Securities lending income is earned if the investment returns on the cash collateral exceeds the rebate paid to borrowers of the securities. The income is then split with the lending agent to cover its fees based on a contractually negotiated rate (70.0% allocated to the City and 30.0% allocated to Frost National Bank). In the event that the investment income of the cash collateral does not provide a return that exceeds the rebate or if the investment incurs a loss of principal, the payment to the borrower would come from the City and the lending agent based on the negotiated rate split.

Loans that are collateralized with securities generate income when the borrower pays a loan premium for the securities borrowed. This income is split at the same rate as the earnings for cash collateral. The collateral pledged to the City for the loaned securities is held by the lending agent or the tri-party bank. These securities are not available to the City for selling or pledging unless the borrower is in default of the loan.

All collateral received is required to have a fair value of 102.0% of the loaned securities. Securities are marked to market daily and additional cash or securities are required from the borrower if the fair value of the collateral falls below 102.0%. Cash collateral is reported on the balance sheet as an asset, with a corresponding liability for the obligation to repay the cash collateral. Noncash collateral for securities lending activities is not recorded as an asset because it remains under the control of the transferor, except in the event of default.

In the event of default, where the borrower is unable to return the securities borrowed, the City has authorized the lending agent to seize the borrower's collateral. The collateral would then be used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities may not be able to be replaced. The lending agent has indemnified the City from any loss due to borrower default in the event the collateral is insufficient to replace the securities.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

At September 30, 2011, the City had no custodial credit risk exposure to borrowers because the amount of collateral held by the City exceeded the amount of the securities loaned to the borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2011.

As of September 30, 2011, the City had no credit risk exposure to borrowers because the amounts the City owed to borrowers exceeded the amounts the borrowers owed.

At September 30, 2011, there was a total of $931,099 in securities, or 100.0% of the market value of the City's Pooled Operating Funds Portfolio, plus accrued interest, on loan. In exchange, the City received $46,175 in cash collateral and $904,475 in securities collateral, or 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions, net of rebates to borrowers of $222, amounted to $2,175 in fiscal year 2011, of which 30.0% was paid as fees to the lending agent totaling $652. As WDC, Our SA and EZDC's cash is combined in the City's Pooled Operating Funds Portfolio, $14 of the cash collateral is recorded in their financial statements; along with $1 in net income generated from securities lending.

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; 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. The fair values of private equity investments are estimated by the General Partners based on consideration of various factors, including current net asset valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with GAAP, and other financial information provided by the General Partners of investee-limited partnerships. Investment income is recognized as earned. Net appreciation/(depreciation) in fair value of investments includes gains and losses that are being recognized based on the change in the market value of the investments, but have not been realized because the assets have not been sold or exchanged as of the balance sheet date. The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash and investments are $2,101,390. A summary of the Pension Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Credit Risk – Using Standard and Poor's rating system for fixed income securities as of September 30, 2011, 11.0% of the Pension Fund's bonds were rated 'AAA', 18.0% were rated 'AA', 8.0% were rated 'A', 11.0% were rated 'BBB', 24.0% were rated 'BB', 12.0% were rated 'B', 2.0% were rated 'CCC', and 14.0% were unrated or not rated.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – 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, 2011, the Pension Fund had cash deposits held by investment managers in the amount of $854 that were uninsured and uncollateralized.

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. Securities that are subject to interest rate risk as of September 30, 2011 amount to $505,287 and have a weighted-average maturity (WAM) of 8.27 years. Securities that are subject to interest rate risk are shown in the following table.

Investment Type	Fair Value	Weighted-Average Maturity WAM (Years)
Corporate Bonds	$ 54,023	9.40
Government Agencies	5,394	7.92
Government Bonds	70,497	14.61
Mortage-backed securities	104,943	4.15
Municipal/Provincial bonds	11,570	14.83
Non-Government Backed C.M.O.s	12,034	24.45
Pinebridge*	63,728	3.60
GoldenTree*	57,379	9.70
Ashmore*	25,345	11.22
Ashmore LFC*	35,262	3.10
Wellington Emerging Market Debt*	65,112	10.00
Total Interest Rate Sensitive Securities	$ 505,287	

*Wellington Asset Management, Ashmore and Ashmore LCF are commingled funds invested in emerging market debt and report their weighted average maturities (WAM) for the portfolio. GoldenTree is a commingled fund invested in high-yield corporate bonds, and Pinebridge is a commingled fund invested in senior bank loans. These also report their WAM for the portfolio.

Foreign Currency Risk – The Pension Fund's investments include investments in equities, bonds, and cash in foreign currency denominations. Equities denominated in foreign currencies as of September 30, 2011 amounted to $274,535 in equities, $114,704 in bonds and $854 in cash. Detailed as follows:

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Country	Equities	Bonds	Cash	Total
Argentine Peso	$ 19	$ -	$ -	$ 19
Australian Dollar	9,016	11,645	80	20,741
Bermuda Dollar	170			170
Brazilian Real	12,516	9,239		21,755
Canadian Dollar	3,539			3,539
Swiss Franc	12,222			12,222
Chinese Yuan	6,510	74		6,584
Chilean Peso	535	651		1,186
Colombian Peso	13	1,297		1,310
Czech Republic Krona	485	2,828		3,313
Danish Krone	1,085		14	1,099
Egyptian Pound	13			13
European Union	62,142	521	11	62,674
British Pound	34,574	9,002	8	43,584
Hong Kong Dollar	7,930		31	7,961
Hungarian Forint		3,860		3,860
Indonesian Rupiah	363	5,093		5,456
Israeli New Shekel	1,112			1,112
Indian Rupee	3,313	3,004		6,317
Japanese Yen	58,388		469	58,857
South Korean Won	16,620	7,239		23,859
Cayman Dollar	189			189
Mexican Peso	4,995	12,767		17,762
Morocco Dirham	151			151
Malaysian Ringgit	1,571	7,922		9,493
Norwegian Krone	1,564	4,717	2	6,283
New Zealand Dollar	60	4,198		4,258
Pakistani Rupee	403			403
Peruvian Nuevo Sol		391		391
Philippine Peso	151	779		930
Polish Zloty	1,803	9,519		11,322
Romanian Leu		1,114		1,114
Russian Ruble	3,882	1,199		5,081
Swedish Krona	4,074		90	4,164
Singapore Dollar	3,299	3,660	16	6,975
Thai Baht	5,016	797		5,813
Turkey New Lira	2,834	2,274		5,108
Taiwan Dollar	9,718	1,456		11,174
UAE Dirham		1,593		1,593
Uruguay Peso		946		946
South African Rand	4,260	6,919	133	11,312
	$ 274,535	$ 114,704	$ 854	$ 390,093

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

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 be maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities, or 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, 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 38 days at September 30, 2011. For the year-ended September 30, 2009, the Pension Fund has recognized an unrealized loss amounting to $2,019. The loss is due to the write down of some of the fixed income assets in the investment pool. On December 16, 2009, a cash amount of $314 was due to the custodial bank to cover a portion of the loss that has been realized. The custodial bank has reimbursed the Pension Fund for $298 of this realized loss by contributing cash to the short term investment fund and by a reduction in the fees charged to the Pension Fund. The unrealized portion of the loss gradually reversed as the underlying securities regained their market value, and in March 2010, the loss was completely reversed. A gain of $1,740 was recognized in the year ended September 30, 2010, related to the reversal of the loss net of the amount of the loss that was realized.

As of September 30, 2011, the Pension Fund had lending arrangements outstanding with a total market value of $128,321, which were fully collateralized with cash and securities. Of this amount, cash collateral of $133,809 is recorded in the accompanying Statement of Fiduciary Net Assets. Net income for the year ended September 30, 2011, under the securities lending arrangement, was $283.

Cash Collateral Pool	
	2011
U.S. Treasury Notes	$ 8,166
U.S. Asset Backed Securities	5,186
U.S. Corporate Notes	539
U.S. Repo Agreements	26,790
U.S. Sweep Vehicle	(217)
U.S. Agencies Bonds	34,459
U.S. Certificates of Deposit	1,705
U.S. Time Deposits	5,138
International Commercial Paper	1,232
International Certificates of Deposit	16,143
International Time Deposits	27,813
International Asset Backed Securities	1,787
International Corporate Notes	2,696
International MM demand accts.	2,372
Total	$ 133,809

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Investments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The fair value of structured financial instruments held by the Pension Fund at September 30, 2011, was approximately $12,034, in commercial mortgage obligations and is included with investments in the Statement of Fiduciary Net Assets. The Pension Fund also invests in hedge funds which may employ the use of derivatives to reduce volatility. The Pension Fund's total investment in hedge funds was $215,601 as of September 30, 2011.

As of September 30, 2011, the fund held currency forward contracts as follows:

	2011	
Currency	Market Value Receivable/ (Payable)	Maturity Date
Austrialian Dollars	$ (11,554)	10/12/2011
Brazilian Real	(3,424)	11/3/2011
British Pound	9,146	12/1/2011
Canadian Dollars	4,026	11/15/2011
Chinese Yuan	2,897	1/11/2012
Chinese Yuan	2,240	1/13/2012
New Zealand Dollar	(3,712)	12/9/2011
Norwegian Krone	(4,491)	10/11/2011
Singapore Dollar	2,367	12/23/2011
Turkish Lira	4,313	11/10/2011
U.S. Dollars	4,755	10/11/2011
U.S. Dollars	12,549	10/12/2011
U.S. Dollars	3,848	11/3/2011
U.S. Dollars	(4,572)	11/10/2011
U.S. Dollars	(4,020)	11/15/2011
U.S. Dollars	(9,601)	12/1/2011
U.S. Dollars	4,028	12/9/2011
U.S. Dollars	(2,420)	12/23/2011
U.S. Dollars	(2,897)	1/11/2012
U.S. Dollars	(2,217)	1/13/2012
Total	$ 1,261	

Fire and Police Retiree Health Care Fund

The Fire and Police Retiree Health Care Fund (Health Fund) board of trustees administers investments of the Health Fund, a blended component unit. Investments are reported at fair value. 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 that do not have an established market value are reported at estimated fair value.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Alternative investments are substantially held in the form of nonmarketable limited partnerships interests, private real estate investment trusts, and open-ended hedge funds. These investments are subject to the terms of the respective partnerships' or other types of governing documents which may limit the Health Fund's withdrawal to specified times and conditions and restrict the transferability of the Health Fund's interest. The fair valuation of these investments is based on net asset values as set by the partnerships' fund managers or general partners. These net asset values may differ from the value that would have been used had a ready market for the investments existed. Such differences could be material.

All investment income, including changes in the fair value of investments, is reported as additions in the Statement of Changes in Fiduciary Net Assets.

The Health Fund's assets are invested as authorized by the Investment Policy. The Health Fund utilizes an investment consultant that makes recommendations to the Health Fund as to the appropriate target portfolio weightings among the major asset classes (e.g. stocks, mutual funds, limited liability partnerships, cash, etc.) within the Health Fund. Additionally, the Health 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 Fund's assets are held by a custodial bank, Frost National Bank of San Antonio, Texas.

Investments authorized by the Health 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 such as corporate bonds and certificates of deposit; commercial paper; private equity; and alternative investments, including real estate, absolute return hedge funds, and natural resources. The cash portion of the Health Fund will be invested in a short-term money market mutual fund administered by the custodian bank.

The fair value of the Health Fund's cash and investments at September 30, 2011 is $209,704. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Custodial Credit Risk (Deposits) – The Health Fund's deposits that are held with Frost Bank in non-interest bearing demand accounts are covered under the new FDIC Transaction Account Guarantee Program. Under this program, through December 31, 2011, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's general deposit rules. It does not appear that deposits the Health Fund holds in demand accounts are exposed to custodial credit risk as of September 30, 2011.

The Health Fund does not have deposit or investment policies related to custodial credit risk as of September 30, 2011. The Health Fund is aware of these risks and monitors such risks, if any, as part of its day-to-day operations and through its daily dealings with the custodian bank.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At September 30, 2011, the Health Fund's common stock investments are held at Frost National Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

Credit Risk – In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S & P). The Health Fund's investments' rating from S & P was 'AAAm' for the money market mutual fund.

Concentration of Credit Risk – The Health Fund's Investment Policy to diversify equity investments 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. For hedge funds, no individual hedge fund investment manager will comprise more than 15.0% of the total hedge funds portfolio. In multiple strategy portfolios, no single hedge fund strategy will comprise more than 35.0% of the total portfolio.

Following are the investments that represent 5.0% or more of the total investments, by issuer and amount:

Issuer	Amount	% of Total Investment
M. Kingdome Offshore, Ltd.	$ 12,859	6.5%
Clovis Capital Partners Institutional, LP	13,274	6.7%
Portfolio Advisers Privet Equity Fund IV	10,679	5.4%
Catalyst Fund Limited Partnership II	10,393	5.2%

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to two years at time of purchase. At September 30, 2011, the money market fund weighted average to maturity is 34 days.

Securities Lending – The Health Fund participates in a securities lending program as a means to augment income. The program is operated in accordance with a contract between the Health Fund and its custodian bank, Frost National Bank, and compliance with State statutes and Health Fund policies. Securities are lent to select borrowers for a fee. It is the policy of the Health 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 nongovernment or agency securities loaned. Collateral is maintained by the custodian bank and may be in the form of cash, U.S. government securities, or 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 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 Fund may suffer a loss. Management of the Health Fund considers the possibility of such a loss to be remote.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

At September 30, 2011, the Health Fund was not exposed to credit risk to borrowers because the amounts owed to borrowers exceeded the amount the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses in fiscal year 2011.

At September 30, 2011, there was a total of $7,306 in securities out on loan to borrowers. In exchange, the Health Fund received $7,761 in securities collateral invested in open-ended money market type mutual funds, or 106.0% of the market value of the corresponding securities loaned.

Subscribed Capital Commitments – As of September 30, 2011, the Fund had non-binding commitments to invest capital in thirteen investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to $96,272. As of September 30, 2011, $24,674 of this total had been called.

CPS Energy

CPS Energy's 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 Energy's investments with a maturity date of one year or longer from the purchase date are accounted for using fair value. As available, fair values are determined by using generally accepted financial reporting services, publications, and broker/dealer information. The specific identification method is used to determine costs in computing gains or losses on sales of securities. CPS Energy reports all investments of the Decommissioning Trusts at fair market value.

Restricted funds are generally for uses other than current operations. They are designated by law, ordinance or contract and are often used to acquire or construct noncurrent assets. Restricted funds consist primarily of unspent bond or commercial paper proceeds, debt service required for the New Series Bonds, Junior Lien Obligations and Tax-Exempt Commercial Paper, the Flexible Rate Revolving Note and funds for future construction or contingencies. This category also includes customer assistance programs where proceeds are received from outside parties. The assets of the Decommissioning Trusts are also considered restricted.

The Repair and Replacement Account is restricted in accordance with CPS Energy's bond ordinances. In compliance with a bond ordinance, CPS Energy's board of trustees authorized that a portion of the Repair and Replacement Account be designated for converting overhead electric facilities to underground (also referred to as the Overhead Conversion Fund).

CPS Energy's cash deposits at January 31, 2011 were either insured by federal depository insurance or collateralized by banks. While not entirely collateralized as stipulated in CPS Energy's Investment Policy, all noninterest-bearing cash deposits were fully insured by the FDIC in accordance with the Dodd-Frank financial reform legislation that was enacted in the summer of 2010. CPS Energy's Investment Policy was revised effective March 1, 2011, to allow for a reduction in collateral to the extent of FDIC coverage. For deposits that were collateralized, the securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York in CPS Energy's name.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Since the assets in the Decommissioning Trusts are restricted for use only for decommissioning at some future date, securities lending cash collateral has been treated as long-term and thus has been classified as an investment in the Decommissioning Trusts. Consistent with other investments in the Decommissioning Trusts, securities lending cash collateral is shown separately on the table that lists investments by type in the Decommissioning Trust section of this Note.

Cash, Cash Equivalents and Securities Lending Cash Collateral	
	January 31, 2011
Cash and Cash Equivalents:	
Petty Cash funds on hand	$ 117
Deposits with financial institutions:	
Unrestricted CPS Energy Deposits	16,111
Restricted CPS Energy Deposits:	
Debt Service	213
Project Warm	70
Investments with original maturities of less than 90 days:	
CPS Energy unrestricted (current)	137,835
CPS Energy restricted (noncurrent)	235,467
Decommissioning Trusts - restricted (noncurrent)	18,048
Total Cash and Cash Equivalents	407,861
CPS Energy - Securities Lending Cash Collateral	2,055
Total Cash, Cash Equivalents and Securities Lending Cash Collateral	$ 409,916

CPS Energy's cash, cash equivalents and investments can be separated in the following manner:

- Those directly managed by CPS Energy, and
- Those managed through the Decommissioning Trusts.

For financial reporting purposes, cash, cash equivalents and investments managed directly by CPS Energy have been consistently measured as of the end of the fiscal year. The Decommissioning Trusts are reported on a calendar-year basis.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Summary of Cash and Cash Equivalents, Along with Current and Noncurrent Investments	January 31, 2011
Cash and Cash Equivalents:	
CPS Energy unrestricted and restricted	$ 389,813
Decommissioning Trusts - restricted	18,048
Total Cash and Cash Equivalents	407,861
Gross Investments - current and noncurrent:	
CPS Energy - unrestricted and restricted	1,172,121
Decommissioning Trusts - restricted	422,252
Total Gross Investments	1,594,373
Investments with original maturities of less than 90 days also included in Cash Equivalents:	
CPS Energy unrestricted and restricted	(373,302)
Decommissioning Trusts - restricted	(18,048)
Total Investments also included in Cash Equivalents	(391,350)
Net Current and Noncurrent Investments	1,203,023
Total Cash, Cash Equivalents and Investments	$ 1,610,884

CPS Energy's investments and the investments held in the Decommissioning Trusts are subject to the rules and regulations of the Public Funds Investment Act (PFIA). The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports to be produced at least quarterly, and provides for the selection of authorized brokers. In September 2005, the Texas legislature passed a law to allow the decommissioning trust funds for municipally owned nuclear power plants to hold investments authorized by Subtitle B, Title 9, of the Property Code (i.e., corporate bonds and equities such as common stocks).

CPS Energy's allowable investments are defined by CPS Energy Board Resolution, CPS Energy Investment Policy, bond ordinances, Tax-Exempt Commercial Paper (TECP) Ordinance and State law. These investments are subject to market risk, and their market value will vary as interest rates fluctuate. All CPS Energy direct investments are held in trust custodial funds by an independent bank.

CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Strategy Committee, the Trust Agreements and State law, as well as PUCT and Nuclear Regulatory Commission (NCR) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy, as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Permissible Investments		
Investment Description	**CPS Energy Direct Investments**	**Decommissioning Trusts**
U.S. Government, Government Agency, or U.S. Government-guaranteed obligations	✓	✓
Collateralized mortgage obligation issued by the U.S. Government	✓	✓
Fully secured certificates of deposit issued by a state, national 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	✓	✓
Other specific types of secured or guaranteed investments	✓	✓
Equities	N/A	✓
Corporate bonds	N/A	✓
International securities	N/A	✓
Securities lending	✓	✓

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Cash, Cash Equivalents and Investments by Fund	January 31, 2011
Unrestricted	
Cash and Cash Equivalents	$ 154,063
Investments	215,881
Total Unrestricted (current)	369,944
Restricted	
Debt Service	
Cash and Cash Equivalents	545
Total Debt Service	545
Capital Projects	
Cash and Cash Equivalents	227,622
Investments	138,983
Total Capital Projects	366,605
Ordinance	
Investments	443,955
Total Ordinance	443,955
Other	
Project Warm	
Cash and Cash Equivalents	7,583
Total Project Warm	7,583
Decommissioning Trusts	
Cash and Cash Equivalents	18,048
Investments	404,204
Total Decommissioning Trusts	422,252
Total Other	429,835
Total Restricted	
Cash and Cash Equivalents	253,798
Investments	987,142
Total Restricted (noncurrent)	1,240,940
Total Cash, Cash Equivalents and Investments (unrestricted and restricted)	$ 1,610,884

CPS Energy's cash equivalents and fixed-income investments are exposed to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk. Equity investments are exposed to credit risk (including custodial credit risk and concentration of credit risk) and foreign currency risk. Interest rate risk is the exposure to fair market value losses resulting 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 market 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) risks. Additionally, equity investments are exposed to political, legal, event and general economic risks. Due to market fluctuations, it is possible that substantial changes in the market value of investments could occur after the end of the reporting period.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

CPS Energy's investments and the investments in the Decommissioning Trusts are managed with a conservative focus. The investment policies are structured to ensure compliance with bond ordinances, the PFIA, the Public Funds Collateral Act, the NRC, the PUCT, other applicable state statutes, and CPS Energy board of trustee resolutions relating to investments. CPS Energy identifies and manages risks by following an appropriate investment oversight strategy, establishing and monitoring compliance with investment policies and procedures, and continually monitoring prudent controls over risks.

Summary of Investments by Organizational Structure and Type	
	January 31, 2011
CPS Energy Investments	
U.S. Treasury, Government Agencies and Money Market Funds	$ 1,172,121
Decommissioning Trusts	
U.S. Treasury, Government Agencies and Money Market Funds	156,189
Corporate Bonds	56,340
Foreign Bonds	6,005
Subtotal	218,534
Common Stock	203,718
Total Decommissioning Trusts	422,252
Grand Total - all Investments	$ 1,594,373

In accordance with State law, the Decommissioning Trusts' Investment Policy allows for investment in additional types of securities, such as corporate bonds and equity securities. The policy provides guidelines to ensure all funds are invested in authorized securities in order to earn a reasonable return. The primary emphasis is placed on long-term growth commensurate with the need to preserve the value of the assets and, at the time funds are needed for decommissioning costs, on liquidity. The Investment Policy continues to follow the "prudent person" concept.

In accordance with GASB Statement No. 40, additional disclosures have been provided in this Note that address investment exposure to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk, as applicable. The disclosure requirements of this Statement do not apply to equity securities since they are not directly or immediately exposed to these risks. CPS Energy and the Decommissioning Trusts do not have custodial credit risk, as all investments are held either by an independent trustee or bank and are in CPS Energy's or the Decommissioning Trusts' names.

CPS Energy Investments – In accordance with GASB Statement No. 40, the following tables address credit risk and interest rate risk exposure by investment type using the weighted-average maturity (WAM) method. Since CPS Energy does not hold foreign instruments in its direct investments (those held by CPS Energy), foreign currency risk is not applicable.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Interest Rate Risk – In accordance with its Investment Policy, CPS Energy manages exposure to fair market value losses resulting from rising interest rates by limiting the portfolio's WAM to two years or less. WAM is defined as the weighted-average time to return a dollar of principal. It is used as an estimate of the interest rate risk of a fixed-income investment. CPS Energy invests the cash collateral received from securities lending and other funds in money market mutual funds that have no fixed maturities. Accordingly, a WAM in terms of years for money market mutual funds is not applicable.

Concentration of Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to concentration of credit risk through diversification and by limiting its investment in each federal agency to 50.0% and investment in any other issuer of debt securities to 5.0% of the total fixed-income portfolio. Additionally, certificates of deposit are limited to 50.0% per issuer.

Investment Type	Carrying Value	Market Value	Allocation	Weighted-Average Maturity (Years)
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	$ 105,850	$ 105,879	9.0%	4.1
Federal National Mortgage Assn.	292,763	292,750	25.0%	2.6
Federal Home Loan Bank	284,297	284,335	24.3%	0.8
Federal Farm Credit Bank	19,981	19,981	1.7%	3.3
Federal Agriculture Mortgage Corp.	7,159	7,165	0.6%	0.5
Municipal Bonds	58,810	58,806	5.0%	1.8
Certificates of Deposit	10,000	10,000	0.9%	0.7
Commercial Paper	19,969	19,969	1.7%	0.5
Repurchase Agreement	181,904	181,904	15.5%	N/A
Money Market Mutual Funds	191,388	191,388	16.3%	N/A
Total Fixed-Income Investments	1,172,121	1,172,177	100.0%	1.6
Cash Collateral - Securities Lending	2,055	2,055		
Total Fixed-Income Portfolio	$ 1,174,176	$ 1,174,232		

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting its fixed-income investments to a credit rating of 'A' or better. As of January 31, 2011, CPS Energy held no direct investments with a credit rating below 'A1'.

Credit Rating	Carrying Value	Market Value	Allocation
AAA	$ 914,269	$ 914,326	77.9%
Aaa	7,800	7,800	0.7%
SP-1+	2,805	2,805	0.2%
AA+	4,453	4,453	0.4%
AA-	2,668	2,668	0.2%
AA	25,107	25,105	2.1%
Aa1	1,876	1,876	0.2%
Aa2	650	650	0.1%
Aa3	2,676	2,676	0.2%
A1	19,968	19,969	1.7%
Certicates of Deposits (not rated)	191,904	191,904	16.3%
Total Fixed-Income Investments	$ 1,174,176	$ 1,174,232	100.0%

Amounts are expressed in thousands

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Decommissioning Trust Investments – As mentioned above, the Decommissioning Trusts report their assets on a calendar-year basis; therefore, the tables in this section are as of December 31. These tables address interest rate risk exposure by investment type, credit risk, concentration of credit risk and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and are recorded at market value.

Interest Rate Risk – Generally, the long-term nature of the liabilities and the limited need for daily operating liquidity allow interim fluctuations in market value to occur without jeopardizing the ultimate value of the assets. Where long-term securities are held, the interim market value of assets can be sensitive to changes in interest rates. As the general level of interest rates moves up and down, the interim market value of longer-maturity bonds may change substantially.

To mitigate this interest rate risk, a limitation is placed on the duration of the fixed-income portfolio. Weighted-average duration is defined as the weighted-average time to return a dollar of principal and interest and also incorporates potential changes in the timing of principal and interest return that may occur as a result of changes in interest rates. It makes assumptions regarding the most likely timing and amounts of variable cash flows and is used as an estimate of the interest rate risk of a fixed-income investment – especially those with payment terms dependent on market interest rates. The overall portfolio duration should not deviate from the weighted-average duration of the Investment Strategy Committee's specified fixed-income index by more than +/- 1.5 years. The Investment Strategy Committee's fixed-income index is based on the Barclays Capital Aggregate Index, which is 5.0 for 2010.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each government-sponsored entity to 30.0% and investments in any nongovernment-sponsored issuer to 5.0% of the total fixed-income portfolio (excluding cash collateral from securities lending). At December 31, 2010, total nongovernment-sponsored (corporate and foreign) issuers amounted to 36.4% of the 28% Decommissioning Trust and 16.8% of the 12% Decommissioning Trust.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following tables list the fixed-income investment holdings by type:

	28% Interest			12% Interest		
Investment Type	Market Value [1]	Allocation	Weighted-Average Duration (Years)	Market Value	Allocation	Weighted-Average Duration (Years)
U.S. Treasuries	$ 16,061	10.6%	4.8	$ 13,868	32.2%	4.9
U.S. Agencies:						
Federal National Mortgage Assn.	34,281	22.6%	2.8	6,812	15.8%	3.2
Federal Home Loan Mortgage Corp.	15,894	10.5%	3.1	4,902	11.4%	3.0
Small Business Administration	3,774	2.5%	5.9			
Government National Mortgage Assn.	2,802	1.9%	3.5	3,660	8.5%	6.5
Municipal Bonds - Texas	496	0.3%	6.0	674	1.6%	12.8
Municipal Bonds - Other States	7,407	4.9%	9.7	3,375	7.9%	10.5
Corporate Bonds	49,131	32.4%	6.2	7,209	16.8%	5.6
Foreign Bonds	6,005	4.0%	5.3			
AIM Money Market	15,540	10.3%	N/A	2,508	5.8%	N/A
Total Fixed-income Investments	$ 151,391	100.0%	4.9	$ 43,008	100.0%	5.3
Cash Collateral - Securities Lending	17,230			6,905		
Total Portfolio	$ 168,621			$ 49,913		

[1] Market Value and carrying value are the same amount.

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of 'BBB-' or better from at least two nationally recognized credit rating agencies. If a security's rating falls below the minimum investment grade rating of 'BBB-' after it has been purchased, the investment policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the following tables, which list the fixed-income holdings by credit rating, investments with a credit rating below 'BBB-' totaled 1.6% and 0.8% of the fixed-income portfolio for the 28% Trust and the 12% Trust, respectively. Standard & Poor's (S&P) ratings are provided when available; if no S&P rating is available, the Moody's rating is listed.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following table lists the fixed-income investment holdings by credit rating:

Credit Rating	28% Interest		12% Interest	
	Market Value [1]	Allocation	Market Value [1]	Allocation
U.S. Treasuries	$ 16,061	9.6%	$ 13,868	27.8%
AAA	99,797	59.2%	26,172	52.4%
Aaa	1,051	0.6%		
AA+	2,189	1.3%	1,005	2.0%
AA	1,322	0.8%	1,648	3.3%
Aa1	121	0.1%		
Aa2	126	0.1%		
AA-	3,055	1.8%	846	1.7%
Aa3	82	0.1%		
A+	3,782	2.2%	492	1.0%
A	7,926	4.7%	1,316	2.6%
A-	10,510	6.2%	2,768	5.6%
A1	136	0.1%		
BBB+	6,469	3.8%	982	2.0%
BBB	6,548	3.9%	397	0.8%
BBB-	6,624	3.9%		
BB+	1,501	0.9%		
BB-	217	0.1%	419	0.8%
B	58	0.0%		
B-	47	0.0%		
CCC	477	0.3%		
CC	5	0.0%		
Not rated	517	0.3%		
Total Fixed-income Portfolio	$ 168,621	100.0%	$ 49,913	100.0%

[1] Market Value and carrying value are the same amount.

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are U.S. dollars. This reduces the potential foreign currency risk exposure to the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $6,005 as of December 31, 2010. In accordance with the Investment Policy, investments in international portfolios are limited to international commingled funds, American Depository Receipts and Exchange Traded Funds that are diversified across countries and industries. The international portfolio will be limited to 20.0% of the total equity portfolio. At December 31, 2010, total foreign equity securities amounted to 13.7% of the 28% Trust's equity portfolio. There were no foreign equity securities held by the 12% Trust at December 31, 2010.

Securities Lending – CPS Energy and the Decommissioning Trusts engage in securities lending transactions under a contract with their lending agent, Frost National Bank. Authority to engage in these transactions is granted under each entity's Investment Policy. The entities are authorized to loan up to 100.0% of their investments in securities lending transactions.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions,* provides guidance for entities reporting and disclosing securities lending transactions. This guidance includes reporting certain securities lending collateral on the balance sheet as an asset, with a corresponding liability for the obligation to repay the collateral.

In securities lending transactions, CPS Energy and the Decommissioning Trusts, through their lending agent, transfer securities to brokers/dealers in exchange for collateral and simultaneously agree to return the collateral for the same securities in the future. Cash collateral received from the borrower is invested entirely in money market mutual funds. The liquidity provided by the money market mutual funds allows for the easy return of collateral at the termination of a security loan.

Lending income is earned if the returns on the cash collateral invested exceed the rebate paid to borrowers of the securities. The income is then shared with the lending agent to cover its fees based on a contractually negotiated rate split. However, if the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, part of the payment to the borrower would come from CPS Energy's or the Decommissioning Trusts' resources and the lending agent based on the rate split.

Loans that are collateralized with securities generate income when the borrower pays a loan premium for the securities loaned. This income is split at the same ratio as the earnings for cash collateral. The collateral pledged to CPS Energy or the Decommissioning Trusts for the loaned securities is held by the lending agent. These securities are not available to CPS Energy or the Decommissioning Trusts for selling or pledging unless the borrower is in default of the loan.

Any collateral received is required to have a fair value of 102.0% of the loaned securities. Securities are marked to market daily and additional cash or securities are required from the borrower if the market value of the collateral falls below 100.0%. Cash collateral is reported on the balance sheet as an asset, with a corresponding liability for the obligation to repay the cash collateral. Noncash collateral for securities lending activities is not recorded as an asset because it remains under the control of the transferor, except in the event of default.

In the event of default, where the borrower is unable to return the securities loaned, CPS Energy and the Decommissioning Trusts have authorized the lending agent to seize the collateral held. The collateral would then be used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities may not be able to be replaced. The lending agent has indemnified CPS Energy and the Decommissioning Trusts from any loss due to borrower default in the event the collateral is not sufficient to replace the securities.

At January 31, 2011, neither CPS Energy nor the Decommissioning Trusts had any credit risk exposure to borrowers because the amounts CPS Energy and the Decommissioning Trusts owed to borrowers exceeded the amounts the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2011.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Direct Investments – At January 31, 2011, there was a total of $488,222 in securities, or 42.2% of CPS Energy's direct investments, out on loan to brokers/dealers. In exchange, CPS Energy received $2,055 in cash collateral and $496,724 in securities collateral, or 102.2% of the market value of the corresponding securities loaned. Income generated from securities lending transactions amounted to $1,238 in fiscal year 2011, of which 30.0% was paid as fees to the lending agent totaling $371.

Decommissioning Trusts – For the 28% Decommissioning Trust at December 31, 2010, there was a total of $25,618 in securities, or 8.6% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $17,230 in cash collateral and $8,890 in securities collateral, or a total of 102.0% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for the Decommissioning Trust amounted to $27 in calendar year 2010, of which 30.0% was paid as fees to the lending agent totaling $8.

For the 12% Decommissioning Trust at December 31, 2010, there was a total of $12,151 in securities, or 12.2% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $6,905 in cash collateral and $5,459 in securities collateral, or a total of 101.8% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for this Decommissioning Trust amounted to $15 in calendar year 2010, of which 30.0% was paid as fees to the lending agent totaling $5.

San Antonio Water System (SAWS)

SAWS is permitted by City Ordinance No. 75686, SAWS' Investment Policy and Texas state law, to invest in direct obligations of the U.S. 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 depository institutions that have their main office or a branch office 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, which may affect the value at which these investments are recorded. Investments other than money market investments are reported at fair value. Under the provisions of GASB Statement No. 31, money market investments, including U.S. Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at cost. A summary of SAWS cash, cash equivalents, and investments can be found at the beginning of Note 3.

Custodial Credit Risk (Deposit) – All funds are deposited in demand and savings accounts or certificates of deposit at Frost National Bank, SAWS' general depository bank. The general depository agreement with the bank does not require SAWS to maintain an average monthly balance. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2010, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. As of December 31, 2010, the bank balance of demand and savings account was $31,851 and the reported amount was $29,401 which included $30 of cash on hand, and certificates of deposits totaled $44,000.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

Custodial Credit Risk (Investment) – All investments, with the exception of those held in escrow, are securities issued by agencies of the United States and are held in safekeeping by SAWS' depository bank, Frost National Bank and registered as accounts of SAWS. Funds held in escrow are Money Market Funds managed by Frost National Bank or Wells Fargo Bank and are invested in securities issued by the U.S. government or by U.S. agencies.

As of December 31, 2010, SAWS had the following investments and maturities:

Investments Maturities (in Days)						
Investment Type	**90 Days or Less**	**91 to 180**	**181 to 365**	**Greater than 365**	**Fair Value**	**Reported**
U.S. Agency Discount Notes	$ 49,159	$ 90,748	$ 22,470	$ -	$ 162,377	$ 162,377
U.S. Agency Coupon Notes	123,043	116,861	69,748	13,839	323,491	323,523
Money Market Funds:						
Frost National Bank	274				274	274
Wells Fargo Bank	16,054				16,054	16,054
	$ 188,530	$ 207,609	$ 92,218	$ 13,839	$ 502,196	$ 502,228
Percentage of Portfolio	37.5%	41.3%	18.4%	2.8%	100.0%	

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, 97.2% of SAWS' investment portfolio is invested in maturities less than one year.

Credit Risk – In accordance with its Investment Policy, SAWS manages exposure to credit risk by limiting its investments in obligations of other states and cities to those with a credit rating of 'A' or better. Additionally, any investments in commercial paper require a rating of at least 'A-1' or 'P-1'. As of December 31, 2010, SAWS held no direct investments with a credit rating below 'AAA'.

Credit Rating	Carrying Value	Market Value	Allocation	Investment Policy Limit
December 31, 2010				
AAA	$ 502,228	$ 502,196	100.0%	Max. = 100.0%
Total Portfolio	$ 502,228	$ 502,196	100.0%	

Concentration of Credit Risk – SAWS' Investment Policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to credit risk, SAWS' Investment Policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 5.0% of the total investment portfolio on any non-government issuer unless it is fully collateralized. As of December 31, 2010, SAWS has invested more than 5.0% of its investments in the following government-sponsored entities in the form of discount or coupon notes: 37.0% in Federal Home Loan Bank, 20.0% in Federal National Mortgage Association, and 32.0% in Federal Home Loan Mortgage Corporation.

Note 3 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

The following is a reconciliation of deposits and investments disclosed in the Note to the amounts presented for cash and cash equivalents and investments in the balance sheet for 2010:

	December 31, 2010
Reported amounts in Note for:	
Deposits, including certificates of deposit	$ 73,401
Investments	502,228
Total Deposits and Investments	$ 575,629
Totals for Balance Sheet:	
Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	$ 48,393
Restricted cash and cash equivalents:	
Capital Projects Accounts	41,061
Other Restricted Accounts:	
Reserve Fund	275
Total Cash and Cash Equivalents	$ 89,729
Investments:	
Unrestricted current investments	$ 95,013
Restricted current investments:	
Debt Service Accounts	42,328
Capital Project Accounts	32,570
Other Restricted Accounts:	
Operating reserve	33,955
Customer deposits	8,599
Total Other Restricted Accounts	42,554
Total Current Investments	$ 212,465
Restricted noncurrent investments:	
Capital Project Accounts	$ 216,789
Other Restricted Accounts:	
Reserve Fund	56,646
Total Cash, Cash Equivalents and Investments	$ 575,629

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Note 4 Capital Assets

Primary Government (City)

In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes guidance for accounting and reporting for the impairment of assets and for insurance recoveries. Impairments of $2,956 were identified and reduced in capital assets for governmental activities. Capital asset activity for governmental activities, to include Internal Service Funds, for the period-ended September 30, 2011 is as follows:

Capital Assets - Governmental Activities

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,364,382	$ 3,849	$ -	$ 3,058	$ 1,371,289
Intangible Assets	81,809	152			81,961
Construction in Progress	479,769	268,730	(6,615)	(204,316)	537,568
Other Assets	500	75			575
Total Non-Depreciable Assets	1,926,460	272,806	(6,615)	(201,258)	1,991,393
Depreciable Assets:					
Buildings	732,768		(1,639)	304	731,433
Improvements	373,015	3,060		108,802	484,877
Infrastructure	2,380,302	351		89,629	2,470,282
Machinery and Equipment	388,565	37,616	(14,616)	111	411,676
Intangible Assets	120	482		2,412	3,014
Total Depreciable Assets	3,874,770	41,509	(16,255)	201,258	4,101,282
Accumulated Depreciation:					
Buildings	(278,351)	(20,121)	1,639		(296,833)
Improvements	(100,044)	(25,230)			(125,274)
Infrastructure	(1,563,133)	(59,563)			(1,622,696)
Machinery and Equipment	(225,154)	(28,846)	13,098		(240,902)
Intangible Assets	(11)	(292)			(303)
Total Accumulated Depreciation	(2,166,693)	(134,052)	14,737		(2,286,008)
Total Depreciable Assets, net	1,708,077	(92,543)	(1,518)	201,258	1,815,274
Total Capital Assets, net	$ 3,634,537	$ 180,263	$ (8,133)	$ -	$ 3,806,667

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 15,888
Public Safety	8,282
Public Works	76,079
Health Services	737
Sanitation	101
Welfare	919
Culture and Recreation	12,187
Convention and Tourism	4,611
Urban Redevelopment and Housing	167
Economic Development and Opportunity	14
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	15,067
Total Depreciation Expense for Governmental Activities	$ 134,052

The capital assets of Internal Service Funds are included in governmental activities. In fiscal year 2011, Internal Service Funds capital assets increased by $26,952, and decreased by $11,337, resulting in an ending balance of $180,154. Depreciation expense of $15,067 resulted in an ending accumulated depreciation balance of $112,206, to arrive at net book value of $67,948.

Note 4 Capital Assets (Continued)

Primary Government (City) (Continued)

The City capitalizes interest incurred on construction projects, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*. In fiscal year 2011, the City capitalized construction period interest for the Airport System in the amount of $1,094. Interest costs for nonmajor enterprise funds were not capitalized as the construction in progress in these funds during fiscal year 2011 were funded by capital contributions from governmental funds. Impairments of $7,306 were identified and reduced in capital assets for business-type activities. Capital asset activity for business-type activities for the year-ended September 30, 2011, is as follows:

Capital Assets - Business-Type Activities					
	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,322	$ -	$ -	$ -	$ 5,322
Nonmajor Enterprise Funds	9,063				9,063
Total Land	14,385				14,385
Construction in Progress:					
Airport System	317,647	38,260	(3,025)	(302,671)	50,211
Nonmajor Enterprise Funds	737	5,694		(737)	5,694
Total Construction in Progress	318,384	43,954	(3,025)	(303,408)	55,905
Total Non-Depreciable Assets	332,769	43,954	(3,025)	(303,408)	70,290
Depreciable Assets:					
Buildings:					
Airport System	200,673		(5,712)	164,178	359,139
Nonmajor Enterprise Funds	26,683				26,683
Total Buildings	227,356		(5,712)	164,178	385,822
Improvements:					
Airport System	225,666	2,728	(809)	138,228	365,813
Nonmajor Enterprise Funds	13,738			737	14,475
Total Improvements	239,404	2,728	(809)	138,965	380,288
Machinery and Equipment:					
Airport System	14,603	637	(1,114)	265	14,391
Nonmajor Enterprise Funds	29,987	2,124	(457)		31,654
Total Machinery and Equipment	44,590	2,761	(1,571)	265	46,045
Total Depreciable Assets	511,350	5,489	(8,092)	303,408	812,155
Accumulated Depreciation:					
Buildings:					
Airport System	(77,834)	(9,762)	4,111		(83,485)
Nonmajor Enterprise Funds	(10,168)	(720)			(10,888)
Total Buildings	(88,002)	(10,482)	4,111		(94,373)
Improvements:					
Airport System	(101,928)	(12,748)	725		(113,951)
Nonmajor Enterprise Funds	(3,104)	(591)			(3,695)
Total Improvements	(105,032)	(13,339)	725		(117,646)
Machinery and Equipment:					
Airport System	(10,938)	(1,048)	1,037		(10,949)
Nonmajor Enterprise Funds	(10,022)	(3,483)	123		(13,382)
Total Machinery and Equipment	(20,960)	(4,531)	1,160		(24,331)
Total Accumulated Depreciation	(213,994)	(28,352)	5,996		(236,350)
Total Depreciable Assets, net	297,356	(22,863)	(2,096)	303,408	575,805
Total Capital Assets, net	$ 630,125	$ 21,091	$ (5,121)	$ -	$ 646,095

Note 4 Capital Assets (Continued)

CPS Energy

CPS Energy's plant-in service includes four power stations, which are solely owned and operated by CPS Energy. In total, there are 24 generating units at these four power stations—four are coal-fired and 20 are gas-fired. The following is a list of power stations and relative generating units:

Power Station	Generating Units	Type	Power Station	Generating Units	Type
Calaveras	6	Coal (4)/Gas (2)	Leon Creek	6	Gas
Braunig	8	Gas	Tuttle	4 *	Gas

* Included as a part of the 20 gas generating units are W.B. Tuttle Unit 2, which is currently not available for use, and W.B. Tuttle Units 1, 3 and 4, which were mothballed in FY 2010. All W.B. Tuttle units are fully depreciated.

In fiscal year 2011, CPS Energy brought new generation facilities on-line, J.K. Spruce Unit 2 (Spruce 2) and the four V.H. Braunig (VHB) peaking units. Construction on Spruce 2 was started on March 21, 2006. The plant went into commercial operation on May 28, 2010. Spruce 2 is a 750-megawatt unit and is the largest of the coal units at Calaveras Lake. The plant is equipped with current emissions-control technology. Construction of the VHB peaking units project began on September 10, 2008. The peaking units went into commercial operation on December 1, 2010. The peaking units will provide an additional 186 megawatts of capacity to the CPS Energy generation portfolio to meet customer demand during periods of peak load and provide quick response capacity as necessary. These facilities were tested prior to commercial operation, and the power that was produced during this testing period is referred to as precommercial generation. In accordance with Federal Energy Regulatory Commission guidance, revenues and expenses associated with precommercial generation were capitalized as components of construction costs.

Other notable capital assets in electric and gas plant include supporting coal yard assets, a fleet of railcars, a transmission network for the movement of electric power from the generating stations to substations, electric and gas distribution systems, and metering.

Included in the general plant are: the Energy Management Center; the main office complex; the construction and customer service centers; the Villita Assembly Building; and a fleet of automobiles, trucks, and work equipment. Intangible assets consist of easements and software.

Impairments – No capital asset impairments were identified for fiscal year 2011.

Investment in STP – STP is currently a two-unit nuclear power plant located in Matagorda County, Texas. It is maintained and operated by the STP Nuclear Operating Company (STPNOC), a nonprofit Texas corporation special-purpose entity. It is financed and controlled by the owners – CPS Energy; the City of Austin; and NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. CPS Energy's 40.0% interest in STP Units 1 and 2 is included in plant assets. See Note 10 for more information on CPS Energy's South Texas Project.

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

On October 29, 2007, the CPS Energy board of trustees approved a resolution enabling CPS Energy to participate in development activities related to new nuclear generation units to be constructed in Bay City, Texas, on a site where STP Units 1 and 2 currently operate. These generation units are referred to as STP Units 3 and 4. At January 31, 2010, CPS Energy held a 50.0% interest in the development. As a result of a litigation settlement with Nuclear Innovation North America, Inc. (NINA), CPS Energy's partner in the project, CPS Energy's ownership in STP Units 3 and 4 was reduced from 50.0% to 7.6% effective March 1, 2010. Excluding AFUDC of $21,000, project costs incurred by CPS Energy to date of $370,000 are included in construction in progress. For more detailed information on project development and legal issues associated with STP Units 3 and 4, see Note 10 CPS Energy South Texas Project (STP).

STP Capital Investment (40.0% share), Net	
	January 31, 2010
STP Capital Assets, net	
Construction in Progress	$ 415,976
Land	5,701
Electric and general plant	1,177,292
Nuclear fuel	82,572
Total STP Capital Assets, net	$ 1,681,541
Total CPS Energy Capital Assets, net	$ 7,217,041
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	23.3%

The following tables provide more detailed information on the activity of CPS Energy's net capital assets as presented on the balance sheet, including capital asset activity for fiscal year 2011:

Capital Assets - CPS Energy					
	Beginning Balance	Additions/ Increases	Transfers In/(Out)	Reductions/ Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 107,150	$ -	$ 12,231	$ (80)	$ 119,301
Construction in Progress	1,893,686	436,072	(1,658,023)		671,735
Total Non-Depreciable Assets	2,000,836	436,072	(1,645,792)	(80)	791,036
Depreciable Capital Assets:					
Utility Plant in Service:					
Electric Plant	7,318,256	36,247	1,550,519	(26,506)	8,878,516
Gas Plant	662,763	4,486	26,130	(31)	693,348
General Plant	716,339	10,784	69,143	(21,443)	774,823
Nuclear Fuel	643,545	11,963			655,508
Total Depreciable Capital Assets	9,340,903	63,480	1,645,792	(47,980)	11,002,195
Accumulated Depreciation Depletion and Amortization:					
Utility Plant in Service:					
Electric Plant	(3,227,287)	(255,783)		38,187	(3,444,883)
Gas Plant	(244,467)	(15,047)		378	(259,136)
General Plant	(269,339)	(51,021)		21,125	(299,235)
Nuclear Fuel	(536,453)	(36,483)			(572,936)
Total Accumulated Depreciation Depletion and Amortization	(4,277,546)	(358,334)		59,690	(4,576,190)
Total Capital Assets, net	$ 7,064,193	$ 141,218	$ -	$ 11,630	$ 7,217,041

Amounts are expressed in thousands

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

Cash flow information – Cash paid for additions and net removal costs was $514,600. This included $487,600 in additions to construction in progress and electric, gas and general plant, partially offset by $34,400 in AFUDC and $7,300 in donated assets.

Other – The increases in electric plant included new substations and distribution infrastructure. Depreciation and amortization of utility plant in service totaled $321,851, which included $146,200 related to intangible assets.

San Antonio Water System (SAWS)

SAWS' interest on debt proceeds used to finance utility plant additions is capitalized as part of the cost of capital assets. For the year-ended December 31, 2010, interest capitalized was $7,578. Capital asset activity for SAWS is as follows:

Capital Assets - San Antonio Water System	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land:					
Land	$ 78,814	$ -	$ 3,307	$ 66	$ 82,055
Acquisition of Water Rights	156,704		48,475		205,179
Other Intangible Assets	388	1,329			1,717
Construction in Progress	427,971	300,461	(299,348)	13,274	415,810
Total Non-Depreciable Assets	663,877	301,790	(247,566)	13,340	704,761
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	444,000	79	41,375		485,454
Pumping and Purification	126,234	254	16,699		143,187
Distribution and Transmission System	1,508,547	1,101	110,646	6	1,620,288
Treatment Facilities	1,424,980		68,127	48,931	1,444,176
Machinery and Equipment:					
Machinery and Equipment	102,624	4,348	8,305	8,101	107,176
Furniture and Fixtures	5,048		7	3	5,052
Computer Equipment	21,451	2,276	438	3,608	20,557
Software	17,735	187	1,969	13	19,878
Total Depreciable Assets	3,650,619	8,245	247,566	60,662	3,845,768
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(99,958)	(9,908)			(109,866)
Pumping and Purification	(27,183)	(3,453)			(30,636)
Distribution and Transmission System	(412,334)	(35,750)		(48)	(448,036)
Treatment Facilities	(519,499)	(46,352)		(48,954)	(516,897)
Machinery and Equipment:					
Machinery and Equipment	(50,330)	(8,116)		(7,694)	(50,752)
Furniture and Fixtures	(3,888)	(239)		(3)	(4,124)
Computer Equipment	(15,122)	(2,348)		(3,632)	(13,838)
Software	(11,918)	(1,595)			(13,513)
Total Accumulated Depreciation	(1,140,232)	(107,761)		(60,331)	(1,187,662)
Total Depreciable Assets, net	2,510,387	(99,516)	247,566	331	2,658,106
Total Capital Assets, net	$ 3,174,264	$ 202,274	$ -	$ 13,671	$ 3,362,867

Amounts are expressed in thousands

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS) (Continued)

In 2006, SAWS diverted all effluent flow from Salado Creek Treatment plant to its Dos Rios Treatment Plant in order to take advantage of the additional capacity and more efficient treatment process available at the Dos Rios Plant. At that time, SAWS began identifying and disposing of assets no longer utilized at the Salado Creek Plant. In 2010, SAWS completed the dismantling and closure of the portion of the Salado Creek Plant that was no longer in use. In connection with this effort, the $13,400 remaining book value of the assets eliminated was charged off to depreciation expense.

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any incurred design costs are charged off to operating expenses. Design costs were charged off totaling $13,274 in 2010. Of the amount charged off in 2010, $12,400 related to the design of a pipeline to transport water expected to be produced from the Carrizo Aquifer in Gonzales County to a SAWS facility in southeastern Bexar County. In anticipation of an expected agreement with the Schertz Seguin Local Government Corporation (SSLGC), which would enable SAWS to utilize SSLGC's existing pipeline to transport water from the Carrizo Aquifer to a SAWS facility in northeast Bexar County, SAWS wrote off the design costs related to the original proposed pipeline. The agreement with SSLGC was executed in February 2011.

Note 5 Receivables and Payables

Primary Government (City)

Disaggregation of Receivables

Net receivables at September 30, 2011 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 163,875	$ 21,836	$ 39,719	$ 636	$ 2,112	$ 228,178
Business-Type Activities:						
Airport System	$ 4,994	$ -	$ -	$ 92	$ -	$ 5,086
Nonmajor Enterprise Funds	8,223			22		8,245
Total Business-Type Activities	$ 13,217	$ -	$ -	$ 114	$ -	$ 13,331

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $64,152 against customer, and other receivables, $23,384 for notes and loans, and $5,229 against property and occupancy taxes. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $554 against customer and other receivables.

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Disaggregation of Receivables (Continued)

The only receivables not expected to be collected within one year are $36,386 of notes and loans receivables, net of allowance for doubtful accounts, related to General Government, Urban Redevelopment and Housing and Economic Development and Opportunity. These notes and loans have a corresponding deferred revenue balance recorded within the respective funds. $6,935 of the notes and loans receivable balance are non-interest bearing, and relate to Urban Redevelopment and Housing and Economic Development and Opportunity functions.

Disaggregation of Payables

Payables at September 30, 2011 are as follows:

	Accounts	Accrued Payroll	Other	Total Payables
Governmental Activities	$ 174,640	$ 6,205	$ -	$ 180,845
Business-Type Activities:				
Airport System	$ 11,676	$ 385	$ -	$ 12,061
Nonmajor Enterprise Funds	4,152	679	28	4,859
Total Business-Type Activities	$ 15,828	$ 1,064	$ 28	$ 16,920

Interfund Receivable and Payable Balances

As of September 30, 2011, the interfund receivable and payable 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 $84,515 due from other funds in the General Fund, $79,308 is a result of overdraws of pooled cash. Except for internal loans from the Other Internal Service Fund of $648 and $193 to the Nonmajor Governmental Fund and General Fund, respectively, all interfund balances are expected to be paid within one year. See Note 6 Long-Term Debt, for additional information regarding the internal loans.

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Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

The following is a summary of interfund receivables and payables for the City as of September 30, 2011:

Summary Table of Interfund Receivables and Payables
As of September 30, 2011

	Due from Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ 1,008	$ 467
Categorical Grant-In-Aid	30,844	1,600
2007 General Obligation Bonds	70	
General Obligation Project Fund	10,534	
Airport System Fund	27	
Nonmajor Governmental Funds	40,789	1,326
Nonmajor Enterprise Funds		712
Internal Service Funds	1,243	460
Total General Fund	84,515	4,565
Debt Service Fund:		
General Fund	467	1,008
Total Debt Service Fund	467	1,008
Categorical Grant-In-Aid:		
General Fund	1,600	30,844
Nonmajor Governmental Funds	293	299
Internal Service Funds	13	17
Total Categorical Grant-In-Aid	1,906	31,160
2007 General Obligation Bonds:		
General Fund		70
General Obligation Project Fund	31,865	
Total 2007 General Obligation Bonds	31,865	70
General Obligation Project Fund:		
General Fund		10,534
2007 General Obligation Bonds		31,865
Nonmajor Governmental Funds	2,506	20
Internal Service Funds		3
Total General Obligation Project Fund	2,506	42,422
Airport System Fund:		
General Fund		27
Nonmajor Governmental Funds	7	
Internal Service Funds		437
Total Airport System Fund	7	464
Nonmajor Governmental Funds:		
General Fund	1,326	40,789
Categorical Grant-In-Aid	299	293
General Obligation Project Fund	20	2,506
Airport System Fund		7
Nonmajor Governmental Funds	21,914	21,914
Nonmajor Enterprise Funds	141	3,241
Internal Service Funds	222	878
Total Nonmajor Governmental Funds	23,922	69,628

(Continued)

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

Summary Table of Interfund Receivables and Payables (Continued)
As of September 30, 2011

	Due from Other Funds	Due To Other Funds
Nonmajor Enterprise Funds:		
General Fund	$ 712	$ -
Nonmajor Governmental Funds	3,241	141
Nonmajor Enterprise Fund		
Internal Service Funds	2,031	1,347
Total Nonmajor Enterprise Funds	5,984	1,488
Internal Service Funds:		
General Fund	460	1,243
Categorical Grant-In-Aid	17	13
General Obligation Project Fund	3	
Airport System Fund	437	
Nonmajor Governmental Funds	878	222
Nonmajor Enterprise Funds	1,347	2,031
Internal Service Funds	312	312
Total Internal Service Funds	3,454	3,821
Total	$ 154,626	$ 154,626

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2011, included $33,212 for unbilled revenue receivables; $135,524 for billed utility services; $5,909 for regulatory-related receivables; and $22,722 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2011, accounts payable and accrued liabilities included $184,553 related to standard operating supplier and vendor payables, including fuels payable; $34,714 for employee-related payables; and $96,936 for other miscellaneous payables and accrued liabilities.

San Antonio Water System (SAWS)

Accounts Receivable – Accounts receivable, net of allowance for uncollectible accounts are broken down by core business as follows:

	December 31, 2010
Water Delivery	$ 14,522
Water Supply	12,753
Wastewater	18,271
Chilled Water and Steam	1,558
	$ 47,104

Included within the receivables above are unbilled revenue receivables of $21,811 at December 31, 2010.

Note 6 Long-Term Debt

Primary Government (City)

Governmental Activity Long-Term Debt

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2011:

On July 12, 2011, the City issued $59,485 in General Improvement Bonds, Series 2011 and $79,780 in Combination Tax and Revenue Certificates of Obligation, Series 2011.

The General Improvement Bonds, Series 2011 were issued to finance improvements to streets, bridges, sidewalks, and drainage. The Bonds have maturities ranging from 2012 to 2031, with interest rates ranging from 2.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Series 2011 were issued for the purpose of providing funds for: (i) public safety, fire protection, and law enforcement facilities improvements; (ii) drainage facilities, sidewalks, bridges, and streets improvements; (iii) cultural, recreation, park, and library facilities improvements; (iv) municipal facilities improvements; and (v) pedestrian walkway improvements along and within the San Antonio River Channel. The Certificates have maturities ranging from 2012 to 2031, with interest rates ranging from 2.0% to 5.0%.

On July 12, 2011, the City issued $9,445 in Tax Notes, Series 2011. The Tax Notes, Series 2011 were issued to provide funds for improving the City's technology infrastructure and business systems and renovating, improving, and equipping various City facilities and the payment of costs of various professional services necessary for and related to the design and installation, including the costs of necessary consultants, advisors, and designers and/or engineers. The Tax Notes have maturities ranging from 2012 to 2016, with interest rates ranging from 2.0% to 4.0%.

On July 12, 2011, Municipal Facilities Corporation issued $27,925 in Municipal Facilities Corporation Lease Revenue Bonds, Series 2011 (Public Safety Answering Point Project). The Bonds were issued to fund the construction of a new Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, construct a parking lot for joint use by the new PSAP facility and the City's Emergency Operations Center, fund 12 months of capitalized interest on the Bonds, and pay the costs of issuing the Bonds. The Bonds have maturities ranging from 2013 to 2041, with interest rates ranging from 2.0% to 5.0%.

Pledges

The City of San Antonio's General Obligation, Certificates of Obligation, and Tax Notes are pledged by ad-valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law. The Certificates of Obligations are additionally secured by a lien on and pledge of certain pledged revenues of the City's municipal parks system not to exceed $1 during the entire period the Certificates of Obligation or interest thereon remains outstanding in order to permit the Certificates of Obligation to be sold for cash.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The Hotel Occupancy Tax Revenue Bonds are secured by Hotel Occupancy Tax (HOT) currently levied at 9.0% of which 7.0% is designated as "General HOT" and 2.0% is designated as the "Expansion HOT". The General HOT is comprised of the pledged 1.8% HOT and the pledged 5.2% HOT. The Series 1996 HOT Bonds are secured by prior liens on revenues from the General HOT and a lien on the revenues from the Expansion HOT. The 2004A, 2006, and the 2008 HOT Bonds are secured by subordinate liens on revenues from the General HOT. The 2008 HOT Bonds are additionally supported by an irrevocable direct-pay Letter of Credit dated as of July 8, 2010 issued by Wells Fargo Bank, National Association, whom also serves as the remarketing agent. The current Letter of Credit agreement will expire July 11, 2012; however, the City is currently in negotiations to extend the agreement. As of September 30, 2011, there have been no borrowings under the Letter of Credit.

The 2008 HOT Bonds were issued as variable-rate bonds and as such have interest rates set on a weekly basis.

The Municipal Drainage Utility System Revenue Bonds are secured by a lien on Stormwater revenues.

The Municipal Facilities Corporation Lease Revenue Bonds are paid by annually appropriated lease payments made by the City which equal the annual debt service on the Bonds.

The Starbright Industrial Development Corporation Contract Revenue Bonds are secured with a pledge of utility revenue received by the City from CPS Energy.

The Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds are secured by net operating revenues to be received from the Convention Center Hotel operations. In the event the net operating revenues are insufficient to pay all debt service, City tax revenues will be pledged in the following order of priority: first, from the Convention Center Hotel State HOT revenues; second, from Convention Center Hotel State sales tax revenues; third, from Convention Center Hotel 7.0% local HOT revenues; and fourth, from available Expansion HOT revenues on a subordinate basis.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain general obligation bonds, revenue bonds, certificates of obligation and tax notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts 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, 2011, $161,470 of previously defeased bonds was outstanding.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2011 for governmental activity debt:

Governmental Activity Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2010	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2011
Tax-Exempt General Obligation Bonds:							
Series 2000A	$ 15,615	2021	5.250-5.375	$ 735	$ -	$ 735	$ -
Series 2001	84,945	2022	3.000-5.250	2,180		400	1,780
Series 2002 Forward Refunding	251,280	2013	4.000-5.250	55,960		34,920	21,040
Series 2002	55,850	2023	2.000-5.500	7,205		515	6,690
Series 2003	40,905	2014	2.750-5.000	16,015		2,215	13,800
Series 2003A	56,515	2016	2.000-5.000	38,080		7,410	30,670
Series 2004	33,570	2024	2.375-4.750	14,495		1,560	12,935
Series 2005	116,170	2025	3.500-5.250	100,835		1,405	99,430
Series 2006 Forward Refunding	33,090	2016	5.250-5.500	28,140		5,320	22,820
Series 2006 Refunding	169,785	2026	3.500-5.000	132,175		2,710	129,465
Series 2007 Refunding	121,220	2028	4.000-5.000	85,960		3,995	81,965
Series 2008	75,060	2028	4.000-5.500	75,060		2,705	72,355
Series 2010 Refunding	155,710	2023	2.000-5.000	155,710		8,890	146,820
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000		59,485		59,485
Total Tax-Exempt General Obligation Bonds	$ 1,278,000			$ 721,350	$ 59,485	$ 72,780	$ 708,055
Taxable General Obligation Bonds:							
Series 2010B BABs	$ 191,550	2040	4.314-6.038	$ 191,550	$ -	$ -	$ 191,550
Total Taxable General Obligation Bonds	$ 191,550			$ 191,550	$ -	$ -	$ 191,550
Tax-Exempt Certificates of Obligation:							
Series 2000A	$ 8,810	2021	5.250-5.375	$ 415	$ -	$ 415	$ -
Series 2001	65,195	2014	4.000-5.250	6,460		6,460	
Series 2002	69,930	2023	3.000-5.500	16,840		4,935	11,905
Series 2004	29,525	2024	2.000-5.000	20,140		2,340	17,800
Series 2005	10,535	2025	4.000-5.250	10,535			10,535
Series 2006	72,755	2026	3.500-4.375	62,495		2,820	59,675
Series 2007	104,255	2028	4.000-5.000	69,080		6,580	62,500
Series 2008	85,005	2028	3.500-5.500	79,295		2,995	76,300
Series 2010	38,375	2019	4.000-5.000	38,375			38,375
Series 2011	79,780	2031	2.000-5.000		79,780		79,780
Total Tax-Exempt Certificates of Obligation	$ 564,165			$ 303,635	$ 79,780	$ 26,545	$ 356,870
Taxable Certificates of Obligation:							
Series 2000B	$ 1,755	2021	7.450-7.550	$ 80	$ -	$ 80	$ -
Total Taxable Certificates of Obligation	$ 1,755			$ 80	$ -	$ 80	$ -
Tax Notes:							
Series 2007A	$ 21,270	2012	4.000-5.000	$ 9,335	$ -	$ 4,555	$ 4,780
Series 2008	15,320	2013	3.500-5.000	9,870		3,160	6,710
Series 2010A	9,655	2013	2.000-4.000	9,655		3,140	6,515
Series 2011	9,445	2016	2.000-4.000		9,445		9,445
Total Tax Notes	$ 55,690			$ 28,860	$ 9,445	$ 10,855	$ 27,450
Revenue Bonds:							
Series 1996 Hotel Occupancy Tax [1]	$ 182,012	2017	4.500-6.200	$ 18,112	$ -	$ 2,837	$ 15,275
Series 2004A Hotel Occupancy Tax	10,390	2029	5.000	10,390			10,390
Series 2006 Hotel Occupancy Tax Ref	72,620	2026	4.000-4.500	71,055		280	70,775
Series 2008 Hotel Occupancy Tax Ref	135,000	2034	Variable	129,500		395	129,105
Series 2003 Municipal Drainage	44,150	2028	2.000-5.000	36,115		1,335	34,780
Series 2005 Municipal Drainage	61,060	2030	3.500-5.250	54,020		1,580	52,440
Series 2001 Municipal Facility Corp	14,465	2020	3.370-5.200	725		725	
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	8,965		140	8,825
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000		27,925		27,925
Convention Series 2005A	129,930	2039	4.750-5.000	129,930			129,930
Convention Series 2005B	78,215	2028	4.500-5.310	76,065		2,320	73,745
Starbright Industrial Development Corp.	24,685	2033	2.180-5.110	22,510		585	21,925
Total Revenue Bonds	$ 789,542			$ 557,387	$ 27,925	$ 10,197	$ 575,115
Total	$ 2,880,702			$ 1,802,862	$ 176,635	$ 120,457	$ 1,859,040

[1] A portion of the Hotel Occupancy Tax Revenue Bonds Series 1996 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accrete from date of delivery and will be payable only at maturity or redemption. Interest accreted decreased by $4,148 due to the bond payment's maturity schedule, and increased by $7,310 for interest on the remaining maturities outstanding, resulting in an ending balance of $23,239, which increases revenue bonds payable. This increase is reflected in the combined Statement of Net Assets but is not reflected in this table.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirement to amortize all general obligation bonds, certificates of obligation, tax notes, and all revenue bonds outstanding as of September 30, 2011 are as follows:

Principal and Interest Requirements									
	General Obligation Bonds			Certificates of Obligation		Tax Notes		Revenue Bonds	
Year Ending September 30,	Principal	Interest	Direct Subsidy [1]	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 62,610	$ 44,687	$ (3,825)	$ 24,025	$ 16,170	$ 13,070	$ 1,019	$ 10,744	$ 27,402
2013	70,770	41,620	(3,825)	21,095	15,381	8,520	579	11,666	27,044
2014	58,280	38,344	(3,825)	27,715	14,527	1,875	204	11,970	26,673
2015	45,350	35,573	(3,825)	31,315	13,303	1,955	129	12,005	26,268
2016	43,255	33,433	(3,825)	21,395	11,880	2,030	51	12,398	25,860
2017-2021	244,640	132,726	(19,064)	87,755	45,330			97,052	119,341
2022-2026	181,490	78,565	(17,034)	96,245	24,999			130,225	92,293
2027-2031	92,275	43,568	(13,372)	47,325	5,767			131,730	59,014
2032-2036	51,755	24,460	(8,561)					107,125	26,657
2037-2041	49,180	7,567	(2,649)					50,200	5,521
Total	$ 899,605	$ 480,543	$ (79,805)	$ 356,870	$ 147,357	$ 27,450	$ 1,982	$ 575,115	$ 436,073

[1] The City issued Build America Bonds (BABs) in fiscal year 2010. These BABs are eligible for Direct Subsidies or rebates from the federal government for issuing the debt as taxable instruments.

In May 2007, the citizens authorized the City to sell $550,000 in debt for the 2007-2012 Municipal Bond Program. The program included 151 projects designed to improve and enhance existing, as well as acquire or construct, new local streets, bridges, sidewalks, drainage facilities, parks, athletic facilities, libraries, and public health centers. The Bonds are categorized in five areas: Streets, Bridges and Sidewalks Improvements; Drainage Improvements; Parks, Recreation, Open Space, and Athletics Improvements; Library Improvements; and Public Health Facilities Improvements. The Bonds are pledged with and will be repaid from ad valorem tax revenue the City collects on an annual basis. The Bonds authorized but unissued as of September 30, 2011 are as follows:

Authorized but Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued [1]	Bonds Authorized but Unissued
5/12/2007	Streets, Bridges, and Sidewalks	$ 306,998	$ 238,503	$ 68,495
5/12/2007	Drainage	152,052	122,837	29,215
5/12/2007	Parks, Recreation, Open Space, and Athletics	79,125	78,187	938
5/12/2007	Library	11,025	11,025	
5/12/2007	Public Health Facilities	800	800	
Total		$ 550,000	$ 451,352	$ 98,648

[1] Includes a portion of the reoffering premium on the General Improvement Bonds, Series 2011 issuance in the amount of $4,874 allocated against the voted authorization.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

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 2011 was $82,736,182, which provides a debt ceiling of $8,273,618. The total outstanding debt that is secured by an ad valorem tax pledge is $1,303,345 including $19,420 that is reported in business-type activities.

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 $100 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 (please note that dollar figures in this paragraph are not reflected in thousands).

Interfund Borrowings

In certain instances, after an evaluation of project/purchase funding requirements, it has been determined that some funds or operations may require temporary financing. As an alternative to the issuance of external debt to finance those projects/purchases, the City has authorized internal temporary financing from available cash balances in the Internal Service Equipment Replacement Fund (Other Internal Service Fund) to meet those needs.

In May 2008, a loan was authorized from the City's Other Internal Service Fund to the City's Tax Increment Reinvestment Zone to finance the purchase of the draft River North Master Plan, in an amount not to exceed $650. The principal amount of the loan was $648, with quarterly interest to be calculated at the City's pooled investment portfolio rate. The City's average rate for the year-ended September 30, 2011 was 0.4%, resulting in interest of $2. Cumulative interest incurred through fiscal year 2011 was $14. Repayment of the principal and interest on this loan will occur as funding is available and authorized for disbursement from the revenues of the TIRZ.

The following is a summary of changes in the loan for the year-ended September 30, 2011:

Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011
$ 648	$ -	$ -	$ 648

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

In June 2009, a loan in the amount of $460 was authorized from the City's Other Internal Service Fund to the General Fund to finance the City's participation in an interagency agreement with the San Antonio Water System to implement a water efficiency project at the HemisFair Fountain. Upon completion of the project, the City received a one-time rebate.

The HemisFair Fountain uses an estimated 36,000 gallons of water each year which equates to an annual estimated cost of $130 to the Downtown Operations Department (General Fund). These savings, along with the one-time rebate and interest earnings, will be transferred to the Other Internal Service Fund to reimburse the Other Internal Service Fund for its loan for the capital project. Interest earned in fiscal year 2011 using the City's average rate for the year-ended September 30, 2011 of 0.4% was $1. Cumulative interest incurred through fiscal year 2011 was $11.

The following is a summary of changes in the loan for the year ended September 30, 2011:

Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011
$ 257	$ -	$ 64	$ 193

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, 2011 were approximately $8,686.

The City has entered into various lease purchase agreements for the acquisition of printers and related components, fire fighting gear, self-contained breathing apparatus, a mainframe computer, various fire trucks and parts, electrocardiograms, an inventory theft detection system, hybrid vehicles, energy/water saving conservation improvements, in-car police video equipment, and various medical emergency services equipment. 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:

Machinery and Equipment	$ 33,266
Less: Accumulated Depreciation	(19,827)
Total	$ 13,439

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

As of September 30, 2011, the City had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30:			
2012	$ 3,585	$ 8,376	$ 11,961
2013	2,710	6,953	9,663
2014	2,291	5,040	7,331
2015	2,011	3,628	5,639
2016	2,011	2,773	4,784
2017-2021	3,765	5,943	9,708
2022-2026	3,765	2,614	6,379
2027-After	188	3,492	3,680
Future Minimum Lease Payments	20,326	$ 38,819	$ 59,145
Less: Interest	(3,281)		
Present Value of Future Minimum Lease Payments	17,045		
Less: Current Portion	(2,851)		
Capital Lease, Net of Current Portion	$ 14,194		

Business-Type Activity Long-Term Debt

Business-Type Activity 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 Funds). Long-term debt, which is to be repaid from enterprise fund 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.

Issuances

On December 9, 2010, the City issued $42,220 in Airport System Revenue Improvement and Refunding Bonds, Series 2010A (2010A GARBs), $20,885 in Airport System Revenue Refunding Bonds, Taxable Series 2010B (2010B Taxable GARBs), and $37,335 in Passenger Facility Charge and Subordinate Lien Airport System Revenue Improvement and Refunding Bonds, Series 2010 (2010 PFC Bonds).

The 2010A GARBs were issued to fund various airport system capital improvements including PFC eligible airport-related projects, to refund a portion of the City's outstanding indebtedness originally issued to finance Airport System improvements, provide funds for capitalized interest, and to pay the costs of issuance. The City's net proceeds from the sale of the 2010A GARBs, which included a discount of $620, were used for the redemption of the GARB portion of the 2010 Tax Notes. As a result of converting the debt, the City will realize a total increase of $17,954 in debt service payments and total deferred charges of $68. Through this redemption, the City realized an economic loss (difference between the present values of the debt service payments on the old and new debt plus the City's cash contribution) of $1,646. The 2010A GARBs have maturities ranging from 2014 to 2040, with interest rates ranging from 2.0% to 5.3%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The 2010B Taxable GARBs were issued to refund certain GARB obligations and to pay the costs of issuance. The City's net proceeds from the sale of the 2010B Taxable GARBS were applied to fund an escrow account for the redemption, discharge, and defeasance of the refunded GARB obligations. As a result of converting the debt, the City will realize a total decrease of $19 in debt service payments and total deferred charges of $1,431. Through this defeasance, the City obtained an economic gain of $2,040. The 2010B Taxable GARBs have maturities ranging from 2014 to 2018, with interest rates ranging from 3.2% to 4.9%.

The 2010 PFC Bonds were issued to pay costs related to constructing, improving, renovating, enlarging and equipping the airport projects that qualify and have been approved by the Secretary of the United States Department of Transportation, including the payment of costs and expenses of projects included in the Airport Capital Program, to refund the remaining portion of the 2010 Tax Notes not being refunded by the 2010A GARBs, and to pay the costs of issuance. The City's net proceeds from the sale of the 2010 PFC Bonds, which included a discount of $816, were used for the redemption of the PFC portion of the 2010 Tax Notes. As a result of converting the debt, the City will realize a total increase of $19,139 in debt service payments and total deferred charges of $85. Through this redemption, the City realized an economic loss of $999. The 2010 PFC Bonds have maturities ranging from 2011 to 2040, with interest rates ranging from 2.0% to 5.4%.

Pledges

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 consists of Airport System Revenue Improvement Bonds (GAR) and Passenger Facility Charge and Subordinate Lien Bonds (PFC). GAR Bonds are payable from and secured solely by an irrevocable 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 Airport System and its facilities. PFC Bonds are payable from and secured by an irrevocable first lien on and pledge of the PFC revenues and a first lien on and pledge of the subordinate net revenues.

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 taxable general obligation debt and is paid from revenues derived from the operation of the Parking System. The allocated debt is secured by an ad valorem tax pledge.

Solid Waste Management was established on a financially self-supporting basis in 1988. Revenues are received from garbage collection fees which are utilized to pay operating costs and indebtedness. Long-term debt is allocated to Solid Waste Management on a pro rata basis from proceeds received from the issuance of general obligation and certificates of obligation debt for Solid Waste Management related improvements and is paid from revenues derived from the operation of Solid Waste Management. The allocated debt is secured by an ad valorem tax pledge.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Capitalized Interest Costs – Interest costs incurred on revenue bonds and other borrowing totaled $19,971 for the Airport System. For fiscal year 2011, the amount of $1,177 was capitalized for the Airport System and included as an addition to construction in progress. Interest costs for nonmajor enterprise funds were not capitalized as the construction in progress in these funds during fiscal year 2011 was funded by capital contributions from governmental funds.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain revenue bonds. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amount 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, 2011, $21,135 of previously defeased bonds was outstanding.

The following table is a summary of changes in debt obligations for the fiscal year ended September 30, 2011:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2010	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2011
Airport System:							
Revenue Bonds:							
Series 2001	$ 17,795	2016	5.375	$ 17,795	$ -	$ 17,795	$ -
Series 2002	92,470	2027	5.000-5.750	83,040		3,020	80,020
Series 2002 PFC	37,575	2027	4.000-5.750	30,360		1,105	29,255
Series 2003 Refunding	50,230	2013	5.500-6.000	18,145		8,400	9,745
Series 2005 PFC	38,085	2030	3.375-5.250	33,635		1,000	32,635
Series 2006	17,850	2014	5.000	11,685		2,540	9,145
Series 2007	82,400	2032	4.950-5.250	80,435		2,065	78,370
Series 2007 PFC	74,860	2032	5.000-5.250	69,430		1,780	67,650
Series 2010A Refunding	42,220	2040	2.000-5.250		42,220		42,220
Series 2010B Refunding	20,885	2018	3.197-4.861		20,885		20,885
Series 2010 PFC Refunding	37,335	2040	2.000-5.375		37,335	960	36,375
Tax Notes							
Series 2010	34,500	2011	0.600	34,500		34,500	-
Subtotal	$ 546,205			$ 379,025	$ 100,440	$ 73,165	$ 406,300
Parking System:							
Taxable General Obligation Bonds:							
Series 2004 Refunding	$ 13,245	2016	2.800-4.650	$ 6,755	$ -	$ 800	$ 5,955
Series 2008 Refunding	10,120	2024	5.820-6.570	10,120			10,120
Subtotal	$ 23,365			$ 16,875	$ -	$ 800	$ 16,075
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2006 Refunding	$ 1,000	2026	3.500-5.000	$ 800	$ -	$ 35	$ 765
Series 2010 Refunding	545	2021	2.000-5.000	$ 545			545
Tax-Exempt Certificate of Obligations:							
Series 2006	400	2026	3.500-5.000	350		15	335
Series 2007	2,500	2028	4.000-5.000	1,785		85	1,700
Subtotal	$ 4,445			$ 3,480	$ -	$ 135	$ 3,345
Total	$ 574,015			$ 399,380	$ 100,440	$ 74,100	$ 425,720

Amounts are expressed in thousands

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to general obligation bonds, certificates of obligation, and revenue bonds outstanding at September 30, 2011 are as follows:

Principal and Interest Requirements									
	Airport System			Parking System			Solid Waste Management		
Year Ending September 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$ 17,640	$ 20,634	$ 38,274	$ 1,175	$ 862	$ 2,037	$ 140	$ 157	$ 297
2013	18,365	19,701	38,066	1,300	810	2,110	145	151	296
2014	18,730	18,718	37,448	1,480	750	2,230	150	145	295
2015	16,860	17,843	34,703	1,000	694	1,694	165	137	302
2016	17,645	17,069	34,714	1,000	648	1,648	165	129	294
2017-2021	86,650	72,127	158,777	5,755	2,482	8,237	970	500	1,470
2022-2026	99,630	49,510	149,140	4,365	576	4,941	1,240	250	1,490
2027-2031	80,380	24,573	104,953				370	26	396
2032-2036	32,080	8,795	40,875						
2037-2041	18,320	2,494	20,814						
Total	$ 406,300	$ 251,464	$ 657,764	$ 16,075	$ 6,822	$ 22,897	$ 3,345	$ 1,495	$ 4,840

Leases

The City has entered into various lease purchase agreements for the acquisitions of refuse collection containers, refuse collections trucks, brush grappler trucks, brush tractor/trailer combinations, and energy/water saving conservation improvements. 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. While the garbage containers met the criteria for capital lease recognition these items were expensed in the initial period leased as their individual costs were below the City's capitalization threshold.

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

Machinery and Equipment	$ 15,251
Less: Accumulated Depreciation	(5,734)
Total	$ 9,517

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

As of September 30, 2011, the City had future minimum payments under capital and operating leases with a remaining term in excess of one year for business-type activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30,			
2012	$ 6,105	$ 11	$ 6,116
2013	4,948		4,948
2014	3,699		3,699
2015	3,651		3,651
2016	2,252		2,252
2017-2021	1,478		1,478
2022-2026	1,382		1,382
2027-After	69		69
Future Minimum Lease Payments	23,584	$ 11	$ 23,595
Less: Interest	(2,444)		
Present Value of Future Minimum Lease Payments	21,140		
Less: Current Portion	(5,341)		
Capital Leases, Net of Current Portion	$ 15,799		

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 721,350	$ 59,485	$ (72,780)	$ 708,055	$ 62,610
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	303,635	79,780	(26,545)	356,870	24,025
Taxable Certificates of Obligation	80		(80)		
Tax Notes	28,860	9,445	(10,855)	27,450	13,070
Revenue Bonds	557,387	27,925	(10,197)	575,115	10,744
Gross Bonds Payable	1,802,862	176,635	(120,457)	1,859,040	110,449
Unamortized (Discount) / Premium	64,026	15,182	(5,704)	73,504	9,878
Deferred Amount on Refunding	(25,374)		2,206	(23,168)	(2,291)
Net Bonds Payable	1,841,514	191,817	(123,955)	1,909,376	118,036
Commercial Paper [1]	14,370		(14,370)		
Other Payables:					
Capital Lease Liability	5,796	14,716	(3,467)	17,045	2,851
Accrued Leave Payable	187,788	21,067	(16,680)	192,175	68,132
Notes Payable	50,880		(2,064)	48,816	2,110
Pollution Remediation Liability [4]	1,825	435	(715)	1,545	
Net OPEB Obligation [2]	57,284	20,194		77,478	
Total Other Payables	303,573	56,412	(22,926)	337,059	73,093
Total Governmental Activities Long-Term Liabilities	$ 2,159,457	$ 248,229	$ (161,251)	$ 2,246,435	$ 191,129
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,345	$ -	$ (35)	$ 1,310	$ 40
Taxable General Obligation Bonds	16,875		(800)	16,075	1,175
Tax-Exempt Certificates of Obligation	2,135		(100)	2,035	100
Tax Notes	34,500		(34,500)		
Revenue Bonds	344,525	100,440	(38,665)	406,300	17,640
Gross Bonds Payable	399,380	100,440	(74,100)	425,720	18,955
Unamortized (Discount) / Premium	9,167	(1,436)	52	7,783	297
Deferred Amount on Refunding	(3,523)	(1,583)	1,089	(4,017)	(1,049)
Net Bonds Payable	405,024	97,421	(72,959)	429,486	18,203
Other Payables:					
Capital Lease Liability	25,615	3,212	(7,687)	21,140	5,341
Accrued Leave Payable	5,042	1,613	(2,202)	4,453	3,056
Accrued Landfill Postclosure Costs [3]	2,057		(12)	2,045	100
Pollution Remediation Liability [4]	700	340		1,040	
Net OPEB Obligation [2]	14,959	5,164		20,123	
Total Other Payables	48,373	10,329	(9,901)	48,801	8,497
Total Business-Type Activities Long-Term Liabilities	$ 453,397	$ 107,750	$ (82,860)	$ 478,287	$ 26,700

NOTE: Interest accreted decreased by $4,148 due to the bond payment's maturity schedule, and increased by $7,310 for interest on the remaining maturities outstanding, resulting in an ending balance of $23,239, which increases governmental activities' revenue bonds payable. This increase is reflected in the combined Statement of Net Assets but is not reflected in this table.

[1] See Note 7, Commercial Paper Programs for a description of the commercial paper program.

[2] See Note 9, Postemployment Retirement Benefits for a description of the postemployment program.

[3] See Note 11, Commitments and Contingencies for a description of the Landfill Postclosure Care Costs.

[4] See Note 12, Pollution Remediation Obligation for a description of the Pollution Remediation Liability.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt (Continued)

Accrued Leave

The following is a summary of accrued leave for the year-ended September 30, 2011:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,105	$ 58,036	$ 66,141	$ 123,320	$ 189,461
Internal Service Funds		1,991	1,991	723	2,714
Total Governmental Activities	$ 8,105	$ 60,027	$ 68,132	$ 124,043	$ 192,175

The General Fund accounts for approximately 70.0% of the City's employees; therefore, most of the accrued leave liability has been liquidated from the General Fund. When a City employee terminates, the fund that their salary was charged to throughout the year will be the same fund that will pay their accrued leave.

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport System	$ 1,312	$ 814	$ 2,126
Nonmajor Enterprise Funds	1,744	583	2,327
Total Business-Type Activities	$ 3,056	$ 1,397	$ 4,453

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable IDA, EFC and the EZDC, 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, 2011, the aggregate principal amounts payable are as follows: eight series of EFC Revenue Bonds in the amount of $98,559; three series of IDA Revenue Bonds in the amount of $12,800; and two series of EZDC Revenue Bonds in the amount of $21,900.

The City also facilitates the issuance of tax-exempt revenue bonds to enable the HTFC 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 September 30, 2011, 29 series of tax-exempt revenue bonds were outstanding, with an aggregate principal amount payable of $225,225 and an aggregate principal amount issued of $228,459.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt (Continued)

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is 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 for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2011 was $2,800.

The City entered into an agreement with the Port to fund renovations at the Port, in the amount of $20,000. The Department of Housing and Urban Development (HUD) provides the funding for the loan through a Section 108 Loan. The loan is secured by pledged Port revenues and property and is payable solely from payments received by the Port. As of September 30, 2011, the aggregate amount of the outstanding loan totaled $10,825.

The City has authorized HTFC to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2011, the amount of conduit debt was $47,132.

The City also facilitates the issuance of tax-exempt revenue bonds for SAEAPFC to enter into long-term prepaid purchases of natural gas. SAEAPFC in turn, sells contracted volumes of the prepaid gas to CPS Energy on a monthly basis at a discounted rate, which is passed on to CPS Energy's gas customers through reduced utility costs. The bonds are secured by the gas supplier and are payable primarily from the contracted volume sales and associated gas swap payments. As of September 30, 2011, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $565,915.

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, loans or leases. Accordingly, the bonds, loans, and leases are not reported as liabilities in the accompanying financial statements.

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2011 these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

Subject to applicable timing restrictions that may prevent early payoff, CPS Energy also has the option to defease or extinguish debt. A defeasance occurs when funds are placed in an irrevocable trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, which fully discharges the bond issuer's obligation. At the time of an extinguishment, since the issuer no longer has the legal obligation, the defeased debt is removed from the balance sheet, the related unamortized costs are expensed, and the gain or loss is immediately recognized.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Current refundings involve issuing new debt (refunding bonds) to redeem existing debt (refunded bonds) that can be called within 90 days of issuing the refunding bonds. Advance refunding of bonds involves issuing new debt to redeem existing debt that cannot be called within 90 days of issuing the refunding bonds. In these circumstances, the refunding bond proceeds are irrevocably escrowed with a third party. These proceeds, and income thereon, are used to pay the debt service on the refunded bonds until the refunded bonds can be called. Refunding bonds are generally issued to achieve debt service savings.

For current and advance refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as a deduction or addition to the new debt liability. The deferred amount is amortized as a component of interest expense over the shorter remaining life of the refunding or the refunded debt.

As of January 31, 2011, the bond ordinances for New Series Bonds issued on and after February 1, 1994 contained, among others, the following provisions:

Revenue deposited in CPS Energy's General Account shall be pledged and appropriated to be used in the following priority for:

- Maintenance and operating expenses of CPS Energy;
- Payments of the New Series Bonds;
- Payment of prior lien bonds, including junior lien obligations;
- Payment of the notes and the credit agreement (as defined in the ordinance authorizing commercial paper);
- Payment of any inferior lien obligations issued, which are inferior in lien to the New Series Bonds, the prior lien bonds and the notes and credit agreement;
- An annual amount equal to 6.0% of the gross revenue of CPS Energy to be deposited in the Repair and Replacement Account;
- Cash payments and benefits to the General Fund of the City not to exceed 14.0% of the gross revenues of CPS Energy; and
- Any remaining net revenues of CPS Energy in the General Account to the Repair and Replacement Account, which is used to partially fund construction costs.

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

The net revenues of CPS Energy are pledged to the payment of principal of and interest on the New Series Bonds, which are classified as senior lien obligations. All New Series Bonds and the interest thereon shall have a first lien upon the net revenues of CPS Energy.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

The junior lien obligations are composed of two categories of debt: fixed interest rate and variable interest rate. The junior lien fixed interest rate debt is similar to the senior lien New Series Bonds, as they have fixed and set interest rates for the life of the bonds. The junior lien, Variable-Rate Demand Obligation (VRDO) bonds are debt instruments of the City. The junior lien obligations are payable solely from, and equally and ratably secured by, a junior lien on and pledge of the net revenues of CPS Energy, subject and subordinate to liens and pledges securing the outstanding senior lien obligations and any additional senior lien obligations hereafter issued, and superior to the pledge and lien securing the currently outstanding commercial paper obligations, all as fully set forth in the ordinances authorizing the issuance of the junior lien obligations as noted below:

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

- All operation and maintenance expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502 of the Texas Government Code, as amended;
- The interest on, and principal of, all parity bonds, 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 parity bonds;
- 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;
- To the extent the same are reasonably anticipated to be paid with available revenues, the interest on and principal of all notes, and the credit agreement (as defined in the ordinance authorizing the commercial paper); and
- Any legal debt or obligation of CPS Energy as and when the same shall become due.

As of January 31, 2011, the Tax-Exempt Commercial Paper (TECP) Ordinance contains, among others, the following provisions:

To secure the payment of TECP principal and interest, a pledge is made of:

- Proceeds from:
  - The sale of bonds and additional notes issued for such purposes, and
  - The sale of TECP;
- Loans under and pursuant to the revolving credit agreement; and
- The net revenues of CPS Energy, after payment on New Series Bond requirements and prior lien bond obligations.

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Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds

The American Recovery and Reinvestment Act of 2009 provided authority for the issuance of Build America Bonds (BABs), which are issuable in calendar years 2009 and 2010 as taxable bonds. The BABs permit the issuer to receive subsidy payments equal to 35.0% of the bond's interest costs directly from the U.S. Department of the Treasury. On March 23, 2010, CPS Energy issued $380,000 of taxable New Series 2010A Revenue Direct Subsidy BABs. Including the BABs subsidy, the true interest cost for this issue, which has two term bonds maturing in 2041, was 3.8%. The subsidy received through January 31, 2011 for the 2010A BABs was $2,800. Total bond proceeds are being used to fund generation, electric distribution, and other qualified construction projects.

On November 4, 2010, CPS Energy issued $300,000 of Junior Lien Taxable Series 2010A Revenue Direct Subsidy BABs (2010A Junior Lien BABs) and $200,000 of Junior Lien Taxable Series 2010B Revenue Refunding Direct Subsidy BABs (2010B Junior Lien BABs). Including the BABs subsidy, the true interest cost for the 2010A Junior Lien BABs, which have a term bond maturing in 2041, was 3.8%. Total bond proceeds are being used to fund general system improvements. Including the BABs subsidy, the true interest cost for the 2010B Junior Lien BABs, which have a term bond maturing in 2037, was 4.1%. On November 5, 2010, proceeds from the 2010B Junior Lien BABs issuance were used to refund $200,000 of outstanding TECP obligations.

CPS Energy Revenue Bond Summary

Issuance	Maturities	Weighted-Average Yield on Oustanding Bonds at January 31, 2011	January 31, 2011
Tax Exempt new series bonds 1994A-2009D	2011-2034	4.8%	$ 3,183,205
Taxable new series bonds[1] 2009C and 2010A	2033-2041	3.8%	755,000
Total New Series Bonds		4.4%	3,938,205
Taxable series bonds[1] 2010A-2010B	2037-2041	3.8%	500,000
Tax Exempt Variable-Rate Series Bonds 2003-2004	2024-2033		397,615
Total series bonds			897,615
Total Long-Term Revenue Bonds Outstanding			4,835,820
Less: Current Maturities of Bonds			174,690
Total Revenue Bonds Outstanding, Net of Current Maturities			$ 4,661,130

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Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2011, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy
Principal and Interest Requirements

Year	Principal	Interest	Direct Subsidy	Total
2012	$ 174,690	$ 236,967	$ (26,132)	$ 385,525
2013	171,175	228,085	(26,132)	373,128
2014	183,610	219,045	(26,132)	376,523
2015	157,035	209,328	(26,132)	340,231
2016	157,735	201,236	(26,132)	332,839
2017-2021	894,730	881,725	(130,659)	1,645,796
2022-2026	1,042,395	636,090	(130,659)	1,547,826
2027-2031	558,750	468,511	(130,659)	896,602
2032-2036	705,635	353,835	(119,399)	940,071
2037-2041	790,065	136,831	(47,891)	879,005
Totals	$ 4,835,820	$ 3,571,653	$ (689,927)	$ 7,717,546

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service.

The 2003 Junior Lien Bonds were issued as variable-rate bonds and as such have interest rates that reset on a weekly basis. On December 1, 2010, the 2004 Junior Lien Bonds were remarketed for a two-year term at an interest rate of 1.2%. This interest rate will remain in effect until the next interest reset date of December 1, 2012. The total interest amounts for all revenue bonds outstanding included a blended interest rate for the 2003 and 2004 Junior Lien Bonds of 0.6% at January 31, 2011.

The interest rate term mode for the junior lien variable-rate revenue bonds, or any portion thereof, may be converted to a different mode, or to an auction rate or term rate with an interest rate period of different duration, at the direction of City Council. Following such a conversion, the junior lien bonds, or portion thereof, will bear interest at the corresponding daily, weekly, auction, commercial paper, term, or fixed rate.

On October 18, 2010, CPS Energy received notice from the Internal Revenue Service (IRS) that it would be conducting an audit of the 2009C BABs. The IRS routinely examines municipal debt issuances to confirm compliance with applicable federal tax law. CPS Energy fully complied with the requests made by the IRS in conjunction with this audit, noting no issues.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2010	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2011
Revenue and Refunding Bonds:							
1994A Tax Exempt	$ 684,700	2012	5.008	$ 68,965	$ -	$ 1,500	$ 67,465
2001 Tax Exempt	115,280	2011	3.843	12,425		12,425	
2002 Tax Exempt	436,090	2017	4.055	361,580		35,520	326,060
2002 Tax Exempt	140,615	2015	4.751	10,525			10,525
2003 Tax Exempt Junior Lien	250,000	2033	Variable	250,000			250,000
2003A Tax Exempt	93,935	2014	3.675	81,240		7,030	74,210
2003 Tax Exempt	350,490	2013	3.081	118,950		68,625	50,325
2004 Tax Exempt Junion Lien	160,000	2027	Variable	152,000		4,385	147,615
2005 Tax Exempt	294,625	2020	4.381	294,625			294,625
2005 Tax Exempt	240,675	2025	4.683	240,675		875	239,800
2005A Tax Exempt	197,335	2025	4.571	197,335		2,120	195,215
2006A Tax Exempt	384,185	2025	4.555	358,225		13,940	344,285
2006B Tax Exempt	128,845	2021	3.974	104,130		8,880	95,250
2007 Tax Exempt	46,195	2018	4.159	46,195			46,195
2007 Tax Exempt	403,215	2032	4.575	403,215		1,085	402,130
2008 Tax Exempt	287,935	2032	4.582	287,935			287,935
2008A Tax Exempt	158,030	2016	3.736	130,530		23,910	106,620
2009A Tax Exempt	442,005	2034	4.863	442,005		2,505	439,500
2009C Taxable	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt	207,940	2021	3.720	207,940		4,875	203,065
2010A Taxable	380,000	2041	3.834		380,000		380,000
2010A Taxable Junior Lien	300,000	2041	3.806		300,000		300,000
2010B Taxable Junior Lien	200,000	2037	4.101		200,000		200,000
Bonds Outstanding				4,143,495	880,000	187,675	4,835,820
Bond Current Maturities				(162,235)	(12,841)	(386)	(174,690)
Bond (Discount)/Premium				137,332	6	20,076	117,262
Bond Reacquisition Costs				(61,308)	(2,870)	(18,334)	(45,844)
Revenue Bonds, Net				4,057,284	864,295	189,031	4,732,548
Tax Exempt Commercial Paper (TECP)			Variable	350,000		220,000	130,000
Total Long-Term Debt, Net				$ 4,407,284	$ 864,295	$ 409,031	$ 4,862,548

Flexible Rate Revolving Note

In fiscal year 2010, the San Antonio City Council adopted an ordinance authorizing the establishment of the Flexible Rate Revolving Note (FRRN) Private Placement Program, under which CPS Energy may issue taxable or tax-exempt notes, bearing interest at fixed or variable rates in an aggregate principal amount at any one time outstanding not to exceed $100,000. This ordinance provides for funding to assist in the interim financing of eligible projects that include the acquisition or construction of improvements, additions, or extensions to CPS Energy, including capital assets and facilities incident and related to the operation, maintenance, and administration of fuel acquisition and development and facilities for the transportation thereof: capital improvements to CPS Energy; and refinancing or refunding of any outstanding obligations secured by the net revenues of CPS Energy; or with respect to the payment of any obligation of CPS Energy pursuant to any credit. Under the program, maturity dates cannot extend beyond November 1, 2028.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note (Continued)

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to NINA in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2011 was $25,200.

The FRRN has been classified as short-term in accordance with the financing terms under the taxable Note Purchase Agreement and is reported on the balance sheet under current maturities of debt. At January 31, 2011, only the taxable facility was being utilized through the taxable Note Purchase Agreement. The taxable notes are being secured by a pledge of investment collateral and a limited, subordinate and inferior lien on and pledge of net revenues in the amount of $100. The current taxable Note Purchase Agreement will expire on December 31, 2012, but through an annual renewal process may be extended through November 1, 2028.

Accrued Leave

As of January 31, 2011 the accruals for employee vested benefits were $16,200. These accruals are reported under Accounts Payable and Other Current Liabilities.

San Antonio Water System (SAWS)

On April 30, 1992, the City Council approved the consolidation of City owned utilities related to water including the water, wastewater, and water reuse systems as the San Antonio Water System.

The System – SAWS has been defined in City Ordinance No. 75686 as all properties, facilities and plants currently 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 provided, however, that the City retains the right to incorporate a stormwater system as provided by the Texas Local Government Code.

Funds Flow – City Ordinance No. 75686 requires that gross revenues of SAWS be applied in sequence to (1) payment of current maintenance and operating expenses including a two-month reserve amount 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.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Reuse Contract – SAWS has a contract with CPS Energy, the City-owned electricity and gas utility, for the provision of reuse water. According to City Ordinance No. 75686, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any transfers to the City's General Fund.

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

Revenue Bonds

On March 4, 2010, SAWS issued $59,145 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2010. The proceeds from the sale of the bonds were used to (i) refund $38,130 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 1999 (the 1999 Junior Lien Bonds), (ii) refund $25,070 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 1999-A (the 1999-A Junior Lien Bonds), and (iii) pay the cost of issuance. The refunding of the 1999 Junior Lien Bonds and the 1999-A Junior Lien Bonds resulted in a reduction of SAWS' total debt service payments over the next ten years of approximately $4,900 and SAWS obtained an economic gain of approximately $4,300. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on the pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 23, 2010, SAWS issued $110,000 City of San Antonio, Texas Water System Revenue Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds) (the Series 2010B Bonds). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, and (ii) pay the cost of issuance. The Series 2010B Bonds qualify for and were designated as Build America Bonds under and pursuant to the authority provided for in the American Recovery and Reinvestment Act of 2009 (the Stimulus Act). In connection with the issuance of the Series 2010B Bonds, and as permitted in the Stimulus Act, SAWS elected an option (which election is irrevocable pursuant to the provisions of the Stimulus Act) permitting it to receive directly from the United States Department of the Treasury (the Treasury) a subsidy payment equal to 35.0% of the taxable interest it pays on the Series 2010B Bonds (the Tax Credit). SAWS has provided for the Tax Credit to be delivered from the Treasury directly to the paying agent/registrar of the Series 2010B Bonds solely for the use to reduce the amount of the regularly scheduled debt service payment on the Series 2010B Bonds that SAWS is required to make. The Tax Credit is a general revenue of SAWS and is not directly pledged to the payment of the Series 2010B Bonds, however, SAWS anticipates that the entirety of the Tax Credit, as a result of the direct deposit from the Treasury to the paying agent/registrar will be available solely to off-set the scheduled debt service payment requirements attributable to the Series 2010B Bonds. The bonds are collateralized, together with other currently outstanding Senior Lien Obligations, solely by a lien on a pledge of net revenues.

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Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

On December 14, 2010, SAWS issued $17,930 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2010A through the Texas Water Development Board. The Bonds were sold under the State Revolving Fund (SRF) Program. 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 $3,400 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 new revenues and are subordinate to outstanding Senior Lien Obligations.

Senior Lien Water System Revenue Bonds, comprised of Series 2001, Series 2002, Series 2002-A, Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, and Series 2010B outstanding in the amount of $1,483,980 at December 31, 2010, 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 a two-month operating reserve for such expenses. Interest rates range from 1.1% to 6.3%.

Junior Lien Water System Revenue Bonds, comprised of Series 2001, Series 2001-A, Series 2002, Series 2002-A, Series 2003, Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, and Series 2010A outstanding in the amount of $361,005 at December 31, 2010, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.0% to 5.0%.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2010:

	Beginning Balance Jan. 1, 2010	Additions	Reductions	Ending Balance Dec. 31, 2010	Due Within One Year
Bonds Payable	$ 1,759,700	$ 187,075	$ 101,790	$ 1,844,985	$ 39,730
Deferred Amounts for Issuance (Discounts)/Premiums	(22,190)	4,464	915	(18,641)	
Total Bonds payable, Net	$ 1,737,510	$ 191,539	$ 102,705	$ 1,826,344	$ 39,730

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Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The following table shows the annual debt service requirements on SAWS' debt obligations for each of the next five years and then in five year increments:

Annual Debt Service Requirements Revenue and Refunding Bonds						
	Senior Lien				Junior Lien	
Year Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2011	$ 22,360	$ 73,657	$ (3,971)	$ 69,686	$ 17,370	$ 10,201
2012	25,000	72,775	(4,014)	68,761	17,735	10,295
2013	26,055	71,628	(4,006)	67,622	18,265	9,833
2014	27,300	70,354	(3,997)	66,357	18,800	9,310
2015	28,600	69,016	(3,969)	65,047	19,375	9,081
2016-2020	180,505	320,843	(18,960)	301,883	110,780	36,668
2021-2025	281,220	263,119	(16,934)	246,185	69,410	21,816
2026-2030	294,660	185,056	(14,006)	171,050	38,735	13,359
2031-2035	293,660	119,003	(9,375)	109,628	26,885	7,710
2036-2040	304,620	36,635	(2,274)	34,361	23,650	1,874
Total	$ 1,483,980	$ 1,282,086	$ (81,506)	$ 1,200,580	$ 361,005	$ 130,147

[1] Federal interest rate subsidy on Build America Bonds is utilized to pay interest on those bonds but is reported as nonoperating revenue.

Debt Covenants – SAWS is required to comply with various provisions included in the ordinances which authorized the bond issuances. SAWS is in compliance with all significant provisions of the ordinances.

Defeasance of Debt – In current and prior years, SAWS defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2010, $38,710 of bonds outstanding were considered defeased.

Accrued Vacation Payable – SAWS records an accrual for vacation payable for all full-time employees and pays unused vacation hours available at the end of employment with the final paycheck. These accruals are reported under Other Payables.

	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
Year Ended December 31, 2010	$ 7,202	$ 6,002	$ (6,591)	$ 6,613	$ 6,591

Note 7 Commercial Paper Programs

Primary Government (City)

In May 2007, the City adopted an ordinance authorizing the issuance of up to $50,000 in Sales Tax Revenue Commercial Paper Notes, Series A. Proceeds from the sale of the Commercial Paper Notes are to provide funds to acquire property for a conservation easement or open-space preservation program with the intent of protecting water in the Edwards Aquifer as contemplated by the "Edwards Aquifer Protection Venue Project" (authorized at an election held on May 7, 2005). As of September 30, 2011, the City has no outstanding Commercial Paper Notes.

The Commercial Paper Notes were supported by an irrevocable direct-pay Letter of Credit dated as of May 23, 2007 issued by Bank of America, N.A. The role of the Letter of Credit provider was to assure the timely payment of principal and interest on the Commercial Paper Notes at maturity. The Letter of Credit provider issued its irrevocable, direct-pay Letter of Credit for the account of the City and for the benefit of the issuing and paying agent on behalf of the note holders. The dealer for the Commercial Paper Notes was Ramirez & Co., Inc. as of July 1, 2008 and the issuing and paying agent was Wells Fargo, N.A. The Letter of Credit in an amount equal to $53,699 enabled the City to pay at maturity the principal amount of the Commercial Paper Notes plus up to 270 days interest, at an assumed interest rate of 10.0% per year; provided however that none of the Commercial Paper Notes matured later than August 1, 2017. Under the terms of the Letter of Credit, the City was able to borrow up to an aggregate amount not to exceed $50,000 for the purpose of paying principal due under the Commercial Paper Notes. The Letter of Credit agreement was terminated on August 12, 2011. As of September 30, 2011, there were no borrowings under the Letter of Credit.

Issue	Balance Outstanding October 1, 2010	Additions	Deletions	Balance Outstanding September 30, 2011
Series A (2007)	$ 14,370	$ -	$ (14,370)	$ -

CPS Energy

In 1988, the City Council adopted an ordinance authorizing the issuance of up to $300,000 in 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, and refinancing or refunding any outstanding obligations which are secured by and payable from a lien and/or a pledge of net revenues of CPS Energy. Such pledge of net revenues is subordinate and inferior to the pledge securing payment of existing New Series Bonds and junior lien obligations. The program's scheduled maximum maturities cannot extend beyond November 1, 2028.

On April 1, 2010, the unused TECP funds issued in January 2010 were used to pay down TECP principal in the amount of $20,000. On November 5, 2010, proceeds from the 2010B Junior Lien BABs issuance were used to refund $200,000 of outstanding TECP obligations. As of January 31, 2011, the current outstanding TECP balance was $130,000.

Note 7 Commercial Paper Programs (Continued)

CPS Energy (Continued)

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 amended revolving credit agreement, effective September 6, 2007, CPS Energy may borrow up to an aggregate amount not to exceed $450,000 for the purpose of paying principal due under the TECP program. On September 6, 2007, the revolving credit agreement was extended until November 1, 2012. At January 31, 2011, there was no amount outstanding under the revolving credit agreement. Further, there have been no borrowings under the agreement since inception.

TECP Outstanding	$ 130,000
Weighted Average Interest Rate of Outstanding TECP	0.3%
Average Life of Outstanding TECP (Approximate Number of Days)	124

San Antonio Water System (SAWS)

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City Council of the City of San Antonio has authorized the commercial paper program in an amount of $500,000. Notes payable under the program cannot exceed maturities of 270 days.

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 which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement. Pursuant to the most recent amendment to the revolving credit agreement, the capacity of the revolving credit agreement has been reduced to $350,000.

The issuance of commercial paper is further supported by the following agreements and related 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., State Street Bank and Trust Company, and U.S. Bank National Association
- Issuing and Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A.

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 $244,650 are outstanding as of December 31, 2010. Of this balance, $106,530 relates to the refunding of the Series 2003 Bonds while the remaining $138,120 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2010 range from 0.2% to 0.3% and maturities range from 28 to 145 days. The outstanding notes had an average rate of 0.3% and averaged 78 days to maturity.

Note 7 Commercial Paper Programs (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available $350,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement discussed in Note 13 Risk Financing, SAWS intends to redeem $2,720 of commercial paper in 2011. Therefore, this portion of the commercial paper is classified as a current liability.

The following summarizes transactions of the program for the year-ended December 31, 2010.

	Beginning Balance January 1, 2010	Additions	Reductions	Ending Balance December 31, 2010
Tax Exempt Commercial Paper Notes	$ 173,650	$ 77,000	$ 6,000	$ 244,650

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Amounts are expressed in thousands

Note 8 Pension and Retirement Plans

Primary Government (City)

General Plan Information

The City of San Antonio, SAWS, and CPS Energy 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 as follows:

Contributory Pension and Retirement Plans						
Entity	Title	Type of Plan	Covered Payroll [3]	Employee Contribution	Employer Contribution	Total Contribution
City	Fire and Police Pension Plan	Single Employer Defined Benefit Plan	$ 273,689	$ 33,663	$ 67,328	$ 100,991
	Texas Municipal Retirement System (TMRS) - Civilian	Nontraditional Hybrid Defined Benefit Agent Plan	$ 270,708	$ 16,249	$ 33,883	$ 50,132
Component Units:						
SAWS	[1] Texas Municipal Retirement System (TMRS)	Nontraditional Hybrid Defined Benefit Agent Plan	$ 86,013	$ 2,510	$ 4,703	$ 7,213
	[1] SAWSRP Contract	Single Employer Defined Benefit Plan	$ 83,505	$ -	$ 7,849	$ 7,849
CPS Energy	[2] CPS All Employee Plan	Single Employer Defined Benefit Plan	$ 222,427	$ 11,056	$ 32,400	$ 43,456

[1] Fiscal year ended December 31, 2010.

[2] Fiscal year ended January 31, 2011.

[3] Covered payroll presented in this table for the City is as of September 30, 2011.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

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 governing document for the Pension Fund is found in Vernon's Texas Civil Statutes, Article 6243o. The pension law governing the Pension Fund was amended on October 1, 2009. The Pension Fund is administered by a nine-member board of trustees (Board), which includes two City Council members, the mayor or his appointee, two police officers, two fire fighters, and two retirees. The Pension Fund meets the criteria of a "fiduciary fund" of the City as established by *Governmental Accounting Financial and Reporting Standards* and is therefore included in the City's financial statements as a pension trust fund. A more complete description of the Plan is provided in the summary plan description. At September 30, 2011, membership of the Pension Fund consisted of:

	2011
Retirees and beneficiaries receiving benefits	2,169
Active participants	3,917
Total	6,086

Currently, the Pension Fund provides retirement benefits to eligible employees of the fire and police departments of the City who have served for 20 years or more. Employees who terminate prior to accumulating 20 years of service may apply to receive a refund of their contributions. Upon application for a service retirement pension from the Pension Fund, retiring employees are entitled to a retirement annuity computed based on the average of the employee's total salary, excluding overtime pay, for the highest three years of the last five years. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.5% of the member's average total salary.

There is a provision for the Backwards Deferred Retirement Option Plan (BackDROP), which, as of October 1, 2009, permits retiring members who had actual service credit of at least 20 years and one month to elect to receive a lump-sum payment for a number of full months of service elected by the member that does not exceed the lesser of the number of months of service credit the member had in excess of 20 years or 60 months and a reduced annuity payment. For purposes of a BackDROP benefit calculation, the participant's salary beyond 34 years of service is used to determine the participant's average salary.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

There is also a provision for a thirteenth and fourteenth pension check. At the end of each fiscal year, 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. In the same way, the Board may authorize a fourteenth monthly pension check if the annualized 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 end of the fiscal year 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). Authorization for one year does not obligate the Board to authorize a thirteenth and fourteenth check for any other year. The Pension Fund did not meet the criteria for the thirteenth and fourteenth checks for the year ended September 30, 2011.

The Pension Fund also provides benefits when 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, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. If a member dies after retiring, spouses or beneficiaries who were married to or dependents of the member at the time of retirement receive the same annuity paid to the member as of the date of the member's death up to the maximum benefit. The maximum benefit for surviving spouses and dependent children is equal to a 27-year service pension. As of October 1, 2009, the allocation of death benefits between a surviving spouse and the dependent children of a member is 75.0% to the spouse and 25.0% to the children. The spousal death benefit for a spouse who married a retiree after retirement and at least five years prior to the date of the retiree's death is the same as a spouse who married a member prior to retirement. At October 1, 2009 amendments establish a 55-year-old minimum age for marriage-after-retirement spouses to begin receiving annuity payments for those that qualify for such annuity payments. As of October 1, 2009, the spousal death benefit for a spouse who married a retiree after retirement, and less than five years prior to the date of the retiree's death, was $15,000 if there are no other beneficiaries (please note figure not reflected in thousands).

The Pension Fund provides a disability annuity equal to 87.5% of average total salary, if the member suffers a catastrophic injury. A catastrophic injury is described as an irreparable physical bodily injury suffered during the performance of high-risk line of duty activities, when the injury results in the individual being unable to obtain any sort of employment sufficient to generate income above the poverty level.

The surviving spouse of an active member may elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a BackDROP election made by a retiring member.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The estate of an active member who dies and does not leave a beneficiary will receive either 10 times the amount of an annuity computed according to the Annuity Computation mentioned above using the deceased member's service credit and average total salary as of the date of death or the deceased member's contributions that were picked up by the City. The estate of a retired member who dies and does not leave a beneficiary will receive a lump-sum benefit equal to 10 times the amount of the annuity awarded by the Board effective on the retiree's date of retirement, less any retirement or disability annuity and any lump-sum payments paid to the retiree.

The Pension Fund also provides benefits when an eligible member is killed in the line of duty. The member's surviving spouse and dependent children are entitled to a total pension equal to the member's base salary at the time of death.

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, receive 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, 1999, 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, 1999 receive an increase equal to 75.0% of the increase in the CPI.

Beginning October 1, 2009, the Pension Fund has a provision that allows the fire chief and police chief to opt out of membership in the Pension Fund.

The Pension Fund's contribution requirements are established and funded in accordance with Texas state statues and are not actuarially determined. The City was required to contribute 24.6% of salary, excluding overtime pay, in 2011. The employee contribution rate was 12.3% in 2011. New fire fighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible. As part of the amendments effective October 1, 2009, from October 1, 2009 to December 31, 2009, members who served probationary time prior to becoming a member were allowed to elect to purchase service credit for that time. If the member elected to purchase the service credit, the member was responsible for paying 3 times the member's contribution rate that would have been due during the probationary period, with interest calculated from the time of the probation until the amount was paid. The interest rate was 8.0%, which was the Pension Fund's assumed actuarial rate of return on the assets.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The annual required contributions for fiscal year 2011 were determined as part of the October 2010 actuarial valuations, using the entry-age actuarial cost method. The actuarial assumptions included (a) an 7.8% investment rate of return and (b) a projected annual salary increase of 4.0%. Both (a) and (b) include inflation components of 4.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2010 was 9.1 years which, as reported under GASB guidelines, does not consider the assumption of payroll growth rate. The amounts of the actuarial value of assets represent estimates based upon the assumptions described above. Changes in those assumptions will result in changes in such estimates in the future. The amounts of benefits ultimately to be paid could differ materially from the current estimates.

Contributions for the year-ended September 30, 2011 were as follows:

	2011	
		Percentage of Covered Payroll
Employer	$ 67,328	24.6%
Employee	33,663	12.3%
Total	$ 100,991	

The City of is responsible for funding the deficiency, if any, between the amount available to pay all retirement annuities and other benefits owed by the Pension Fund and the amount required to pay such benefits.

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, 11603 W. Coker Loop, Suite 201, San Antonio, Texas 78216 or by calling (210) 534-3262.

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 TMRS. 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. TMRS as of December 31, 2010, is the agent for 842 participating entities. 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 TMRS plan.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Since its inception, TMRS has used the traditional Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date but does not project the potential future liability of provisions adopted by a participating government. Two-thirds of the governments participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be "committed" benefits (or likely to be guaranteed); as such, for the December 31, 2007 valuation, TMRS' Board adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. These changes had a significant impact on TMRS' Unfunded Actuarial Accrued Liability (UAAL) and funded position as well as the City's contribution requirements. As of December 31, 2006, the City's Plan had a UAAL of $178,521 with a funded ration of 72.2%. After adoption of these changes, the City's Plan had a UAAL of $317,720 with a funded ratio of 60.1% as of December 31, 2007.

The Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years, unless a participating government requests that the period remain at 25 years. For governments with repeating features, these changes resulted initially in higher required contributions and lower funded ratios. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow governments the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate). As a result of these changes, the City's contribution rate was projected to increase from 12.5% to 16.7%. Due to the significant increase in contribution requirements, the City selected to phase in the contribution rate in fiscal year 2009 from 12.5% to 13.1% with an ultimate projected rate to be in excess of 18.0% after phase-in (or triple the employee contribution rate).

The City additionally created a work plan to review and address the changes being made by TMRS. Six focus groups with employees and retirees were held to obtain input via a survey on their TMRS benefits and priorities to assist the City in evaluating its options and decisions made on the TMRS Board. Furthermore, the City engaged a legal firm to provide legal advice on TMRS and other pension related issues. The legal firm engaged an actuarial firm to evaluate the assumptions and results of TMRS' report to provide a historical performance analysis of the funds within TMRS, and assist in exploring viable pension alternatives. A task force of current employees and retirees was formed to provide input regarding the work to be completed by this actuarial firm.

The City further adopted a plan change in 2010 removing the annually repeating Cost of Living Adjustment (COLA) feature as a way to mitigate future contribution increases. This change does not prevent adoption of either ad hoc or annually repeating COLAs in the future, but it did reduce the City's contribution rate in 2010 from 13.9% to 12.3%. The City also proposed legislation to the State's 82nd Legislative Session held in January 2011 which would: 1) allow cities to provide COLAs which would not be subject to current provisions requiring retroactive application of changes and 2) provide cities the ability to grant additional payments (e.g. 13th check) where funding is available. This proposed legislation was developed to provide additional flexibility and options for addressing the significant challenges associated with the current TMRS plan. While neither of these proposals passed, the City will continue to work on ways to manage its contribution rate.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

TMRS also proposed legislation during the State's 82nd Legislative Session to combine the Municipal Accumulation Fund (MAF), Current Service Annuity Reserve Fund (CSARF), and the Employees Savings Fund (ESF), into a single city trust fund. Under TMRS, assets were held in trust in three distinct accounts, which were called "funds." The MAF holds city contributions and interest. The ESF holds member contributions and interest. When a member retires, the accumulated contributions and interest in the member's account transfer from the ESF, along with matching funds from the city's MAF into the CSARF. The basic retirement benefit is therefore fully funded at the time of a member's retirement and is then paid monthly to the retiree from the CSARF. At the time a member retires, the basic retirement benefit becomes a liability of TMRS. Since the passage of House Bill 360 in 2009, each year the ESF and CSARF are credited, by law, with 5.0% interest. This guaranteed interest credit may result in a highly leveraged (positive or negative) interest credit to the MAF. In years when TMRS as a whole earns less than the amount needed to provide the 5.0% guaranteed interest credit to the ESF and CSARF, additional funding will be needed from the MAF. Additionally, as each city's plan matures and retirements increase, more funds transfer into the CSARF from the ESF and the MAF, and the MAF balance, combined with the highly leveraged interest allocations, can result in city contribution rates that may be more volatile than a typical pension plan.

Restructuring, or combining, funds eliminated the leverage inherent in the asset structure and helped to make city contribution rates less volatile. Under a restructured pension fund, at the time of retirement, money would not be transferred to the CSARF (it would stay in the combined/single trust fund of the city). By reallocating the CSARF assets and liabilities and the ESF assets into each city's single trust fund, all future investment earnings base on that city's contributions for active and retired members would be directly applied to that specific city's trust assets and included in the funding equation, resulting in decreased liabilities and contribution rates. Additionally, a city's funded ratio would improve because the city would receive "credit" for the excess of the assets over liabilities for those retirements that are currently being paid from the CSARF; and the city's annual requirement contribution would be reduced since the city would receive interest on a larger base of assets over a longer period of time. The vast majority of defined benefit plans are funded under a similar structure. This proposal passed as Senate Bill 350 and was enacted in June 2011. This legislation permitted the actuarial valuation to be completed, as if restructuring occurred on December 31, 2010.

In addition to the restructuring, the actuarial assumptions were updated based on an actuarial experience study that was adopted by the TMRS board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). The City's UAAL as of December 31, 2010 prior to restructuring was calculated at $201,451 with a funded ratio of 73.0%. The City's UAAL using the new rate structure calculates to $100,426 with a funded ratio of 90.6%. Further, the amortization periods differed; prior to restructuring the period is 25.6 years; after restructuring the period is 24.1 years, resulting in a reduction to the contribution rate from 13.3% to 10.0% for the first quarter of fiscal year 2012.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

In the fiscal year 2012 budget, City Council adopted a one-time annuity increase that will be provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.0% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. This one-time annuity increase will cause the contribution rate to increase from 10.0% to 10.3%, effective January 1, 2012.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits, with interest. At the date the TMRS plan began, the City granted monetary credits for service rendered before the TMRS 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 TMRS plan. Monetary credits for service since the TMRS 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 TMRS plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percentage 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 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 5 or more years of service, or with 20 years of service regardless of age. The TMRS plan also provides death and disability benefits. A member is vested after five years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

TMRS 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 at the end of Note 8). The contribution rate for the City's employees is 6.0% and the matching percent was 12.6% for calendar year 2010, both as adopted by the governing body of the City (see summary of contribution information at the beginning of Note 8). Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The normal cost contribution finances the currently accruing monetary credits due to the City matching percentage, 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 percentage 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 UAAL over the remainder of the plan's 24.1-year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased UAAL is being amortized over a new 24.1-year period. Currently, the UAAL is amortized over a constant 24.1-year period as a level percentage 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.

Investments are reported at fair value. The fair values of fixed income securities are valued by the custodian using the last trade date price information supplied by various pricing data vendors. Fair values of the equity index funds (comingled funds) are determined based on the funds' net asset values at the date of valuation. Short-term investment funds are reported at cost, which approximates market value. Security transactions are reported on a trade date basis.

Membership as of the Valuation Date	12/31/2010
Number of :	
Active Members	5,951
Retirees and beneficiaries	3,402
Inactive members	2,188
Total	11,541

TMRS' administration costs are funded from a portion of TMRS' annual investment earnings.

TMRS issues a publicly available financial report that includes financial information and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used related to participating municipalities. The report may be obtained by writing to the TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling (800) 924-8677. In addition, the report is available on TMRS' website at www.TMRS.com. The required schedule of funding progress follows immediately the notes to the financial statements, and they present multi-year trend information regarding the actuarial value of plan assets relative to the actuarial liability for benefits.

San Antonio Water System (SAWS)

SAWS' pension program includes benefits provided by the Texas Municipal Retirement System (TMRS), the San Antonio Water System Retirement Plan, the San Antonio Water System Deferred Compensation Plan, and Social Security. The following information related to the TMRS was prepared as of December 31, 2009, while the information related to the San Antonio Water System Retirement Plan has been prepared as of January 1, 2010.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS)

SAWS provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, one of more than 837 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and SAWS financed monetary credits, with interest. 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 5 or more years of services or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by SAWS within the options available and actuarial constraints in the state statutes governing TMRS.

Under the state law governing TMRS, SAWS is required to contribute at an actuarially determined rate. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2010 contribution rate is based on the December 31, 2008 valuation results. If a change in plan provisions is adopted by SAWS' board of trustees, the contribution rate can change.

Beginning with the December 31, 2007 actuarial valuation, a change was made in the funding method and the amortization period used in the valuation. To assist in this transition to higher rates, TMRS approved an eight-year phase-in period beginning in 2009, which allows governments the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate). SAWS elected to transition the increase in its contribution rate over the eight-year phase-in period. As a result of these changes, SAWS' actuarially required contribution for 2010 was 5.6% while the phased-in rate of 2010 was 4.2% of salary. The current contribution rate for employees is 3.0% of salary.

TMRS
Schedule of Contributions

	2010
Employer Contribution	$ 4,703
Employee Contribution	$ 2,510
Employer Contribution Rate	5.6%

San Antonio Water System Retirement Plan (SAWSRP)

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security benefits. SAWSRP is governed by SAWS, which may amend plan provisions and which is responsible for the management of plan assets. SAWS has delegated the authority to manage certain plan assets and administer the payment of benefits to Principal Financial Group.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

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 pension plan. Employees are eligible to participate in SAWSRP on January 1 of the calendar year following date of hire. A member does not vest in this plan until completion of five years of service.

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:

- Twenty years of vesting service regardless of age, or
- Five years of vesting service and at least age 60.

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

The normal retirement benefit under the Principal Financial Group contract is equal to the following:

- 1.2% of the average compensation, times years of credited service not in excess of 25 years, plus
- 0.8% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
- 0.4% 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.

An employee is automatically 100.0% vested upon attainment of age 65 or upon becoming totally and permanently disabled. The pension plan's 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 Financial Group (PFG). Funds under the contract that have been allocated and applied to purchase annuities are excluded from the pension plan's assets. The pension plan's unallocated separate accounts are valued at fair value.

The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. 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 SAWSRP shall be paid by SAWS.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Deferred Compensation Plan (SAWSDCP)

A summary of the actuarial assumptions utilized in determining SAWS' contribution requirements is as follows:

SAWSRP Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal - Frozen Initial Liability Period
Amortization Method	Level Dollar
Remaining Amortization Period	27 Years - Closed Period
Asset Valuation Method	Smoothed Market Value (4 years)
Investment Rate of Return	8.0%
Inflation Rate	None
Salary Scale	Table S-5 from the Actuary's Pension Handbook plus 3.4%
Cost of Living Adjustments	None

The SAWSRP issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Principal Financial Group at 711 High Street, Des Moines, Iowa 50392. In addition, the report may be obtained at www.principal.com.

SAWS has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. SAWSDCP, available to all regular employees, permits them to defer a portion of their salary until future years. The compensation deferred under this plan is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in SAWSDCP is voluntary, and SAWS does not make any contributions. SAWS has no liability for losses under SAWSDCP, but does have the usual fiduciary responsibilities of a plan sponsor.

CPS Energy

All Employee Plan

The CPS Energy 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. It is an unconsolidated entity within which normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are ages 55 or older with at least ten 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 before age 62 with less than 25 years of service.

The plan is sponsored by and may be amended at any time by CPS Energy, acting by and through an Oversight Committee, which includes the President and CEO, the Chief Financial Officer and the Audit Committee Chair of CPS Energy's board of trustees. Plan assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the Oversight Committee.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained by contacting Benefit Trust Administration at CPS Energy. Plan net assets had a market value of $1,100,000 at December 31, 2010.

In addition to the defined-benefit pension plan, CPS Energy has two Restoration Plans that were effective as of January 1, 1998, which supplement benefits paid from the Plan due to Internal Revenue Code restrictions on benefit and compensation limits. The benefits due under those Restoration Plans have been paid annually by CPS Energy.

Employees who retired prior to 1983 receive annuity payments from an insurance carrier, as well as some benefits directly from CPS Energy. The costs for the benefits directly received from CPS Energy were $109 for fiscal year 2011. These costs were recorded when paid.

Funding Policy – The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the Plan during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2009, valuation was the basis for contributions in fiscal year 2011. CPS Energy establishes funding levels, considering annual actuarial valuations and recommendations of the Administrative Committee, which is composed of a cross-functional group of active and retired CPS Energy employees, using both employee and employer contributions. Generally, participating employees contribute 5.0% of their total compensation and are typically fully vested in CPS Energy's matching contribution after completing seven years of credited service or upon reaching age 40. Employee contributions commence with the effective date of participation and continue until normal or early retirement, completion of 44 years of benefit service, or termination of employment. The employee contribution interest crediting rate was 8.0% for fiscal year 2011.

The balance of Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2011, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary. CPS Energy's contributions in relation to the annual required contribution (ARC) amounted to 14.6% of covered payroll in fiscal year 2011.

Annual Pension Cost and Net Pension Obligation – CPS Energy's annual pension cost (APC) and net pension obligation (NPO) for fiscal year 2011 is presented at the end of this Note. The NPO may be either positive, reflecting a liability, or negative, reflecting an asset. The term net pension obligation, as used in this Note, refers to either situation.

Funded Status and Funding Progress – The funded status of the Plan as of January 1, 2009 valuation date is noted at the end of this Note. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Actuarial Methods and Assumptions – Beginning with the 2008 Plan year, the cost method was revised to project January 1 data to February 1 of the next calendar year based on assumptions. Actuarial valuation methods used for the February 1, 2009 valuation included (a) the five-year smoothed market for asset valuation, (b) the projected unit credit for the actuarial cost method for the actuarial accrued liability, and (c) the 20-year level-dollar open for amortization of pension service costs.

The cost method was revised for the 2010 Plan year to eliminate the 13-month projection from January 1 to February 1 of the succeeding year. Instead, the January 1 valuation results were used to determine the contributions for the fiscal year commencing in the succeeding calendar year. There was no change in actuarial valuation methods for the 2010 Plan year.

Significant actuarial assumptions used for the January 1, 2009, actuarial valuation included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases averaging 5.8%, and (c) post retirement cost-of-living increases of 1.8%. The projected salary increases included an inflation rate of 3.5%.

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, *Accounting for Pensions by State and Local Government Employers*.

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 ARC Contributed
Fire and Police	2009	$ 62,071	$ -	$ -	$ 62,071	$ (62,071)	$ -	$ -	$ -	100.0%
Pension Plan City	2010	64,498			64,498	(64,498)				100.0%
of San Antonio	2011	67,328			67,328	(67,328)				100.0%
TMRS -	2009	$ 33,510	$ -	$ -	$ 33,510	$ (33,510)	$ -	$ -	$ -	100.0%
City of	2010	32,338			32,338	(32,338)				100.0%
San Antonio	2011	33,883			33,883	(33,883)				100.0%
CPS All	2009	$ 20,561	$ (164)	$ 193	$ 20,590	$ (20,561)	$ 29	$ (1,973)	$ (1,944)	100.0%
Employee Plan [1]	2010	23,468	(156)	191	23,503	(23,732)	(229)	(1,944)	(2,173)	101.1%
	2011	33,921	(169)	205	33,957	(32,400)	1,557	(2,173)	(616)	95.4%
TMRS -	2008	$ 2,600	$ -	$ -	$ 2,600	$ (2,600)	$ -	$ -	$ -	100.0%
SAWS [2]	2009	4,275			4,275	(4,275)	1,066		1,066	100.0%
	2010	4,703	80	(64)	4,719	(4,703)	1,247	1,066	2,313	100.0%
SAWRP -	2008	$ 4,891	$ -	$ -	$ 4,891	$ (4,891)	$ -	$ -	$ -	100.0%
SAWS [2]	2009	6,035			6,035	(6,035)				100.0%
	2010	7,849			7,849	(7,849)				100.0%

[1] Fiscal year-ended January 31, 2011.
[2] Fiscal year-ended December 31, 2010.

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Note 8 Pension and Retirement Plans (Continued)

Three-Year Trend Information (Continued)

Funded Status and Funding Progress					
	Fire and Police Pension Plan [1]	City of San Antonio TMRS [2]	SAWS TMRS	SAWS SAWSRP	CPS Energy
Actuarial value of plan assets (a)	$ 2,250,549	$ 973,554	$ 116,123	$ 83,320	$ 1,067,841
Actuarial accrued liability (b)	2,481,624	1,073,980	140,565	128,700	1,183,961
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 231,075	$ 100,426	$ 24,442	$ 45,380	$ 116,120
Funded ratio (a) / (b)	90.7%	90.6%	82.6%	64.7%	90.2%
Covered payroll (c)	$ 271,533	$ 259,455	$ 86,013	$ 83,505	$ 222,427
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	85.1%	38.7%	28.4%	54.3%	52.2%

[1] Covered payroll presented in this table is as of 10/1/2010.

[2] Covered payroll presented in this table is as of 12/31/2010.

Significant TMRS Actuarial Assumptions and Methods

Significant assumptions used in the actuarial valuation of December 31, 2010, by the Texas Municipal Retirement System's (TMRS) actuary are provided in the following table for both the City and SAWS. The City's actuarial assumptions and methods are based on the restructuring of the TMRS funds as enacted by SB 350.

TMRS Actuarial Assumptions and Methods	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period - SAWS	28 Years - Closed Period
Remaining Amortization Period - City	24.1 Years - Closed Period
Asset Valuation Method	Amortization Cost
Investment Return - City	7.0%
Investment Return - SAWS	7.5%
Projected Salary Increases	Varies by Age and Service
Includes Inflation At	3.0%
Cost of Living Adjustments - City	2.1%

Note 9 Postemployment Retirement Benefits

Primary Government (City)

Plan Description – In addition to the pension benefits discussed in Note 8, Pension and Retirement Plans, the City provides most retired employees with certain health benefits under two postemployment benefit programs. Pursuant to GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is required to account for and disclose its other postemployment liability for these programs. The City continues to actively review and have actuarial valuations performed for these programs as required.

Note 9 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

The first of the two programs is a health insurance plan, which provides benefits for nonuniformed City retirees and for pre-October 1, 1989 uniformed (fire and police) retirees who are not eligible for Medicare. The program compromises 3 self-funded PPO health plans currently administered by United Healthcare. These plans may be amended at any time with approval from the City Council. This program is funded on a pay-as-you-go basis with an aggregate sharing of premium costs based on the following targets: 67.0% by the City and 33.0% by the retiree for those retirees hired prior to October 2007. With the adoption of the fiscal year 2008 Budget, additional changes were made to this retirement health plan. For all non-uniformed employees beginning employment on or after October 1, 2007, a revised schedule for sharing of the costs on a pay-as-you-go basis is effective. The revised schedule is as follows: (1) Employees who separate from the City with less than five years of service are not eligible to participate in the program; (2) Employees who separate with at least five years of service but less than 10 years of service are eligible to participate in the program but without City subsidy; and (3) Employees who separate from employment with 10 years of service or more will pay for 50.0% of the pay-as-you-go contributions to the program and the City will contribute the remaining 50.0%. The ability to participate in the program remains based on eligibility for the TMRS Pension Plan.

Currently, there are 6,068 active civilian employees who may become eligible in the future. Employees may become eligible to participate in this program based on eligibility for a retirement benefit under the rules for TMRS Pension Plan and their number of years of service to City of San Antonio. Under the TMRS Pension Plan, employees may retire at age 60 and above with five or more years of service or with 20 years of service regardless of age. Retiree medical benefits continue for the life of the retiree and their surviving eligible dependents that were covered at the time of the employee's retirement. Nonuniformed City employees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. As of September 30, 2011, there were 435 retirees and surviving spouses participating in this program.

The second program with 893 participating retirees is available to eligible retirees who have Medicare coverage. All retirees and dependents are required to apply for and maintain Medicare Part A & B coverage once they reach age 65 or otherwise become eligible for Medicare. Of the current 893 participating Medicare retirees, 145 participate in a fully insured Medicare Advantage HMO and the remaining 748 participate in a fully insured Medicare Supplement. This program may be amended at any time by the City Council.

Participant data disclosed above is not expressed in thousands.

Funding Policy – The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. For retirees, total program expenses were $11,618 of which $7,023 were medical claims. For the year-ended September 30, 2011, total contributions were as follows:

Total Contributions	
City	$ 9,138
Retiree Premiums	2,480
Total Contributions	$ 11,618

No contributions were made in fiscal year 2011 to prefund benefits.

Note 9 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

The Health Care Reform Act, enacted March 23, 2010, provides $5,000,000 to reimburse employers for a portion of the cost of health claims for early retirees (aged 55 through 64). Reimbursements are available for 80.0% of individual medical claim costs between $15 and $90. The program's purpose is to encourage employers not to drop coverage for early retirees at least until the health insurance exchanges are available in 2014. The employer may use reimbursements to reduce plan participants' premium contributions, co-payments, deductibles, co-insurance, or other out-of-pocket costs. The City has applied for $1,887 in reimbursement and has received $1,517 to date. As $4,500,000 has been disbursed to various entities by December 2011, the program will cease taking claims incurred after December 31, 2011.

Annual OPEB Cost and Net OPEB Obligation – For the fiscal year-ended September 30, 2011, the City's annual postemployment benefits other than pension (OPEB) cost was not equal to its annual required contribution (ARC) to the plan. The City's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial balance over thirty years. The City will not be fully funding the ARC at this time. The City will continue to fund OPEB on a pay-as-you-go basis.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The table below details the actuarial methods and assumptions for the City's OPEB calculation for the fiscal year-ended September 30, 2011:

Assumptions	
Actuarial Valuation Date	1/1/2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30.0 years
Asset Valuation Method	N/A
Actuarial Assumptions:	
Investment Rate of Return	3.0%
Projected Salary Increase	N/A
Healthcare Inflation Rate - Medical and Prescription	9.0% initial (2011) 5.0% ultimate (2015)

Below are the health care cost trend assumptions used for the City's January 1, 2011 actuarial study for the fiscal year-ended September 30, 2011.

Note 9 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

City's Health Care Cost Trend Assumptions	
Year	Medical & Prescription Drugs
2011	9.0%
2012	8.0%
2013	7.0%
2014	6.0%
2015+	5.0%

The City's retiree participation rate is estimated to be at 60.0%. This estimate is based on evaluation of City retiree's enrolled in the City's retiree plan, versus those enrolled in TMRS. Numerous City retirees are former military, or are able to obtain healthcare through spouses insurance, etc.

The required schedule of funding progress follows immediately the notes to the financial statements, and they present multi-year trend information regarding the actuarial value of plan assets relative to the actuarial liability for benefits.

Fire and Police Retiree Health Care Fund

Plan Description – The second postemployment benefit program of the City, the Fire and Police Retiree Health Care Fund, San Antonio (Health Fund) is a Texas statutory retirement health trust for firefighters and police officers of the City. The trust holds assets and liabilities of the City's Fire and Police Retiree Health Care Plan (Plan). This Plan is a single-employer defined benefit postemployment health care plan that was created in October 1989 in accordance with provisions established by contract with the local fire and police unions to provide postemployment health care benefits to police officers and firefighters of the City retiring after September 30, 1989. Authority to establish and amend the plan's postemployment health care benefits is based on such contracts and the Texas Legislature enacts regulations that control the operation of the Health Fund. The statutory trust is governed by a board of trustees that meets on a monthly basis. The board consists of nine members: the Mayor or his appointee; two members of the City Council; one retired and two active duty police officers; and one retired and two active duty firefighters. The Health Fund board has the ability to modify benefits within certain parameters. The City is the only participating employer in the Plan.

WEB-TPA Employer Services, LLC serves as the third party administrator for the Health Fund. Additional administrative services were provided to the Health Fund by PTRX, Inc. during fiscal year 2011.

Contributions – Since its inception, the Health Fund has been funded primarily by contributions from the City and City active firefighters and police officers, as part of the compensation for services rendered by the union members, and by contributions made by retirees for their dependents. Effective October 1, 2007, the board implemented state-mandated changes to increase contributions from the Plan's single employer, the City, and plan members in order to reduce actuarially determined funding deficits and ensure the existence of the Health Fund for future retired firefighters and police officers. The increased contributions were initiated to take effect over a span of years through October 2011. The state-mandated changes also called for a decrease in the level of benefits.

Note 9 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The contribution amounts for each fiscal year, beginning October 1, 2007, are based on statutory contribution rates and on the average member salary expected for that fiscal year, which is to be determined by the Health Fund's actuary. For the year ending September 30, 2011, and years thereafter, the specified employee contribution rate was 4.7%. The City's contributions will be set at 9.4% of the specified wage base. The table below summarizes the actuary's determinations of the contribution amount for the fiscal year-ended September 30, 2011 (not expressed in thousands):

Biweekly Contributions:	
Active Fire and Police Members	$101.72
City of San Antonio for Each Member	$233.21
Monthly Contributions for Each Retiree with Under 30 Years of Service who Retires after October 1, 2007	$228.86
Dependent Children	$157.35

Total contributions by active firefighters and police officers were $10,508 for the year ended September 30, 2011.

Membership in the Plan consisted of the following at September 30, 2011 (not expressed in thousands):

Retirees and Beneficiaries Receiving Benefits	2,910
Active Plan Members	3,807
Total Membership	6,717

Funding Status and Funding Progress – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Note 9 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuations follows:

Assumptions	
Valuation Date	10/1/2010
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	Open, 30 Years
Asset Valuation Method	5-Year Adjusted Market Rate
Actuarial Assumptions:	
Investment Rate of Return Net of Expense	8.0%
Annual Inflation Rate	4.0%
Projected Annual Salary Increases	4.5% to 14.5%
Health Care Cost Rate Trend:	9.0% Initial 5.5% Ultimate
Annual Payroll Growth Rate	4.0%

CPS Energy

CPS Energy provides certain health, life insurance and disability income benefits for employees. Additionally, most CPS Energy employees are also eligible for these benefits upon retirement from CPS Energy. Assets of the plans are held in three separate, single-employer contributory plans:

- City Public Service of San Antonio Group Health Plan (Health Plan) – a contributory group health plan that provides health, dental and vision benefits.
- City Public Service of San Antonio Group Life Insurance Plan (Life Plan) – a contributory plan that provides life insurance benefits.
- City Public Service of San Antonio Group Disability Plan (Disability Plan) – an employer funded plan that provides disability income benefits.

The Employee Benefit Plans may be amended at any time by CPS Energy, acting by and through an Oversight Committee, which includes the President and CEO, the Chief Financial Officer and the Audit Committee Chair of CPS Energy's board of trustees.

Note 9 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the Oversight Committee. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy.

Funding Policy – The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2009 valuation was the basis for contributions in fiscal year 2011.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.3% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $4,200 in fiscal year 2011 for their health insurance benefits.

There were no contributions in relation to ARC in fiscal year 2011.

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled $696 for fiscal year 2011. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D,* future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1,000 of insurance per month on amounts in excess of $20,000 plus 2.3% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95 (amounts not expressed in thousands). Those who retired on or after February 1, 1993, contribute $0.13 per $1,000 of insurance per month on amounts in excess of $20,000 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service (amounts not expressed in thousands). Retirees and covered dependents contributed $234 in fiscal year 2011 for their life insurance benefits. CPS Energy's contributions in relation to the ARC for the Life Plan amounted to 0.1% of covered payroll in fiscal year 2011.

The Disability Plan is funded completely by CPS Energy. CPS Energy's contributions in relation to the ARC were 0.3% of covered payroll in fiscal year 2011.

Note 9 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Annual OPEB Cost and Net OPEB Obligation – CPS Energy's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost consists of the ARC, interest on the net OPEB obligation and adjustments to the ARC for the Health, Life and Disability Plans. The annual OPEB cost was $7,404 for fiscal year 2011. The net OPEB obligation may be either positive, reflecting a liability, or negative, reflecting an asset. The term net OPEB obligation, as used in this Note, refers to either situation.

Actuarial Methods and Assumptions – Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the ARCs of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information, present multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

For the Health Plan, the actuarial cost method used was the projected unit credit actuarial cost method. For the Life and Disability Plans, the aggregate actuarial cost method was used to determine the cost of benefits. Since this method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress was prepared using the entry age actuarial cost method, which is intended to approximate the funding progress of the plans.

The amortization method used for all three Plans was the level-dollar open method, with an amortization period of 20 years. The asset valuation method used for all three plans was the five-year smoothed market valuation method. Beginning with the 2008 plan year, the cost method was revised to project January 1 data to February 1 of the next calendar year based on assumptions. The cost method was revised for the 2010 plan year to eliminate the 13-month projection from January 1 to February 1 of the succeeding year. Instead, the January 1 valuation results were used to determine the contributions for the fiscal year commencing in the succeeding calendar year.

Significant actuarial assumptions used in the calculations for the January 1, 2009 actuarial valuation included (a) a rate of return on the investment of present and future assets of 8.0% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 4.0% for the Disability Plan, (c) projected salary increases for the Health Plan ranging from 4.1% to 10.5% depending on age for base and other salaries and an inflation rate for salary increases of 3.5% for the Life and Disability Plans, and (d) medical cost increases projected at 8.5% for 2009, decreasing annually to 5.5% in 2016 and thereafter.

Note 9 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS)

SAWS provides certain healthcare and life insurance benefits for eligible retirees, their spouses, and their dependents through a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the OPEB provisions is vested in the SAWS board of trustees.

By State law, any employee that retires under either the TMRS or SAWS retirement plans is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Retirees may also purchase coverage for their spouse at group rates partially subsidized by SAWS. After age 65, healthcare benefits under the plan are supplemental to Medicare benefits.

The following is the participant summary as of January 1, 2009 (the most recent actuarial valuation date, not expressed in thousands):

Active employees	1,548
Retired employees	625
Spouses of retired employees	448
Total	2,621

Funding Policy – The contribution requirements of plan members and SAWS are established and may be amended by the SAWS board of trustees. To date, SAWS has funded all obligations arising under these plans on a pay-as-you-go basis. Going forward, SAWS' required contribution will be based on a projected pay-as-you-go financing requirement, with an additional amount, if any, to prefund benefits as determined annually by SAWS' board of trustees. SAWS is currently evaluating ways to phase-in full funding of the actuarially determined ARC.

Plan members' required contributions vary depending on the health plan selected by the retiree as well as the number of years of service at the time of retirement. For the year-ended December 31, 2010, SAWS' contribution to the plan equaled the current premiums of $6,162, while plan members receiving benefits contributed $246 through their required contribution. No contributions were made in 2010 to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation – For the year-ended December 31, 2010, SAWS' annual OPEB cost is calculated based on the ARC.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Since no portion of SAWS' OPEB obligation has been funded in a separate trust as of December 31, 2010, SAWS does not issue a separate financial report for its OPEB plan.

Note 9 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

In the January 1, 2009 actuarial valuation, the projected unit credit funding method was used. The investment return assumption used in the calculation of the AAL was 4.8%, which is a blended rate of the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. The investment return assumes SAWS will phase-in fully funding the ARC over the years. There is not an inflation rate projected for this actuarial valuation. As of December 31, 2009, the UAAL is being amortized as a level dollar amount over a 28 year closed period.

Health care cost trend rates are used to anticipate increases in medical benefit costs expected to be experienced by the retiree health plan in each future year. The trend rates used are as follows:

	Annual Rate of Increase		
Year Beginning January 1	Pre-Medicare Medical	Medicare Eligible Medical	Prescription Drugs
2010	7.4%	6.1%	8.3%
2011	7.3%	6.2%	8.0%
2012	7.2%	6.3%	7.8%
2013	7.1%	6.4%	7.6%
2014	7.1%	6.5%	7.4%
2015	7.0%	6.6%	7.2%
2016	6.9%	6.7%	7.0%
2017	6.8%	6.8%	6.8%
2018	6.6%	6.6%	6.6%
2019	6.4%	6.4%	6.4%
2020	6.2%	6.2%	6.2%
2021	6.0%	6.0%	6.0%
2022	5.8%	5.8%	5.8%
2023	5.6%	5.6%	5.6%
2024	5.4%	5.4%	5.4%
2025	5.2%	5.2%	5.2%
2026	5.0%	5.0%	5.0%
2027	4.9%	4.9%	4.9%
2028+	4.5%	4.5%	4.5%

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Note 9 Postemployment Retirement Benefits (Continued)

Three-Year Trend Information

The City's, CPS Energy's and SAWS' annual OPEB cost, employer contributions, percentage cost contributed to the plan, and net OPEB obligation for the three most recent fiscal years were as follows:

Three-Year Trend Information

Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment To ARC	Annual OPEB Cost	Contributions In Relation to ARC	Increase (Decrease) in Net OPEB	Net OPEB Obligation at Beginning of Year	Net OPEB Obligation at End of Year	Percentage of ARC Contributed
City of San Antonio	2009	$ 35,818	$ 656	$ (1,116)	$ 35,358	$ (7,279)	$ 28,079	$ 21,872	$ 49,951	20.6%
	2010	35,818	1,499	(2,549)	34,768	(12,475)	22,293	49,951	72,244	35.9%
	2011	36,012	2,168	(3,685)	34,495	(9,138)	25,357	72,244	97,601	26.5%
Fire and Police Retiree Health Care Fund	2009	$ 30,893	$ 804	$ (549)	$ 31,148	$ (21,560)	9,588	$ 10,044	$ 19,632	69.2%
	2010	28,889	1,571	(1,073)	29,387	(22,265)	7,122	19,632	26,754	75.8%
	2011	29,733	2,140	(1,462)	30,411	(23,896)	6,515	26,754	33,269	78.6%
CPS - Health Plan[1]	2009	$ 12,337	$ (2,384)	$ 2,810	$ 12,763	$ (15,192)	$ (2,429)	$ (29,803)	$ (32,232)	119.0%
	2010	7,940	(2,578)	3,040	8,402	(13,820)	(5,418)	(32,232)	(37,650)	164.5%
	2011	6,507	(3,012)	3,551	7,046		7,046	(37,650)	(30,604)	0.0%
CPS - Life Plan[1]	2009	$ -	$ (35)	$ 42	$ 7	$ (127)	$ (120)	$ (438)	$ (558)	1814.3%
	2010		(45)	58	13	(140)	(127)	(558)	(685)	1076.9%
	2011		(55)	65	10	(140)	(130)	(685)	(815)	1400.0%
CPS - Disability Plan[1]	2009	$ 285	$ 2	$ (2)	$ 285	$ (433)	$ (148)	$ 23	$ (125)	151.9%
	2010	381	(10)	12	383	(617)	(234)	(125)	(359)	161.1%
	2011	341	(40)	47	348	(617)	(269)	(359)	(628)	177.3%
SAWS - OPEB[2]	2008	$ 17,696	$ 765	$ -	$ 18,461	$ (5,132)	$ 13,329	$ 13,217	$ 26,546	27.8%
	2009	25,759	1,261	(1,655)	25,365	(5,884)	19,481	26,546	46,027	23.2%
	2010	25,759	2,189	(2,824)	25,124	(6,162)	18,962	46,027	64,989	24.5%

[1] Fiscal year-ended January 31, 2011
[2] Fiscal year-ended December 31, 2010

The City's, Health Fund, SAWS' and CPS Energy's funded status for the most recent year are as follows:

Funded Status and Funding Progress

Pension Plan	City of San Antonio	Fire and Police Health Care Fund	SAWS	CPS Energy Health Plan	CPS Energy Life Plan	CPS Energy Disability Plan
Actuarial value of plan assets (a)	$ -	$ 219,404	$ -	$ 199,195	$ 46,815	$ 3,631
Actuarial accrued liability (b)	324,516	606,861	242,388	198,286	36,091	6,945
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 324,516	$ 387,457	$ 242,388	$ (909)	$ (10,724)	$ 3,314
Funded ratio (a) / (b)	0.0%	36.2%	0.0%	100.5%	129.7%	52.3%
Covered payroll (c)	$ 270,708	$ 255,010	$ 83,505	$ 222,427	$ 200,342	$ 200,342
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	119.9%	151.9%	290.3%	(0.4)%	(5.4)%	1.7%

Note 10 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant with each unit having a nominal output of approximately 1,350 megawatts. The other participants in STP Units 1 and 2 are NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. (NRG) and the City of Austin. The units, along with their support facilities and administrative offices, are located on a 12,220-acre site in Matagorda County, Texas. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. On October 28, 2010, STP submitted license renewal applications to the NRC. Upon approval of these applications, it is expected that STP Units 1 and 2 will be licensed for a total of 60 years of operation.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the STPNOC, a Texas nonprofit, nonmember 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 STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer.

CPS Energy amortizes its share of nuclear fuel for STP to fuel expense on a units-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 Energy is charged a fee for disposal of spent nuclear fuel, which is based upon CPS Energy's share of STP generation that is available for sale to CPS Energy customers. This charge is included in fuel expense monthly.

CPS Energy's 40.0% ownership in STP Units 1 and 2 represents approximately 1,080 megawatts of total plan capacity. See Note 4, Capital Assets for more information about CPS Energy's capital investments in STP.

Units 3 and 4 Project – In September 2007, NRG and CPS Energy signed the South Texas Project Supplemental Agreement (Supplemental Agreement) under which CPS Energy elected to participate in the development of STP Units 3 and 4 pursuant to the terms of the participation agreement among the STP owners and agreed to potentially own up to 50.0% of STP Units 3 and 4. The Supplemental Agreement provided for CPS Energy to reimburse NRG for its pro rata share, based on its ownership percentage, of initial project costs incurred and to pay its pro rata share of future development costs. The Boards of CPS Energy and NRG subsequently approved the Supplemental Agreement, which was effective on October 29, 2007. CPS Energy's adoption of its resolution to participate in the initial development of STP Units 3 and 4 did not constitute a commitment to make the complete investment in the proposed construction and operation of new nuclear units at STP.

Also in September 2007, STPNOC, on behalf of CPS Energy and NRG, filed with the NRC a combined construction and operating license application (COLA) to build and operate STP Units 3 and 4. This COLA was the first complete application for new commercial nuclear units to be filed with the NRC in nearly 30 years. On November 29, 2007, the NRC announced it had accepted the COLA for review.

On March 26, 2008, NRG announced the formation of Nuclear Innovation North America, LLC (NINA). NRG has an 88.0% ownership interest in NINA, while Toshiba American Nuclear Energy Corporation (TANE) owns the remaining 12.0%. Upon the formation of NINA, NRG contributed its 50.0% ownership of, and its development rights to, STP Units 3 and 4 to NINA. As a result, NINA became CPS Energy's partner for the co-development of STP Units 3 and 4.

On September 24, 2008, STPNOC, on behalf of CPS Energy and NINA, filed with the NRC an updated COLA naming TANE as the provider of STP Units 3 and 4. The project expects to receive the final Safety Evaluation Report in 2012. Receipt of the NRC-approved combined operating license is a condition precedent to starting significant project construction.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Also in September 2008, CPS Energy filed a Phase I application for a Department of Energy (DOE) loan guarantee related to its portion of the estimated project costs. Following the DOE's evaluation of all Phase I applications, the DOE ranked the project third out of a field of fourteen nuclear loan guarantee project applications that were submitted. Subsequently, the DOE narrowed the list of nuclear project candidates for DOE loan guarantees to four projects, including STP Units 3 and 4.

On November 5, 2008, STPNOC and the DOE executed a Standard Contract in which the DOE undertook the obligation to provide for permanent disposal of used nuclear fuel from the proposed STP Units 3 and 4 project.

On January 20, 2009, the Board authorized CPS Energy to work with STPNOC to enter into an engineering, procurement and construction (EPC) agreement with TANE for STP Units 3 and 4. The EPC agreement did not commit CPS Energy to build the new nuclear units. Instead, it enabled CPS Energy to lock in favorable terms and conditions with the contractor prior to a final construction decision once the NRC issues a license for the project. The agreement was subsequently signed by all parties on February 24, 2009.

Following notice published on February 19, 2009, on April 21, 2009, three individuals and three groups joined to file one Petition to Intervene against the STP Units 3 and 4 COLA. This initial petition contained 28 contentions. Interveners subsequently filed seven additional contentions. As a result of NRC Licensing Board decisions, most of the contentions were dismissed. The remaining contentions have been combined into a single contention which has been admitted for further consideration. STPNOC, as agent for the owners, plans to file supporting information as required to address any open issues, and the STPNOC staff believes these contentions can be resolved without hearings. The project schedule has time built into it for hearings as part of the COLA process; however, it is unclear whether contentions may result in hearings and whether hearings will affect the timing for issuance of the COLA.

On October 13, 2009, the Board approved selection of STP Units 3 and 4 as the next baseload generation resource and approved a request for $400,000 in bonds to support the project. However, amid reports that CPS Energy had knowledge that costs of the project might be significantly higher than previously reported, the City Council of San Antonio's vote on the bonds was postponed. This higher project cost estimate prompted the City Council to reevaluate CPS Energy's stake in the project and members of CPS Energy's management to engage in negotiations with representatives from TANE in November 2009.

Following the postponement of the City Council's vote, the Board undertook an investigation to determine whether CPS Energy's management had knowledge of an increase in the preliminary cost estimate for STP Units 3 and 4 and why that information was not previously communicated to the Board. The results of this investigation were reported to the Board in late 2009 and, based on the report, the Board adopted a resolution finding that there was a failure of the communication from certain members of CPS Energy executive management to the Board and the City Council regarding a revised cost estimate that was publicly disclosed in October 2009. The investigation report also concluded that there was no malicious intent on the part of any member of the management team in connection with the failure of the communication. Further, the report found that no member of management instructed any other employee to conceal or withhold any information from the Board and that lack of information flowing to the Board was, at worst, due to a difference of opinion about what information should be deemed material and deserving of the Board's attention.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

While the project's cost controversy was being investigated, CPS Energy explored all its options regarding participation in or withdrawal from the project. On December 6, 2009, CPS Energy filed a petition in Bexar County district court to clarify the roles and obligations of CPS Energy and NINA to define the rights of both parties should either decide to withdraw from the project. NRG escalated the litigation when it sued CPS Energy and claimed CPS Energy should forfeit all investment to date and lose all value in the project's land and water rights. CPS Energy amended its petition on December 23, 2009, and raised significant issues concerning misconduct by NRG and NINA. CPS Energy specified actual and exemplary damages of $32,000,000.

On February 17, 2010, CPS Energy and NINA announced that a proposed settlement had been reached that ended the parties' legal disagreement and allowed the proposed expansion of STP Units 3 and 4 to proceed. As a result of the settlement, CPS Energy's ownership stake in STP Units 3 and 4 was reduced from 50.0% to 7.6%, while NINA retained 92.4% ownership. CPS Energy is not liable for any project development costs incurred after January 31, 2010. Project costs incurred by CPS Energy as of January 31, 2011 totaled $391,000. However, once the new units reach commercial operation, CPS Energy will be responsible for its 7.6% share of ongoing costs to operate and maintain the units. CPS Energy has withdrawn its pending application for a DOE loan guarantee. Also as a result of the settlement, NINA also agreed to pay CPS Energy $80,000, in two $40,000 payments, upon DOE issuance of a conditional loan guarantee. NINA also agreed to make a contribution of $10,000 over a four-year period to the Residential Energy Assistance Partnership (REAP), which provides emergency bill payment assistance to low-income customers in San Antonio and Bexar County. The settlement agreement was finalized on March 1, 2010. As of January 31, 2011, CPS Energy had received $2,500 from NINA for REAP.

Shortly after the announcement on February 17, Tokyo Electric Power Company (TEPCO) expressed conditional interest in participating in the project. TEPCO operates multiple nuclear units in Japan, including six that were in operation at its Fukushima plant.

On March 11, 2011, a region of Japan sustained significant loss of life and destruction as a result of a major earthquake and resulting tsunami. Included in the damage areas were the Fukushima nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC began looking into the safety aspects of nuclear plant operations in the United States with the objective of assuring that events such as those at the Fukushima plant do not occur in this country. The NRC's assessments confirmed the safety of U.S. nuclear power plants and included 12 recommendations to the NRC to enhance readiness to safely manage severe events. The NRC Commissioners have directed the staff to implement several of the recommendations that were identified as those that should be implemented without delay. The NRC staff is developing the strategy and the regulatory activities needed to implement these recommendations. In addition, the Commissioners have directed the staff to identify the schedule and resource needs associated with the Near-Term Task Force recommendations that were identified as long-term actions and/or that require additional staff study to inform potential regulatory changes.

On March 21, 2011, NINA initially announced that it was reducing the scope of development of STP Units 3 and 4 to allow time for the NRC to assess the lessons that can be learned from the events in Japan. They further stated that continuing work, for the time being, would be limited to licensing and securing the DOE loan guarantee.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

In the wake of the disaster, TEPCO is now expected to focus its most immediate efforts in Japan. It is currently unknown whether TEPCO will continue with its planned investment in STP Units 3 and 4 in the long-term.

On April 19, 2011, NRG announced that it will not invest additional capital in STP Units 3 and 4 development effort and in the first quarter it would write off the entire value of its investment to date in the project while continuing to own a legal interest. TANE will be responsible for funding ongoing costs to continue the licensing process; however, TANE has yet to publicly disclose any specific plans beyond its possible short-term licensing effort. After extensive evaluation and consideration of several factors, CPS Energy's management has made an assessment that the STP Units 3 and 4 project is not impaired.

Excluding AFUDC of $21,000, project costs incurred by CPS Energy to date of $370,000 are included in construction in progress.

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 Energy 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. 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 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 approximately $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.

The owners of STP Units 1 and 2 currently maintain approximately $2,800,000 of nuclear property insurance, which is above the legally required amount of $1,100,000. 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). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning

In 1991, CPS Energy started accumulating the decommissioning funds for their original 28.0% portion in an external trust in accordance with the NRC regulations. The 28% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. Excess or deficient funds related to the 28% Trust will be received from or distributed to CPS Energy's ratepayers after decommissioning is complete.

In conjunction with the acquisition of the additional 12.0% interest in STP in May 2005, CPS Energy also assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). This is referred to as the 12% Decommissioning Trust, and its assets and related liabilities are also included in CPS Energy's financial statements as a component unit. Subject to PUCT approval as requested in the future, excess or deficient funds related to the 12% Trust will be received from or distributed to AEP customers after decommissioning is complete.

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years or upon transfer of ownership. The certificate assures that CPS Energy and the other owners 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. The most recent cost study conducted by the owners in March 2008 showed that decommissioning costs for CPS Energy's 28.0% ownership in STP Units 1 and 2 were estimated at $386,300 in 2007 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28.0% Decommissioning Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Decommissioning Trust.

CPS Energy has determined that some decommissioning activities will be required prior to shutdown of STP Units 1 and 2 at the end of the plant's life. Since the NRC prohibits any spending out of the Decommissioning Trusts for other than administrative expenses prior to shutdown, CPS Energy established a preshutdown account to fund decommissioning expenses incurred prior to shutdown. Contributions to fund preshutdown decommissioning costs for CPS Energy's 28.0% ownership in STP amounted to $2,200 in fiscal year 2011. Preshutdown decommissioning expenses for the 28.0% ownership totaled $80 for fiscal year 2011. For the 12.0% ownership, preshutdown costs were funded by AEP's ratepayers; preshutdown decommissioning expenses for this ownership totaled $33 for fiscal year 2011.

Excluding securities lending collateral, as of December 31, 2010, CPS Energy had accumulated approximately $301,700 in the 28% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 28% Trust funds allocated to decommissioning costs totaled $209,000, which exceeded the calculated financial assurance amount of $139,500 at December 31, 2010.

Note 10 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning (Continued)

The March 2008 cost study estimated decommissioning costs for the 12.0% ownership in STP Units 1 and 2 at $165,600 million in 2007 dollars. Excluding securities lending cash collateral, as of December 31, 2010, approximately $100,100 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 12% Trust funds allocated to decommissioning costs totaled $68,900, which exceeded the calculated financial assurance amount of $59,800 at December 31, 2010.

In fiscal year 2009, CPS Energy changed its method of accounting for the Decommissioning Trusts. Under the new method, a pro rata share of total decommissioning costs (as determined by the March 2008 cost study) has been recognized as a liability. In subsequent years, annual decommissioning expense and an increase in the liability will reflect the effects of inflation and an additional year of plant usage. Additionally, guidance under FASB Statement 71, *Accounting for the Effects of Certain Types of Regulation*, will be followed to retain the zero fund net assets approach to accounting for the Decommissioning Trusts. There was no impact to fund net assets as a result of this change in accounting method.

Both Decommissioning Trusts have separate calendar-year financial statements, which are separately audited and can be obtained by contacting the Controller at CPS Energy.

STP Pension Plan and Other Postretirement Benefits

STP maintains a noncontributory defined-benefit pension plan covering most employees. Retirement benefits are based on length of service and compensation. Plan assets are invested in various equity and fixed-income securities. Pension contributions totaling $8,665 were made in fiscal year 2010, of which approximately $8,300 related to the 2010 plan year, while approximately $400 related to plan year 2009. A final contribution of $6,200 for plan year 2010 will be required to be made by September 15, 2011, in order to meet minimum funding requirements of the Internal Revenue Code.

In September 2006, the FASB issued Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R).* FASB Statement No. 158 required STP, as the sponsor of a plan, to (a) recognize on its balance sheet as an asset the plan's overfunded status or as a liability the plan's underfunded status, (b) measure the plan's assets and obligations as of the end of the calendar year, and (c) recognize changes in the funded status of the plans in the year in which changes occur. Additional minimum liabilities are also derecognized upon adoption of the new standard. FAS No. 158 required STP to recognize additional liabilities and eliminate the intangible asset related to certain of its qualified and nonqualified plans. The effect of the defined benefit funding obligations to CPS Energy was $(14,700) for fiscal year 2011 and was reflected as a reduction in Other Changes in Fund Net Assets on the Statements of Revenues, Expenses and Changes in Fund Net Assets.

Employees whose pension benefits exceed $245 for the 1974 Employee Retirement Income Security Act limitations are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligation. The accruals for the cost of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan. STPNOC has a supplemental retirement plan for certain key individuals.

Note 10 CPS Energy South Texas Project (STP) (Continued)

STP Pension Plan and Other Postretirement Benefits (Continued)

STPNOC approved a change to the pension plan, effective January 1, 2007, to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date will receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

STPNOC also maintains a defined-benefit postretirement plan that provides medical, dental and life insurance benefits for substantially all retirees and eligible dependents. The cost of these benefits is recognized in the project statements during an employee's active working career. STPNOC has a trust to partially meet the obligations of the plan.

The owners of STP, including CPS Energy, share in all plan costs in the same proportion as their respective ownership percentages.

Schedule of Funding Status (RSI-Unaudited)
Calendar Year 2010

	Pension Benefits	Other Benefits
Change in Benefit Obligation:		
Benefit Obligation - Beginning	$ 259,244	$ 76,990
Service Cost	8,652	6,264
Interest Cost	15,415	4,511
Actuarial Loss	29,732	16,827
Benefits Paid	(3,943)	(2,487)
Benefit Obligation - Ending	309,100	102,105
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning	161,845	9,665
Actual Return on Plan Assets	16,747	1,332
Employer Contributions	8,665	2,125
Benefits Paid	(3,943)	(2,487)
Fair Value of Plan Assets - Ending	183,314	10,635
Funded Status - Ending	(125,786)	(91,470)
Unrecognized Net Actuarial Loss	100,137	38,668
Unrecognized Prior Service Cost	5,581	(10,597)
Unrecognized Transition Obligation		196
Net Amount Recognized	(20,068)	(63,203)
Accrued Benefit Cost	$ (20,068)	$ (63,203)
Weighted-Average Assumptions:		
Discount Rate	5.5%	5.3%
Expected Return on Plan Assets	8.0%	8.0%
Rate of Compensation Increase	3.0%	3.0%

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Note 11 Commitments and Contingencies

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 are 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, 2011. Grants awarded by federal, state, and other governmental agencies but not yet earned as of September 30, 2011 were $60,871.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2012. The estimated cost of these improvements is $565,474, which consist of the following:

Function/Program	FY 2012
General Government	
Information Technology	$ 10,185
Municipal Facilities	46,753
Total General Government	$ 56,938
Public Health & Safety	
Drainage	$ 100,147
Fire Protection	22,097
Law Enforcement	41,547
Total Public Health & Safety	$ 163,791
Recreation & Culture	
Libraries	$ 3,600
Municipal Facilities	14,848
Parks	38,438
Total Recreation & Culture	$ 56,886
Transportation	
Air Transportation	$ 88,689
Street	199,170
Total Transportation	$ 287,859
Total Capital Plan	$ 565,474

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various lawsuits alleging personal and property damages, wrongful death, breach of contract, property tax assessment disputes, environmental matters, class actions, employment claims and cases. The estimated liability, including an actuarially determined amount of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount of $21,545. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the general purpose financial statements cannot be determined.

Kopplow Development, Inc. v. City of San Antonio. Plaintiff contends that the construction of a regional storm water detention facility was an inverse condemnation of its property by increasing the flood plain elevation on its property. The City also filed a statutory condemnation to acquire an easement involving Plaintiff's property to construct and maintain part of the facility. This matter was tried in July 2008, but the City's motion for new trial was granted. After a retrial, the jury awarded approximately $600 to Plaintiff for the inverse condemnation and statutory condemnation. The City and Plaintiff appealed. The Fourth Court of Appeals recently issued its opinion affirming the trial court's ruling awarding Kopplow $5 as compensation for the land taken, but reversed the other portion of the judgment for the remainder of the damages. Kopplow's motion for rehearing was denied on December 29, 2010. Kopplow filed a Petition for Review to the Texas Supreme Court, which was granted. Kopplow filed their brief on the merits in October, and the City filed its reply in December 2011. The matter has not yet been set for submission to the court.

Shawn Rosenbaum, et. al. v. City of San Antonio, et. al. Plaintiff's decedent, Diane Rosenbaum, was operating her motorized wheelchair, crossing a parking area where she allegedly was struck by a City vehicle. Ms. Rosenbaum later died, allegedly as a result of this incident. Damages in this matter are capped by the Texas Tort Claims Act at $250. The case was stayed pending the prosecution of an interlocutory appeal of Judge's denial of the City's plea to the jurisdiction, motion for traditional summary judgment and no-evidence Motion for Summary Judgment to the Fourth Court of Appeals. On December 21, 2011, the Fourth Court of Appeals issued its opinion reversing the trial court's denial of the plea to the jurisdiction and dismissing the case. Plaintiffs have not yet indicated whether or not they will seek further appellate review.

Daniel Thomas, et. al. v. City of San Antonio, et. al. Plaintiffs' decedent was involved in two vehicle accidents in a short period of time and fled the scene of the second one on foot. After decedent refused commands to stop and drop his weapon, and in fear for their safety, the officers shot and killed the decedent. Plaintiffs filed suit in Federal Court against the City and the officers in their individual capacities. If liability is determined, damages could be in excess of $250. In December 2011, the court granted the City's Motion for Summary Judgment. The remaining claims against the officers are set for trial on March 5, 2012.

Smith, et. al. v. Ybarra, et. al. Plaintiffs' decedent was killed in a motor vehicle accident. Plaintiffs filed suit against the driver of the vehicle involved, as well as the City. As to the City, plaintiffs contend that paramedics did not render medical aid to decedent based on their mistaken belief that she was already dead. Damages could be up to $250.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

KGME, Incorporated v. City of San Antonio. Plaintiff entered into a contract with the City to provide construction services. The parties determined that work on portions of the contract had become impracticable and further work would cease. Plaintiff sued for Breach of Contract and Violations of the Prompt Payment Act. Damages could exceed $250. The City filed a plea to the jurisdiction, which was denied by the Court. The Fourth Court of Appeals issued its opinion on February 16, 2011, affirming the Trial Court's denial of the City's Plea to the Jurisdiction. The case was remanded back to State Court. As of this date, there is no trial setting.

Melissa Hopkins, et. al. v. William Karman, et. al. Plaintiff's decedent was the victim of armed robbery. A San Antonio Police Officer arrived on the scene. Shots were exchanged with suspects and Plaintiff's decedent was killed. Plaintiff filed suit against the officer and the City alleging violations of civil rights under 42 U.S.C. §1983. This case is in the early discovery stages. Damages could exceed $250.

Headwaters Coalition, et. al. v. City of San Antonio. The Headwaters Coalition, owners of the property alleged to contain the headwaters of the San Antonio River, and a local homeowners association filed suit to prevent the use of 2007 General Obligation Bond funds for constructing a drainage system to run down Hildebrand Avenue from Broadway to the San Antonio River, intending to alleviate floodwaters on Broadway. Plaintiffs contend that the wording of the 2007 bond election documents strictly limits the construction of the drainage system to Broadway and that no work may be done off of that street. The City contends that the intent of the 2007 General Obligation Bond proposition election documents was to alleviate the flooding on Broadway and that placement of the drainage system on Hildebrand is the most efficient and cost-effective means of achieving that goal. Alternatively, the City contends that the Hildebrand drainage system plan substantially complies with the 2007 General Obligation Bond proposition documents. A State District Court Judge entered a temporary injunction preventing the City not only from using the 2007 bond proceeds on the Hildebrand system, but prohibiting any further construction work or the expenditures of any other City funds on the Hildebrand drainage system project during the pendency of the suit. The City filed an interlocutory appeal to the Fourth Court of Appeals. Court-ordered mediation has been ordered on this matter and will commence on March 20, 2012.

Abilmelch Garcia v. City of San Antonio. Plaintiff claims he was operating his wheelchair at the intersection of E. Commerce and Soledad when he was struck by a City of San Antonio Waste Management truck operated by a City employee. As a result, he alleges serious and permanent bodily injuries, including loss of both legs. Plaintiff sued under the Texas Tort Claims Act and for violation of Section 552.003 of the Texas Transportation Code (failure to yield right-of-way to a pedestrian). Plaintiff sued for an unknown amount of money for damages to include past and future medical expenses, physical pain, mental anguish and physical impairment, which allegations exceeds $250. Damages are capped by the Texas Tort Claims Act at $250. Case is set for trial on April 16, 2012.

Maria Elena Rodriguez v. City of San Antonio. Plaintiffs sued under the Texas Tort Claims Act for negligence, gross negligence, and wrongful death alleging that the San Antonio Police Officer negligently struck and killed the driver in a motor vehicle accident on Loop 1604 on March 7, 2010. Maria Elena Rodriguez was riding as a passenger in the vehicle. She allegedly sustained injuries to both knees and her back, and alleges damages in excess of $250. Damages are capped by the Texas Tort Claims Act at $250. Plaintiff has until March 7, 2012 to refile her suit due to Motion for Continuance being denied by the judge on February 27, 2012.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Barbara Webb, et. al. v. City of San Antonio. Plaintiffs sued under the Texas Tort Claims Act for injuries sustained in a motor vehicle accident. A San Antonio Police Officer was en route to an emergency call when a vehicle turned into the street in front of her. The officer swerved to avoid that vehicle and lost control of her car, moving into the oncoming traffic. The patrol vehicle struck Plaintiffs' car head on. Plaintiff suffered life threatening injuries. This case is in the discovery stage. Damages could reach $250.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance 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. As of September 30, 2011, the City has no arbitrage liability for its governmental or proprietary funds.

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. The Airport System's revenue is net of Ground Abatement Credits and Building Improvement Credits allowed to lessees per signed contracts. Total rental revenue on operating leases for the fiscal year-ended September 30, 2011 was $65,534. As of September 30, 2011, the leases provide for the following future minimum rentals:

Lease Revenues				
	Governmental Activities	Airport System	Nonmajor Enterprise Funds	Total
Fiscal year ending September 30:				
2012	$ 5,804	$ 43,383	$ 1,229	$ 50,416
2013	5,534	39,368	1,218	46,120
2014	5,245	29,758	937	35,940
2015	5,132	28,113	195	33,440
2016	2,516	8,358	183	11,057
2017-2021	9,560	28,584	913	39,057
2022-2026	3,342	9,757	720	13,819
2027-2031	1,149	5,029		6,178
2032-2036	142	1,277		1,419
Future Minimum Lease Rentals	$ 38,424	$ 193,627	$ 5,395	$ 237,446

Note 11 Commitments and Contingencies (Continued)

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 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. 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 30-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 $3,825 for the Nelson Gardens Landfill was recorded as a liability and expensed in the Solid Waste Management 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, 2011 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $2,045. This represents a decrease of $12 from the prior fiscal year for expenditures incurred for geotechnical and environmental engineering services.

Texas Commission on Environmental Quality (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) 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. As of September 30, 2001, the permit for the North East Transfer Station has been transferred from the City, and the new permitee has provided adequate financial assurance and assumes all liabilities for this facility. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. 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 City-Base. On July 22, 2002, the land and improvements were transferred to the Brooks Development Authority (BDA) for the purpose of creating the Brooks Technology and Business Park, a facility that will foster the development of key targeted industries. The City is currently the Park's anchor tenant.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. BDA is required to pay its annual minimum payment from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation are also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's Systems. If BDA's operating revenues cannot cover the annual minimum payment, then, as BDA's obligation is backed by the City, the City will fund the obligation for that fiscal year. Obligations for fiscal year 2011 were fully funded through BDA operating revenues. BDA's obligations are additionally reduced annually, in accordance with contract terms, for economic development that benefits CPS Energy's electric and gas systems at the Brooks City-Base.

To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, CPS Energy has invested $5,600 and BDA has invested, net of annual interest, $4,200. BDA has fully funded its commitment.

CPS Energy

Litigation

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

Leases

Capital Leases – As of January 31, 2011, CPS Energy had no capital leases in which CPS Energy was the lessee. The only capital lease arrangement for which CPS Energy was the lessee, a four year lease for the use of computer servers, ended October 31, 2010. As such there were no future lease payments associated with this capital lease. The value of the assets acquired through the completed computer capital lease at January 31, 2011 was as follows:

	January 31, 2011
Equipment	$ 2,723
Accumulated Depreciation	(2,723)
Net book value	$ -

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

Operating Leases – CPS Energy has entered into operating lease agreements to secure the usage of railroad cars, natural gas storage facilities, land, a building, office space, parking lot space and engineering equipment. The lease of the building contains an escalation clause whereby the minimum monthly lease payments will increase by $3 per month beginning in the sixth year of the lease. The leases for the parking lot space contain a provision for a slight escalation in the monthly payment amount after the first year of each lease.

The future minimum lease payments made by CPS Energy for noncancelable operating leases with terms in excess of one year were as follows:

Year Ended January 31,	Operating Lease Payments
2012	$ 5,852
2013	4,072
2014	2,130
2015	1,770
2016	738
Total future minimum lease payments	$ 14,562

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $8,000 in fiscal year 2011. There were no contingent lease or sublease payments in fiscal year 2011.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication towers. New leases pertaining to the use of CPS Energy's communication towers contain an escalation clause whereby the annual lease payments will increase by 4.0% per year after the first year of each lease.

Additionally, CPS Energy has three operating leases for the use of land that CPS Energy owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The majority of the operating leases pertaining to the use of CPS Energy's communication towers contain a provision for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period. Furthermore, the three land leases also contain a provision for contingent lease receipts based on the Consumer Price Index.

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Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

The future minimum lease receipts to CPS Energy for noncancelable operating leases with terms in excess of one year were as follows:

Year Ended January 31,	Operating Lease Receipts
2012	$ 2,746
2013	2,756
2014	2,701
2015	2,679
2016	2,182
Later years	10,307
Total future minimum lease payments	$ 23,371

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $8,900 in fiscal year 2011. Contingent lease receipts amounted to $328 for fiscal year 2011. There were no sublease receipts in fiscal year 2011.

Lease/Leaseback – In June 2000, CPS Energy entered into a lease/leaseback transaction with an affiliate of Exelon involving CPS Energy's Spruce 1 coal-fired electric generating unit. The transaction included a lease for a term of approximately 65 years in combination with a leaseback of the facility by CPS Energy for approximately 32 years.

CPS Energy retains fee simple title to, and operating control of, the facility and retains all revenues generated from sales of electricity produced from the facility. CPS Energy received the appraised fair value of the unit, $725,000, which is being amortized over 381 months. The transaction expenses and leaseback costs of $628,300 were recorded as prepaid items in 2001 and are being amortized over 381 months.

CPS Energy has the option to cancel the leaseback after it expires by making a payment to Exelon's affiliate. CPS Energy entered into a collateralization payment-undertaking agreement that will generate amounts sufficient to fund the cancellation option.

CPS Energy's net benefits associated with the transaction were approximately $88,000. The City was paid $12,300 in accordance with the provisions of the New Series Bond Ordinance that permit 14.0% of this net benefit to be distributed. The distribution was recorded as a prepayment in 2001 and is being amortized over 381 months. As a result, net proceeds from the transaction of approximately $75,700 are being reported over the 32-year leaseback term. In fiscal year 2011, the net amount recorded as income by CPS Energy was $2,800.

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Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other

Purchase and construction commitments amounted to approximately $2,400,000 at January 31, 2011. This amount includes provisions for natural gas purchases expected through June 2027; the actual amount to be paid will depend upon CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for coal purchases through December 2021 and for coal transportation through December 2014.

CPS Energy also has other purchase commitments totaling $2,700,000. This amount includes provisions for wind power through May 2030, solar power through December 2040, landfill power through December 2020, and raw uranium associated with STP fabrication and conversion services needed for refueling through May 2026.

On January 20, 2009, the Board approved a policy statement on sustainability. The basis of the policy is to affirm that CPS Energy's strategic direction centers on transforming from a company focused on providing low-cost power from traditional generation sources to a company providing competitively priced power from a variety of sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider. Further, the objective of sustainable energy development is to meet current needs without compromising the ability of future generations to meet their needs. CPS Energy committed more than $5,000,000 by 2020 toward sustainability initiatives.

During fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with the SAEAPFC to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between the SAEAPFC and a third-party gas supplier, the SAEAPFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years. CPS Energy's 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned $2,400,000 purchase and construction commitments amount.

In December 2007, CPS Energy and Exelon Generation Company LLC (Exelon) signed an agreement granting CPS Energy an option to participate in a possible joint investment in a nuclear-powered electric generation facility in Southeast Texas (the Exelon Project). Preliminary plans indicate that the Exelon Project would be located in Victoria County, Texas, and would involve the development of two Economic Simplified Boiling Water Reactors (ESBWR), nominally rated at 1,520 megawatts each. Under this agreement, CPS Energy has the option to acquire between a 25.0% and 40.0% ownership in the Exelon Project. Exelon submitted the COLA for the Exelon Project to the NRC on September 3, 2008. On October 30, 2008, the NRC accepted the application for a detailed review. Exelon announced on November 24, 2008, that they intended to select an alternate technology, other than the ESBWR, for the Exelon Project. Subsequently on December 18, 2008, the NRC placed the review of Exelon's COLA on hold. On March 27, 2009, Exelon announced that it had selected Hitachi's Advanced Boiling Water Reactor design for the Exelon Project, and that it planned to revise the COLA and its DOE loan guarantee application accordingly. The Exelon Project failed to qualify for the initial round of DOE loan guarantees. Exelon has delayed development of the Exelon Project but will continue to pursue an Early Site Permit for the Victoria County location. CPS Energy's investment in the Exelon Project totaled $2,700 as of January 31, 2011.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. BDA is required to pay its annual minimum payment from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation are also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's Systems. To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, CPS Energy has invested $5,600 and BDA has met its obligation, net of annual interest, $4,200.

On June 8, 2010, CPS Energy committed to partner in the Texas Sustainable Energy Research Institute at the University of Texas at San Antonio for sustainable energy research. The agreement calls for CPS Energy to invest up to $50,000 over 10 years in the institute. The first two years' investment will be $3,500, from funds currently allocated to research and development. Future funding will be developed by the scope of the projects defined by the partnership and subject to annual approval by the Board.

CPS Energy sells its excess power into the wholesale market. While the majority of these transactions are conducted in the short-term market, from time to time, CPS Energy enters into long-term wholesale power supply agreements with other public power entities. CPS Energy currently has two such agreements, one covering the period from 2011 through 2016 and one from 2016 through 2023. The volumes committed under these agreements represent less than 2.0% of current capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

Save for Tomorrow Energy Program (STEP)

During fiscal year 2009, CPS Energy projected to spend approximately $849,000 over the next 12 years on energy efficiency and conservation through its Save for Tomorrow Energy Program (STEP). Annually, the first $8,000 of STEP expenses are funded through the base rate and are reported as CPS Energy operation and maintenance (O&M) expenses.

STEP expenses over the initial $8,000 per year are recovered through the fuel adjustment factor over a twelve-month period beginning in the subsequent fiscal year after they are incurred and have been independently validated. These STEP recoveries will be deferred as STEP net costs recoverable in accordance with guidance provided by FAS 71, *Accounting for the Effects of Certain Types of Regulation*. This guidance requires that certain costs be capitalized as a regulatory asset until they are recovered through future rates.

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Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability. The amount of such contingent liability totaled $6,596 at December 31, 2010. While the exact amount of any potential liability that may arise from these claims and potential litigation is indeterminable, management believes that the amounts recorded are a reasonable estimate.

In March 2007, SAWS was notified by of the Environmental Protection Agency (EPA) Region 6 of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for an enforcement action. In October 2007, EPA/DOJ and SAWS entered into a tolling agreement that precludes the running of any applicable statutes of limitation that might otherwise bar a claim in anticipation that the parties would engage in settlement negotiations. The tolling agreement has been extended on eight occasions, with the Ninth Tolling Agreement currently set to expire on April 30, 2012. Since 2007, SAWS has engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. SAWS last met with EPA/DOJ representatives in November 2011 to discuss resolution of the enforcement action. Additional negotiations are anticipated. While these negotiations are ongoing, SAWS expects that any settlement, consent decree, or enforcement action will result in required capital improvements and increased annual maintenance and operating expenses that will be phased in over the term of any settlement agreement or consent decree between SAWS and EPA/DOJ. SAWS' very preliminary estimates of the cost of capital improvements and other actions that may be required to settle this matter range from approximately $250,000 to approximately $1,000,000; however, the total final costs may significantly exceed SAWS preliminary estimates, and will depend on the course of action ultimately agreed upon between SAWS and EPA/DOJ or ordered by a Federal District Court if the parties are unable to settle the matter. SAWS currently expects that negotiations with the EPA and DOJ may conclude during calendar year 2012. Since 2007, SAWS has spent approximately $159,800 in capital projects to address and prevent sanitary sewer overflows.

The Lower Colorado River Authority-San Antonio Water System (LCRA-SAWS) Water Project was conceived to develop and make available up to 150,000 acre feet per year of surface water supplies for San Antonio in 2025 while firming up water supplies in the Colorado River Basin. In 2002, SAWS and LCRA executed a Definitive Agreement outlining SAWS' and LCRA's obligations. The agreement called for a multi-year study period, at the end of which both SAWS and LCRA were to determine whether or not to proceed with implementation of the project. Finalization of studies and obtaining appropriate permits for the project were expected to be completed between 2013 and 2015 (figures in this paragraph are not in thousands).

Throughout the study period, SAWS and LCRA evaluated the project's viability on an ongoing basis. In 2008, the LCRA Board of Directors adopted several water supply planning guidance resolutions which led to a conclusion by LCRA that there would be no firm water supply available to San Antonio from the planned project. In May 2009, SAWS' Board of Trustees declared LCRA in breach of the 2002 Definitive Agreement between the parties. The parties unsuccessfully conducted formal mediation in August 2009 and SAWS filed suit against LCRA.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Litigation (Continued)

In September 2009, LCRA filed a plea asserting full or partial governmental immunity from suit. In February 2010, the District Judge in the 200th Judicial District Court of Travis County, Texas granted LCRA's plea asserting full or partial governmental immunity from suit and dismissed SAWS' law suit. SAWS' filed an appeal to the Court of Appeals for the Third Appellate District of Texas in Austin, Texas. Following a decision by the Court of Appeals, either party may further appeal to the Supreme Court of Texas. However, consideration by the Supreme Court is discretionary with the Court and may be refused. Resolution of the appeal on the issue of governmental immunity is expected to take from two to five years, although the time is very difficult to predict.

SAWS has expensed $39,300 in study period costs through December 31, 2010. Under the terms of the 2002 Definitive Agreement with LCRA, SAWS is entitled to receive a reimbursement from LCRA of approximately one-half of those study period costs in the event the agreement is terminated by SAWS. No receivable for this reimbursement has been recorded due to the ongoing litigation.

Other

As of December 31, 2010, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2011 and others continuing until 2020. Some of the leases include price escalations and the average annual cost per acre foot ranges from $121 to $145 (these figures are not in thousands). The future commitments under these leases are as follows:

	2011	2012	2013	2014	2015	Thereafter
Lease obligations	$ 4,735	$ 3,927	$ 2,170	$ 1,421	$ 1,435	$ 4,100
Lease obligations (acre feet)	34,793	28,839	17,922	11,127	10,927	28,929

SAWS has various commitments relating to the production of water supplies. A summary of these commitments is provided below. As with any estimates, the actual amounts paid could differ materially.

	2011	2012	2013	2014	2015	Thereafter
Firm purchased water obligations	$ 4,913	$ 5,009	$ 5,106	$ 5,203	$ 5,301	$ 123,559
Firm purchased water obligations (acre feet)	6,700	6,700	6,700	6,700	6,700	101,500
Variable purchased water obligations	$ 3,991	$ 3,898	$ 3,795	$ 3,685	$ 3,195	$ 99,149
Variable purchased water obligations (acre feet)	4,853	4,613	4,373	4,133	3,529	90,528

SAWS' firm and variable purchased water obligations relate to the contractual commitments made in connection with SAWS' wholesale water contracts with Guadalupe Blanco River Authority (GBRA) and two wholesale agreements for the supply of raw water from the Trinity Aquifer. All water provided under these contracts is subject to availability. Under the contract with GBRA, SAWS will receive between 4,000 and 11,000 acre feet of water annually during the years 2011-2037 at prices ranging from $893 to approximately $1,527 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands.)

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In 2000, SAWS entered into a wholesale contract with the Massah Development Corporation to deliver raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County. This agreement expired in February 2010. In 2010, SAWS and Massah Development Corporation negotiated a new Water Supply Agreement for a term of 15 years beginning July 1, 2010. The minimum take or pay commitment for the contract is 100 acre feet per month or 1,200 acre feet per year. The initial price is $550 per acre foot with an escalator based on the Producers Price Index. SAWS has an option at the end of the primary term to extend the contract for 10 years. (Figures in this paragraph are not in thousands)

In 2006, SAWS renegotiated the terms of a contract with Sneckner Partners, Ltd. to supply raw water from the Trinity Aquifer. Under this contract, SAWS is required to take or pay for 1,500 acre feet annually at a minimum annual cost of $225 per acre foot through 2020 (these figures are not in thousands). SAWS has an option to extend the contract through 2026, if it desires. As part of this contract, SAWS agreed to make payments quarterly for any residential customers within a defined, currently undeveloped geographical area that begin taking water service from SAWS. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management estimates of this potential contingent liability are less than $5,000. (Figures in this paragraph are not in thousands)

In July 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (the District) to pump 11,688 acre feet from the Carrizo Aquifer. In December 2010, opponents filed an appeal from the District's decision in the Judicial District Court of Gonzales County. Resolution of the appeal could take from one to four years. SAWS has entered into 20 separate agreements to pump water from the Carrizo Aquifer. SAWS makes minimum water payments under the terms of these agreements until such time as the necessary infrastructure to produce and transport the water has been completed. At December 31, 2010, SAWS is committed to make payments under only three of these agreements. Minimum water payments are required under these three agreements through 2029 even if no water is produced. The remaining agreements are currently subject to cancellation by SAWS. The table below summarizes both the required minimum water payments under these agreements as well as the projected additional payments under the agreements assuming that water production begins in 2014.

	2011	2012	2013	2014	2015	Thereafter
Required minimum water payments	$ 580	$ 700	$ 824	$ 865	$ 891	$ 16,654
Projected additional payments	$ -	$ -	$ -	$ 319	$ 328	$ 4,809
Produced water (acre feet)				11,688	11,688	163,632

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $270,000 as of December 31, 2010. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Note 12 Pollution Remediation Obligation

Primary Government (City)

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from that estimated below as a result of market rate changes, improvements to technology, etc.

	Balance at 10/1/2010	Additions	Deletions	Balance at 9/30/2011
Governmental Activities:				
Liabilities	$ 1,825	$ 435	$ (715)	$ 1,545
Construction in Progress	1,205	183	(527)	861
Business-Type Activities:				
Liabilities	$ 700	$ 340	$ -	$ 1,040

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's CIMS and Parks Departments for the construction of streets and drainage and parks, respectively. Any net changes in the Governmental Activities pollution liability that was not capitalized under Construction in Progress was expensed under the City's public works and culture and recreation activities.

The Business-Type Activities' liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The additional $340 of costs recorded in fiscal year 2011 relate to incremental estimates for the same property which was expensed in both Business-Type Activities and the Airport System Fund.

The City does not foresee receiving any recoveries from third parties for the costs associated with cleaning up these pollution obligations.

CPS Energy

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for cleaning up existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Note 12 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

Under the FERC guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the balance sheet within other liabilities and deferred credits. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities and deferred credits.

The pollution remediation liability was $2,600 as of January 31, 2011. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by CPS Energy's environmental staff and consultants.

San Antonio Water System (SAWS)

SAWS had no material pollution remediation liabilities at December 31, 2010.

Note 13 Risk Financing

Primary Government (City)

Property and Casualty Liability

At September 30, 2011, the City maintains excess liability insurance coverage through Star Insurance Company. The policy provides coverage in excess of the City's self-insured retention of $500 for general liability, law enforcement legal liability, public official's liability, and employee benefits liability. The City utilizes a third-party administrator to adjust its claims. Great American Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $200, and the insurance will reimburse up to $2,510,577.

Obligations for claims under these programs are accrued in the City's Self-Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures. There were no significant reductions in insurance coverage. Claims settlements have not exceeded insurance coverage limits for the past four years.

Workers' Compensation

As of September 30, 2011, the City maintains excess workers' compensation insurance coverage through Star Insurance Company. The policy provides coverage for claims by or on behalf of injured workers where the total liability exceeds the City's self-insured retention of $500. The City utilizes a third-party administrator to adjust its claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Workers' Compensation Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures. There were no significant reductions in insurance coverage. Claims settlements have not exceeded insurance coverage limits for the past four years.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts through our Section 125 Cafeteria Plan. The City's health and dental programs are self-funded. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self insured and fully insured plans to participating retirees who retire from the TMRS Pension Plan immediately following retirement from the City. Self Funded obligations for benefits are accrued in the City's Retiree Health Benefits Insurance Fund (a subfund of the Employee Health Benefits Fund) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally, determined and accrued OPEB liabilities based on an actuarial assessment of historical self funded claims data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Health Benefits Fund.

Extended Sick Leave Program

The Extended Sick Leave Program 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. The Extended Sick Leave Program is currently administered out of the Employee Health Benefits Fund.

Employee Wellness Program

The Employee Wellness Program is designed to mitigate future health and productivity loss costs by creating awareness of health risks and providing education about healthy lifestyle choices. In 2008, the City opened the COSA Health and Wellness Center in partnership with Gonzaba Medical Group. The Center is available exclusively to provide primary and occupational medicine to active employees. Additionally, the City provides every employee and members of their household an Employee Assistance Program to assist employees with basic situational and behavioral counseling, as well as, financial counseling and legal referral services. The Employee Wellness Program is managed out of the Employee Health Benefits Fund.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Claims Liability

The liability for the Employee Health 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 both the Insurance Reserve and Workers' Compensation Programs is based on a 3.0% discount rate due to the multi-year life cycle to close out these claims and the average historical as well as forecasted yield on the City's investments.

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Health Benefits, and Workers' Compensation Programs Funds for the year-ended September 30, 2011:

Fund	October 1,	Estimates	Claims	Payments	September 30,
Insurance Reserve[2]:					
Fiscal Year 2010	$ 18,497	$ 4,638	$ 4,031	$ (4,031)	$ 23,135
Fiscal Year 2011	23,135	(1,590)	5,259	(5,259)	21,545
Employee Health Benefits: [1]					
Fiscal Year 2010	$ 8,654	$ (289)	$ 85,058	$ (85,058)	$ 8,365
Fiscal Year 2011	8,365	(496)	87,068	(87,068)	7,869
Workers' Compensation:					
Fiscal Year 2010	$ 26,217	$ 1,703	$ 12,270	$ (12,270)	$ 27,920
Fiscal Year 2011	27,920	1,534	12,333	(12,333)	29,454

[1] FY11 fund financial claims expense reflects an additional $525 paid for Unemployment Claims that are not included in the calculation of claims liability.

[2] FY11 fund financial claims expense reflects an additional $15 paid for claims handled outside of the reserves.

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Note 13 Risk Financing (Continued)

CPS Energy

Insurance and Reserves – CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides $5,900,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, fire damage coverage for construction equipment, and valuable papers coverage. The deductible for the property insurance policy is $5,000 per occurrence with a secondary deductible of $1,000 per occurrence applicable to non-power-plant. The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes commercial crime, employee travel, event insurance.

CPS Energy also manages its own workers' compensation program. Additionally, to support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage and there were no decreases in the last three fiscal years.

Actuarial studies are performed periodically to assess and determine the adequacy of insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed during the third quarter of fiscal year 2011.

In the table below, the remaining balance under the property reserves column at January 31, 2011, relates to estimated obligations for the clean up, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfill liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Schedule of Changes in Claims Liability

Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2010	$ 3,105	$ 799	$ -	$ 3,904
Fiscal Year 2011	3,904	344		4,248
Employee and Public Liability Claims:				
Fiscal Year 2010	$ 10,303	$ 4,314	$ (4,254)	$ 10,363
Fiscal Year 2011	10,363	6,343	(4,427)	12,279

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Counterparty Risk – CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, a lease/leaseback transaction and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly and managed actively through its Enterprise Risk Management & Solution Division.

Hedging – The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas PFIA to allow municipal utilities the ability to purchase and sell energy-related financial instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

In fiscal year 2010, CPS Energy implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

On December 20, 2010, the CPS Energy board of trustees reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposures in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the balance sheet at fair value. The fair value of option contracts is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. For futures and basis swap contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established, less applicable commissions.

All potential hedging derivative instruments were evaluated for effectiveness at January 31, 2011, and were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items. The instruments were categorized into two broad groups for purposes of this testing. In one category, hedges utilize only NYMEX natural gas futures and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas is typically purchased at prices based on either the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at each of these locations and the settlement price at Henry Hub. The correlation coefficient was established at the critical term to be evaluated, with 0.89 established as the minimum standard tolerated. The testing, based on two different location hubs (WAHA and HSC), demonstrated a substantial offset in the fair values, as evidenced by their calculated R values, 0.91 and 0.97, respectively, indicating that the changes in cash flows substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

The second category includes hedges with both Henry Hub priced swaps and basis swaps to appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were determined to be effective utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

As of January 31, 2011, the total fair value of outstanding hedge instruments was a net liability of $14,230. Fuel hedging instruments with a fair value of $(6,287) are reported as a current liability and classified on the balance sheet as a component of accounts payable and accrued liabilities. Long-term fuel hedging instruments with a fair value of $(7,943) are reported as a noncurrent asset and classified as a component of noncurrent and other assets.

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred (inflows) outflows of resources on the balance sheet until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The current deferred (inflows) outflows of resources related to fuel hedges totaled $6,905 at January 31, 2011. These amounts are reported on the balance sheet as current assets and are classified as a component of prepayments, deferred and other current assets. The noncurrent deferred (inflows) outflows of resources totaled $7,943 at January 31, 2011. These amounts are reported on the balance sheet as noncurrent assets and are classified as a component of other deferred costs.

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments:

Fuel Derivative Transactions as of January 31, 2011

Type of Transaction		Duration	Volumes in MMBTU	Fair Value	Changes in Fair Value
Long	Call	Feb 2011 - Sep 2011	2,130,000	$ 4	$ (1,328)
Short	Call	Mar 2011 - Mar 2011	260,000		35
Long	Put	Mar 2011 - Mar 2011	260,000	193	29
Short	Put	Feb 2011 - Jul 2011	1,560,000	(1,179)	186
Long	Fixed Price Natural Gas	Feb 2011 - Jan 2014	22,374,416	(13,883)	(13,160)
Short	Fixed Price Natural Gas	Feb 2011 - Mar 2011	600,000	676	676
Long	HSC Basis Swap	Feb 2011 - Jun 2011	1,400,000	(3)	(106)
Short	WAHA Basis Swap	Feb 2011 - Mar 2011	600,000	(38)	(38)
				$ (14,230)	$ (13,706)

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance may an exchange for physical assets take place.

Preassigned Congestion Rights – In the normal course of business, CPS Energy acquires Preassigned Congestion Rights (PCRs) and Transmission Congestion Rights (TCRs) as a hedge against unexpected congestion costs. The TCRs are purchased at auction, annually and monthly, at market value. Municipally owned utilities are granted the right to purchase PCRs annually at 15.0% of the cost of TCRs. This low initial investment is an indication of the leverage characteristic of derivatives. Additionally, PCRs exhibit the other two characteristics of derivatives as defined by GASB Statement No. 53 (settlement factors and net settlement). Therefore, PCRs are reported at fair value on the balance sheet in accordance with GASB Statement No. 53, with fair value determined by the cost of annual TCRs purchased at the same time.

The effectiveness of these hedges is satisfied utilizing the consistent critical terms method prescribed under GASB Statement No. 53, whereby the forward contract is for the same quantity of the hedgeable item (one Megawatt per PCR) and covers the same time (15-minute intervals over the course of a month) and location (a specified directional constraint). When combined with the hedgeable item (congestion cost), the contract value is zero since the reference rate of the contract is consistent with the rate of the hedgeable item.

Due to ERCOT's conversion from a zonal to nodal market in December 2010, annual auction rights will not be available until later in 2011. Consequently, there were no PCRs held at January 31, 2011.

Credit Risk – CPS Energy began executing over-the-counter hedge transactions directly with approved counterparties in April 2010. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that should the counterparty's credit rating fall below BBB- with S&P or Baa3 with Moody's, no unsecured credit would be granted and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2011, the exposure to all hedge-related counterparties was such that no counterparty credit risk existed.

Termination Risk – For CPS Energy's fuel hedges that are executed over the counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Basis Risk – CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2011, the HSC price was $4.10 per MMBtu, the WAHA price was $3.91 per MMBtu, and the Henry Hub price was $4.22 per MMBtu.

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 workers' compensation, general liability, automobile liability and public official's liability claim and for the first $250 for each pollution remediation, legal liability and commercial property claim. Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the year-ended December 31, 2010, there were no reductions in insurance coverage from the previous year and there were no new claims incurred during the period that exceeded the self-insured retention limit. Settled claims have never exceeded the insurance coverage in any year. SAWS has recorded accrued claims liability in the amount of $6,596 as of December 31, 2010, 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. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2010	$ 5,504	$ 2,701	$ (1,609)	$ 6,596	$ 6,596
December 31, 2009	$ 5,401	$ 2,050	$ (1,947)	$ 5,504	$ 5,504

Pay-Fixed, Receive-Variable 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 SAWS' Capital Improvement Program and to refund certain outstanding commercial paper notes.

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Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

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 than traditional long-term fixed rate bonds. In August 2008, SAWS issued a Notice of Partial Redemption for $110,615 of the outstanding principal amount of $111,615 of the Series 2003 Bonds due to continued unfavorable market conditions relating to the ratings downgrade of MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper are expected to closely match the debt service requirements of the refunded debt. At December 31, 2010, $106,530 of commercial paper notes are hedged by the interest rate swap agreement.

Terms – The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the SWAP being the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

In March 2008, JP Morgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JP Morgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JP Morgan Chase & Co. , and MBIA to provide for JP Morgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value – The swap had a negative fair value of approximately $11,800 at December 31, 2010. 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 anticipate 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.

The swap agreement has been deemed an effective hedge and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow and included in unrestricted non-current assets. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is amortized over the remaining life of the 2003 Bonds.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Credit Risk – As of December 31, 2010, 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, JP Morgan Chase Bank, N.A. was rated 'AA-' by Fitch Ratings and Standard & Poor's and 'Aa1' by Moody's Investors Service as of December 31, 2010. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk – SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk – SAWS may terminate the swap at any time for any reason. JP Morgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment and JP Morgan Chase cannot terminate as long as the insurer does not fail to perform. Also, 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.

Market-access Risk – SAWS is subject to market-access risk as $106,530 of variable-rate debt hedged by the swap is outstanding commercial paper notes with current maturities less than 49 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts.

Swap Payments and Associated Debt – As of December 31, 2010, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap
Estimated Debt Service Requirements of Variable-Rate
Debt Outstanding and Net Swap Payments

Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2011	$ 2,720	$ 318	$ 4,021	$ 7,059
2012	2,840	310	3,913	7,063
2013	2,970	301	3,801	7,072
2014	3,105	292	3,684	7,081
2015	3,245	282	3,561	7,088
2016-2020	18,590	1,247	15,757	35,594
2021-2025	23,235	928	11,728	35,891
2026-2030	29,035	530	6,692	36,257
2031-2033	20,790	86	1,088	21,964
Total	$ 106,530	$ 4,294	$ 54,245	$ 165,069

Amounts are expressed in thousands

Note 14 Interfund Transfers

The following is a summary of interfund transfers for the City for the year-ended September 30, 2011:

Summary Table of Interfund Transfers Year-Ended September 30, 2011	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Airport System Fund	$ 196	$ -
Categorical Grant-In-Aid		6,664
General Obligation Project Fund		745
Internal Service Funds	820	7,565
Nonmajor Governmental Funds	9,653	20,605
Nonmajor Enterprise Funds	3,934	3,534
Total General Fund	14,603	39,113
Debt Service Fund:		
Internal Service Funds	173	
Nonmajor Governmental Funds	39,754	
Total Debt Service Fund	39,927	
Categorical Grant-In-Aid:		
General Fund	6,664	
General Obligation Project Fund		469
Airport System	38	
Internal Service Funds	26	
Nonmajor Governmental Funds	148	3,762
Total Categorical Grant-In-Aid	6,876	4,231
2007 General Obligation Bonds:		
General Obligation Project Fund		85,378
Nonmajor Governmental Funds		275
Total 2007 General Obligation Bonds		85,653
General Obligation Project Fund:		
General Fund	745	
Categorical Grant-In-Aid	469	
2007 General Obligation Bonds	85,378	
Nonmajor Governmental Funds	21,763	
Nonmajor Enterprise Funds	450	
Total General Obligation Project Fund	108,805	

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Note 14 Interfund Transfers (Continued)

Summary Table of Interfund Transfers (Continued) Year-Ended September 30, 2011	Transfers From Other Funds	Transfers To Other Funds
Airport System Fund:		
General Fund	$ -	$ 196
Categorical Grant-In-Aid		38
Internal Service Funds	463	34
Total Airport System Fund	463	268
Internal Service Funds:		
General Fund	7,565	820
Debt Service Fund		173
Categorical Grant-In-Aid		26
Airport System Fund	34	463
Internal Service Funds	85	85
Nonmajor Governmental Funds	112	361
Nonmajor Enterprise Funds		18
Total Internal Service Funds	7,796	1,946
Nonmajor Governmental Funds:		
General Fund	20,605	9,653
Debt Service Fund		39,754
Categorical Grant-In-Aid	3,762	148
2007 General Obligation Bonds	275	
General Obligation Project Fund		21,763
Internal Service Funds	361	112
Nonmajor Governmental Funds	140,001	140,001
Nonmajor Enterprise Funds	855	88
Total Nonmajor Governmental Funds	165,859	211,519
Nonmajor Enterprise Funds:		
General Fund	3,534	3,934
General Obligation Project Fund		450
Internal Service Funds	18	
Nonmajor Governmental Funds	88	855
Nonmajor Enterprise Funds	210	210
Total Nonmajor Enterprise Funds	3,850	5,449
Total	$ 348,179	$ 348,179

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 or comply with other direction from the City Council of San Antonio.

Note 15 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1 Summary of Significant Accounting Policies, Fund Balance.

	General Fund	Debt Service Fund	Categorical Grant-In-Aid	2007 General Obligation Bonds	General Obligation Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
In nonspendable form:							
Inventory	$ 4,854	$ -	$ 75	$ -	$ -	$ 241	$ 5,170
Prepaid	85					459	544
Legally or contractually intact:							
Permanent Fund Corpus						3,641	3,641
Total Nonspendable	4,939		75			4,341	9,355
Restricted for:							
General Government						25,455	25,455
Public Safety						4,632	4,632
Public Works						47,560	47,560
Health Services	133					79	212
Welfare	14						14
Culture and Recreation	930					38,592	39,522
Urban Redevelopment and Housing	30					1,870	1,900
Economic Development and Opportunity						5,615	5,615
Capital Projects				217,775		218,806	436,581
Debt Service		93,569				32,577	126,146
Total Restricted	1,107	93,569		217,775		375,186	687,637
Committed:							
General Government	8,667						8,667
Public Safety	2,635					32	2,667
Public Works	26,790						26,790
Health Services	311						311
Sanitation	2						2
Welfare	1,638						1,638
Culture and Recreation	2,608					670	3,278
Convention and Tourism						17,995	17,995
Economic Development and Opportunity	5,889						5,889
Capital Projects						48,584	48,584
Total Committed	48,540					67,281	115,821
Assigned:							
General Government	6,747						6,747
Public Safety	15						15
Public Works						1,320	1,320
Sanitation	281						281
Welfare	16						16
Culture and Recreation	3					382	385
Urban Redevelopment and Housing						11,535	11,535
Economic Development and Opportunity	351						351
Total Assigned	7,413					13,237	20,650
Unassigned	170,693		(4,284)		(46,836)	(24,388)	95,185
Total Fund Balance	$ 232,692	$ 93,569	$ (4,209)	$ 217,775	$ (46,836)	$ 435,657	$ 928,648

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Amounts are expressed in thousands

Note 15 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure appropriated funds are adequately committed and remaining unspent balances are carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. These amounts are reported in fund balance as follows:

	General Fund	Debt Service Fund	Categorical Grant-In-Aid	2007 General Obligation Bonds	General Obligation Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Encumbrances:							
Restricted	$ 392	$ -	$ -	$ 323,132	$ -	$ 233,977	$ 557,501
Committed	31,188					17,683	48,871
Assigned						164	164
Unassigned			45,932		156,702	144,479	347,113
Total Encumbrances	$ 31,580	$ -	$ 45,932	$ 323,132	$ 156,702	$ 396,303	$ 953,649

The City further maintains a 9.0% of General Fund expenditures' Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and is contingent upon the General Fund's overall estimated expenditures and related funding.

The Reserve may be utilized to meet one of more of the following events upon subsequent adoption by the City Council.

- Unforeseen operational or capital requirements which arise during the course of the fiscal year;
- Unforeseen or extraordinary occurrence such as a natural disaster, catastrophic change in the City's financial position, or the occurrence of a similar event; or
- To assist the City in managing fluctuations in available General Fund resources from year to year in stabilizing the budget.

The balance within the Budgeted Financial Reserve as of September 30, 2011 was $83,416. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. The City does not have a minimum fund balance policy.

Note 16 Deficits in Fund Balances / Net Assets

Special Revenue Funds

As of September 30, 2011, deficit fund balances are reported in the Categorical Grant-in-Aid Fund and the Community Development Program Fund in the amounts of $4,209 and $606 respectively. The deficit fund balance in Categorical Grant-in-Aid is a result of providing additional program services to the community beyond what monies were provided by grantor agencies. The uncollectible amounts were incorporated into the City's annual budget process to be funded over five years of which the City has one year remaining to fund. The deficit balance in the Community Development Program Fund is a result of utilizing grant monies for activities that were determined not to benefit the mission/purpose of the grant. The City has created an obligation to reimburse the grantor and will incorporate the funding of this deficit as well as the remaining deficits within CGIA into future adopted budgets.

Note 16 Deficits in Fund Balances / Net Assets (Continued)

Capital Projects Funds

As of September 30, 2011, deficit fund balances are reported in the General Obligation Project Fund, Certificates of Obligation Project Fund, and Improvement Projects in the amounts of $46,836, $10,825, and $12,699, respectively. The deficit balances in these work effort funds are a result of a one year reimbursement clause allowing departments to spend up to one year in advance of bonds being sold and proceeds transferred in to fund the work efforts. Another contribution to this deficit is the timing of invoices billed to third party contributors. The deficits will be addressed by identifying the appropriate funding source and transferring funds from a bond authorization (when sold), operating funds, grants, and/or by billing and collecting contributions from third party contributors.

Internal Service Funds

As of September 30, 2011, the Workers' Compensation Fund had deficit net assets of $1,337. The deficit balance was a result of higher than expected actuarially determined accruals in fiscal year 2011 that were more than the amount considered in the annual Workers' Compensation Fund assessment. The City will fund the deficit by revising the future assessment charged to various City funds over the course of the next three years.

As of September 30, 2011, a deficit fund balance was reported in CIMS in the amount of $3,719. The deficit in CIMS is due to the fund not including long-term liabilities (OPEB and Accrued Leave) in its assessments. Due to the fund's GASB Statement No. 54 reclassification the long-term liabilities not previously recorded in the fund are now included, and resulted in a negative fund balance. Reevaluation of assessments, fees, and other funding sources will be reviewed to determine future capacity.

Enterprise Funds

As of September 30, 2011, a deficit fund balance was reported in the Development Services Fund in the amount of $619. The deficit in the Development Services Fund is due to the fund not including long-term liabilities (OPEB and Accrued Leave) in its assessments. Due to the fund's GASB Statement No. 54 reclassification, the long-term liabilities not previously recorded in the fund are now included, and resulted in a negative fund balance. Reevaluation of assessments, fees, and other funding sources will be reviewed to determine future capacity.

Note 17 Other Disclosures

Donor Restricted Endowment

The City has five Permanent Funds: the City Cemeteries Fund, the Carver Cultural Center Endowment Fund, the San Antonio Housing Trust Fund, the William C. Morris Endowment Fund, and the Boza Becica Endowment Fund. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increase and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net assets from these endowment funds are classified as restricted net assets and are reported in the government-wide financial statements.

Note 17 Other Disclosures (Continued)

Donor Restricted Endowment (Continued)

The City Cemeteries Fund generated $11 in investment earnings 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 principal is required to be retained in perpetuity.

The Carver Cultural Center Endowment Fund generated $2 in investment earnings. 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 Prudent 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 $100 in investment earnings. These earnings may be disbursed to projects with particular emphasis on housing programs as grants or secured loans. All distributions or disbursements of San Antonio Housing 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, regulated, and administered in all respects under the laws of the State of Texas.

The William C. Morris Endowment Fund generated $1 in investment earnings. These earnings are used on an annual basis to enhance the City Library's Educational Programming and Services for Children. The earnings of the funds will be expended in accordance with the spending policy of the Library's board of directors or trustees.

The Boza Becica Endowment Fund generated $2 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

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Note 18 Prior Period Restatement

During fiscal year 2011, the following restatements were made to implement GASB Statement No. 54; to adjust for the addition/removal of various blended component units reported in the financial statements due to the availability of their respective reports for inclusion in the current year; to account for the business consolidation of Market Square; and to properly account for the construction of an asset under the Municipal Facilities Corporation (Blended Component Unit) rather than under the City's capital projects fund.

		Reconciliation of the Balance Sheet to Statement of Net Assets					
	Total Governmental Activities Net Assets	Revenues/ Receivables	Internal Service Fund Allocation	Capital Assets	Long-term Liabilities	Total Governmental Funds' Fund Balances	Total Business-type Activities Net Assets
Beginning Balances, October 1	**$ 2,526,951**	**$ 18,596**	**$ 108,773**	**$ 3,580,613**	**$ (2,139,752)**	**$ 958,721**	**$ 351,892**
Increase/(Decrease)							
General Fund:							
Capital Improvements Reserve						4,770	
Community Services						4,750	
Community Services (PEG)						(11,795)	
International Center						1,906	
Job Training						1,555	
Total General Fund						1,186	
Categorical Grant-In-Aid:							
Improvement Projects						356	
Community Services						226	
Total Categorical Grant-In-Aid						582	
Nonmajor Governmental:							
Special Revenue Funds:							
Confiscated Property	240					240	(240)
Development Services	2,587			(176)	3,388	(625)	(2,587)
CIMS			(2,748)	(32)	2,826	(46)	
Capital Improvements Reserve						(4,770)	
International Center						(1,906)	
Job Training						(1,555)	
Community Services:							
Noise Abatement	(7)					(7)	7
Market Square	(3,386)			(2,942)		(444)	3,386
PEG						11,795	
Starbright						(105)	
Equipment Acquisition						1,647	
General Fund						(4,750)	
Categorical Grant-In-Aid						(226)	
Special Event Security Trust	(449)					(449)	
Blended Component Units:							
HFDC	12					12	
EFC	68					68	
IDA	9					9	
EDC	(700)					(700)	
HTPFC	(56)					(56)	
Municipal Facilities Corp.						(1,653)	
Starbright						105	
Capital Project Funds:							
Improvement Projects							
Categorical Grant-In-Aid						(356)	
Municipal Facilities Corp.						1,653	
Equipment Acquisition						(1,647)	
Total Nonmajor Governmental	(1,682)		(2,748)	(3,150)	6,214	(3,766)	566
Restated Beginning Balances, October 1	**$ 2,525,269**	**$ 18,596**	**$ 106,025**	**$ 3,577,463**	**$ (2,133,538)**	**$ 956,723**	**$ 352,458**

Amounts are expressed in thousands

Note 19 Subsequent Events

Primary Government (City)

On February 16, 2012, the City Council approved calling an election on Saturday, May 12, for the City's proposed 2012-2017 Bond Program. If approved, the $596,000 140-project program will be the largest in the City's history and will not require a property tax increase to fund the debt service obligations. These projects will be divided into the following five categories:

- Streets, Bridges and Sidewalks: 41 projects – $338,000
- Drainage and Flood Control: 17 projects – $128,000
- Parks, Recreation and Open Space: 68 projects – $87,000
- Library, Museum and Cultural Arts Facilities: 11 projects – $29,000
- Public Safety Facilities: 3 projects – $14,000

Fire and Police Pension Fund

The Pension Fund had their actuarial study as of October 1, 2011 completed and issued in January 2012. The results of the study include an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $231,075 as of October 1, 2010 to $242,741. The years to amortize the UAAL remained at 9.1 years as a level percent of payroll.

As is the case with most public pension plans, the Pension Fund has incurred substantial investment losses due to financial market conditions. The actuarial valuation includes a smoothed market approach for the value of assets which provides for asset gains or losses to be smoothed over a five-year period. Smoothing of the Pension Fund's investment returns as of September 30, 2011 resulted in the deferral of $360,467 in investment losses. These investment losses will be recognized in future year's actuarial valuations to the extent they are not offset by recognition of investment gains above the Fund's assumed investment return of 7.8% or other actuarial gains.

Contribution rates for the members of the Pension Plan and the City are established under Texas state statutes and do not change with the results of the annual actuarial valuations. Staff of the Pension Fund and the City will continue to monitor the situation closely. Please see Note 8 Pension and Retirement Plans for more information on the Fire and Police Pension Plan.

Fire and Police Retiree Health Care Fund

The Fire and Police Retiree Health Care Fund had its actuarial study as of October 1, 2011 completed in February 2012. The results of the study include an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $387,457 as of October 1, 2010 to $403,614. In order to maintain an amortization of the UAAL over a period of 30 years, contribution and benefit rates would have to increase beyond those currently included in the Fund's governing statue. However, these contribution and benefit rates would only be required to be implemented if the amortization period of the UAAL exceeds 30 years with the actuarial valuation to be conducted in 2019.

Note 19 Subsequent Events (Continued)

CPS Energy

Long-Term Debt

In September 2011, the City Council approved an ordinance authorizing the issuance of the City's Electric and Gas Systems Revenue Refunding Bonds, New Series 2011, in a principal amount not to exceed $60,000, and other financial matters as necessary to refund certain portions of the City's Electric and Gas Systems Revenue and Refunding Bonds, New Series 2002 for debt service savings. Approximately $50,900 in bonds were issued in November 2011 to refund $57,400 of the outstanding New Series 2002 bonds. The transaction resulted in a net present value savings of $7,700.

Solar Power Agreement

In January 2012, CPS Energy entered into negotiations for a power purchase agreement relating to one of the nation's largest solar projects. The project will mean new corporate headquarters and U.S. manufacturing operations for global companies in San Antonio. The offer from OCI Solar Power is expected to result in 400 megawatts (MW) of zero-emissions solar energy, 800-plus professional and technical jobs, and more than $1,000,000 in construction investment.

The OCI Solar Power proposal outlines a partnership that should result in:

- Multiple solar manufacturing facilities in the San Antonio area to produce proven components of solar power plants;
- More than $100,000 in capital investment;
- 800+ jobs with an annual payroll of nearly $40,000; and
- A 25-year purchased power agreement for up to 400 MW of solar generation.

OCI Solar will begin construction of the first plant in 2013 and plans to build additional facilities through 2016, subject to power purchase agreements.

San Antonio Water System (SAWS)

Long-Term Debt

In August 2011, the City Council approved an ordinance that authorized SAWS to refund $381,000 of its Series 2002 and 2002A bonds via three options: an advanced refunding, a current refunding, or a forward refunding. In addition, the ordinance authorized SAWS to convert $60,000 of tax-exempt commercial paper to long-term debt. SAWS priced the advanced refunding and commercial paper takeout in September 2011 and closed the deal in October 2011. The par amount of the bonds that were issued totaled $165,090, which included an advance refunding of $115,080 of Series 2002 and Series 2002-A Bonds and proceeds to redeem $60,000 of outstanding commercial paper notes. The refunding netted savings of $15,700 over the life of the bonds, with $10,500 net present value savings. After the advance refunding, $265,885 of Series 2002 Bonds remain, which will be eligible for a current refunding starting February 2012. SAWS anticipates pricing the current refunding in February 2012, should market conditions remain favorable.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

BexarMet Consolidation

In November 2011, 74.0% of BexarMet ratepayers voted to dissolve the utility and consolidate it into SAWS. In January 2012, the DOJ certified the vote and the BexarMet Board of Directors was dissolved. The Texas Commission on Environmental Quality will transfer all of BexarMet's assets and liabilities to SAWS within 90 days after the DOJ certification is received, and then dissolve the district entirely. Texas Senate Bill 341 provides SAWS up to five years to completely integrate the former BexarMet system.

Litigation

The Lower Colorado River Authority-San Antonio Water System (LCRA-SAWS) Water Project was conceived to develop and make available up to 150,000 acre-feet per year of surface water supplies for San Antonio in 2025 while firming up water supplies in the Colorado River Basin. In 2002, SAWS and LCRA executed a Definitive Agreement outlining SAWS' and LCRA's obligations. The agreement called for a multi-year study period, at the end of which both SAWS and LCRA were to determine whether or not to proceed with implementation of the project. Finalization of studies and obtaining appropriate permits for the project were expected to be completed between 2013 and 2015. Throughout the study period, SAWS and LCRA evaluated the project's viability on an ongoing basis. In 2008, the LCRA Board of Directors adopted several water supply planning guidance resolutions which led to a conclusion by LCRA that there would be no firm water supply available to San Antonio from the planned project. In May 2009, SAWS' Board of Trustees declared LCRA in breach of the 2002 Definitive Agreement between the parties. The parties unsuccessfully conducted formal mediation in August 2009 and SAWS filed suit against LCRA. In November 2011, the SAWS Board agreed to settle the lawsuit. The settlement called for the LCRA to reimburse SAWS $18,800 immediately and $1,400 annually for eight years.

Rate Increase Approval

In December 2011, the City Council approved an overall 7.9% system wide increase applied to each business unit as follows: 3.4% for Water Delivery; 3.0% for Water Supply; and 13.6% for Wastewater. The rate increase is expected to produce an annual increase in revenues of $26,100. The Council also authorized SAWS to adjust some miscellaneous service charges that are expected to generate $1,500 in additional annual revenue. The increases became effective January 2012.

City of San Antonio, Texas

Required Supplementary Information Other Than MD&A (Unaudited)

Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Resources (Inflows):				
Taxes	$ 469,952	$ 474,859	$ 483,198	$ 8,339
Licenses and Permits	5,651	7,416	8,680	1,264
Intergovernmental	7,534	6,475	5,403	(1,072)
Revenues from Utilities	285,628	296,590	308,451	11,861
Charges for Services	43,940	46,873	50,134	3,261
Fines and Forfeits	14,794	14,902	13,697	(1,205)
Miscellaneous	9,229	15,298	18,880	3,582
Investment Earnings	1,259	786	1,819	1,033
Transfers from Other Funds	23,563	15,946	14,603	(1,343)
Amounts Available for Appropriation	861,550	879,145	904,865	25,720
Charges to Appropriations (Outflows):				
General Government	107,560	89,243	81,729	7,514
Public Safety	527,607	536,765	530,955	5,810
Public Works	40,505	44,905	45,357	(452)
Health Services	72,194	74,826	76,619	(1,793)
Sanitation	3,276	3,312	3,354	(42)
Welfare	41,856	46,294	44,342	1,952
Culture and Recreation	81,829	83,884	83,291	593
Economic Development and Opportunity	12,205	12,334	13,428	(1,094)
Transfers to Other Funds	52,070	55,616	55,500	116
Total Charges to Appropriations:	939,102	947,179	934,575	12,604
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(77,552)	(68,034)	(29,710)	38,324
Fund Balance Allocation	77,552	68,034	29,710	(38,324)
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	$ 904,865
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(14,603)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 890,262
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 934,575
Differences - budget to GAAP:	
Encumbrances for supplies, equipment, and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies, equipment and services are received for financial reporting purposes	(31,580)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(39,113)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 863,882

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 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 budgetary 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 not encumbered or earmarked lapse at fiscal year-end.

The City noted budget violations within Public Works, Health Services, Sanitation, and Economic Development and Opportunity. However, as sufficient fund balances covered individual functional excesses these were not deemed to be material violations.

(unaudited - see accompanying auditors' report)

City of San Antonio, Texas

Pension and Postemployment Schedules

Required Supplementary Information - (Unaudited)
Pension Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

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
10-01-10	$ 2,250,549	$ 2,481,624	$ 231,075	90.7%	$ 271,533	85.1%
10-01-09	2,166,924	2,442,620	275,696	88.7%	269,359	102.4%
10-01-08	2,096,072	2,350,132	254,060	89.2%	243,904	104.2%

TEXAS MUNICIPAL RETIREMENT SYSTEM - CITY OF SAN ANTONIO[4]

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
12-31-10	$ 973,554	$ 1,073,980	$ 100,426	90.6%	$ 259,455	38.7%
12-31-09	515,884	712,223	196,339	72.4%	259,835	75.6%
12-31-08	492,604	825,180	332,576	59.7%	259,224	128.3%

CPS ENERGY - ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE [2, 3]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL) [1]	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-09	$ 1,067,841	$ 1,183,961	$ 116,120	90.2%	$ 227,427	52.2%
02-01-09	1,145,029	1,169,302	24,273	97.9%	219,716	11.0%
02-01-08	1,084,569	1,103,865	19,296	98.3%	217,018	8.9%

[1] Actuarial assumptions were changed for the January 1, 2007, valuation as a result of an experience study and actuarial assumption review covering 2001 through 2006 actuarial valuation data.

[2] Subsequent to the January 1, 2007, valuation, the cost method was revised to project January 1 data to February 1 of the next calendar year based on assumptions

[3] The cost method was revised to eliminate the 13-month projection from January 1 to February 1 of the succeeding year. Instead, the January 1 valuation results were used to determine the contribution for the fiscal year in the succeeding calendar year.

[4] In December 2007, TMRS adopted the projected unit credit actuarial funding method. Previously TMRS used the traditional unit credit method

(unaudited - see accompanying auditors' report)

Amounts are expressed in thousands

Required Supplementary Information - (Unaudited)
Pension Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

SAN ANTONIO WATER SYSTEM - TMRS

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
12-31-10	$ 116,123	$ 140,565	$ 24,442	82.6%	$ 86,013	28.4%
12-31-09	68,756	107,311	38,555	64.1%	81,821	47.1%
12-31-08	63,674	96,539	32,865	66.0%	74,448	44.1%

SAN ANTONIO WATER SYSTEM - SAWSRP

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
01-01-11	$ 83,320	$ 128,700	$ 45,380	64.7%	$ 83,505	54.3%
01-01-10	77,365	112,263	34,898	68.9%	82,923	42.1%
01-01-09	74,611	99,144	24,533	75.3%	70,252	34.9%

(unaudited - see accompanying auditors' report)

Amounts are expressed in thousands

Required Supplementary Information - (Unaudited)
Postemployment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CPS ENERGY - HEALTH PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) [1]	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
02-01-09	$ 199,195	$ 198,286	$ (909)	100.5%	$ 222,427	(0.4)%
02-01-09	204,246	219,364	15,118	93.1%	219,716	6.9%
02-01-08	194,876	247,283	52,407	78.8%	217,018	24.1%

CPS ENERGY - DISABILITY PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [2]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
02-01-09	$ 3,631	$ 6,945	$ 3,314	52.3%	$ 200,342	1.7%
02-01-09	3,763	6,575	2,812	57.2%	198,669	1.4%
02-01-08	3,734	5,712	1,978	65.4%	185,090	1.1%

CPS ENERGY - LIFE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [2]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
02-01-09	$ 46,815	$ 36,091	$ (10,724)	129.7%	$ 200,342	(5.4)%
02-01-09	49,614	35,491	(14,123)	139.8%	198,669	(7.1)%
02-01-08	49,098	33,024	(16,074)	148.7%	185,090	(8.7)%

[1] The AAL consisted of the liability for both retired employees and active employees. The AAL for retired employees was $87,900 for February 1, 2009, and $94,200 for February 1, 2008.

[2] CPS Energy has selected the aggregate cost method for determining Disability and Life Plans' funding amounts. Since this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method, which approximates the funding progress of the Plan.

(unaudited - see accompanying auditors' report)

Amounts are expressed in thousands

Required Supplementary Information - (Unaudited)
Postemployment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CITY OF SAN ANTONIO RETIREE HEALTH BENEFITS FUND

ACTUARIAL VALUATION DATE [1]	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-11	$ -	$ 324,516	$ 324,516	0.0%	$ 270,708	119.9%
01-01-09		342,018	342,018	0.0%	259,224	131.9%
01-01-06		258,428	258,428	0.0%	231,262	111.7%

FIRE AND POLICE RETIREE HEALTH CARE FUND

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-10	$ 219,404	$ 606,861	$ 387,457	36.2%	$ 255,010	151.9%
10-01-09	200,329	549,466	349,137	36.5%	236,372	147.7%
10-01-08	208,384	561,035	352,651	37.1%	226,707	155.5%

SAN ANTONIO WATER SYSTEM - OPEB PLAN

ACTUARIAL VALUATION DATE [2]	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
01-01-11	$ -	$ 242,388	$ 242,388	0.0%	$ 83,505	290.3%
01-01-09		297,259	297,259	0.0%	75,270	394.9%
01-01-07		200,083	200,083	0.0%	69,288	288.8%

[1] City will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability for the Retiree Health Benefits Fund.

[2] SAWS will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability.

(unaudited - see accompanying auditors' report)

Amounts are expressed in thousands

City of San Antonio, Texas

Combining Financial Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2011
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 4,548	$ 2,358	$ -	$ 6,906
Securities Lending Collateral	1,171	1,524		2,695
Investments	23,578	29,638		53,216
Receivables, net	4,884	21		4,905
Materials and Supplies, at Cost	241			241
Deposits	75			75
Due From:				
Other Funds	12,085			12,085
Other Governmental Agencies, Net	17,775			17,775
Restricted Assets:				
Cash and Cash Equivalents	40,666	45,811	369	86,846
Securities Lending Collateral	5,670	10,028	229	15,927
Investments	135,249	202,047	14,909	352,205
Receivables, net	68,952	2,367	54	71,373
Deposits	151			151
Prepaid Expenditures	459			459
Due From:				
Other Funds	10,892	945		11,837
Other Governmental Agencies, Net	256	2,201		2,457
Total Assets	$ 326,652	$ 296,940	$ 15,561	$ 639,153
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 2,994	$ -	$ -	$ 2,994
Accounts Payable - Other	4,691			4,691
Accrued Payroll	404			404
Accrued Leave Payable	203			203
Deferred Revenue				
Securities Lending Obligation	1,171	1,524		2,695
Due To:				
Other Funds	12,764	508		13,272
Restricted Liabilities:				
Vouchers Payable	2,372	16,375	32	18,779
Accounts Payable - Other	5,309	20,259		25,568
Accrued Payroll	492	2		494
Accrued Leave Payable	99			99
Deferred Revenue	57,191	669		57,860
Securities Lending Obligation	5,670	10,028	229	15,927
Amounts Held in Trust	2,429			2,429
Due To:				
Other Funds	33,391	22,965		56,356
Other Governmental Agencies	1,701	24		1,725
Total Liabilities	130,881	72,354	261	203,496
Fund Balances:				
Nonspendable	700		3,641	4,341
Restricted	158,585	216,601		375,186
Committed	35,772	31,509		67,281
Assigned	1,320		11,917	13,237
Unassigned	(606)	(23,524)	(258)	(24,388)
Total Fund Balances	195,771	224,586	15,300	435,657
Total Liabilities and Fund Balances	$ 326,652	$ 296,940	$ 15,561	$ 639,153

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2011
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 9,081	$ -	$ -	$ 9,081
General Sales and Use	36,574			36,574
Gross Receipts Business	1,807			1,807
Occupancy	62,968			62,968
Penalties and Interest on Delinquent Taxes	127			127
Intergovernmental	106,009	9,248		115,257
Charges for Services	67,180		265	67,445
Fines and Forfeits	427			427
Miscellaneous	12,344	151	200	12,695
Investment Earnings	1,256	974	116	2,346
Contributions	84,749			84,749
Total Revenues	382,522	10,373	581	393,476
Expenditures:				
Current:				
General Government	9,322	3,351		12,673
Public Safety	6,585			6,585
Public Works	34,339			34,339
Health Services	7,379			7,379
Sanitation	16,238			16,238
Welfare	12,094			12,094
Culture and Recreation	49,826		255	50,081
Convention and Tourism	20,043			20,043
Urban Redevelopment and Housing	9,677		202	9,879
Economic Development and Opportunity	13,447			13,447
Capital Outlay	82,497	174,131		256,628
Debt Service:				
Principal Retirement	5,770			5,770
Interest	14,397			14,397
Issuance Costs	328	786		1,114
Total Expenditures	281,942	178,268	457	460,667
Excess (Deficiency) of Revenue Over (Under) Expenditures	100,580	(167,895)	124	(67,191)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	27,925	89,225		117,150
Issuance of Notes and Loans		14,716		14,716
Premium/(Discount) on Long-Term Debt	(444)	10,224		9,780
Transfers In	26,662	139,051	146	165,859
Transfers Out	(129,703)	(81,816)		(211,519)
Total Other Financing Sources (Uses)	(75,560)	171,400	146	95,986
Net Change in Fund Balances	25,020	3,505	270	28,795
Fund Balances, October 1 (restated)	170,751	221,081	15,030	406,862
Fund Balances, September 30	$ 195,771	$ 224,586	$ 15,300	$ 435,657

Amounts are expressed in thousands

City of San Antonio, Texas

Special Revenue Funds

GRANTS

AMERICAN RECOVERY REINVESTMENT ACT – *to accept, receipt, disburse federal funds designated as part of the American Recovery Reinvestment Act.*

COMMUNITY DEVELOPMENT PROGRAM *– to accept, receipt and disburse federal funds designated for Community Development Block Grants' Programs.*

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

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

HUD 108 LOAN PROGRAM *– to accept, receipt and disburse federal funds designed to finance various HUD eligible capital improvements within the City.*

OTHER SPECIAL REVENUES

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

COMMUNITY AND VISITOR FACILITIES *– to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues.*

COMMUNITY SERVICES *– to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.*

HOTEL/MOTEL 2% REVENUE *– to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.*

PARKS DEVELOPMENT AND EXPANSION *– to account for the additional ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.*

RIGHT OF WAYS – *to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.*

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

TAX INCREMENT REINVESTMENT ZONE *– to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF).*

Special Revenue Funds (Continued)

BLENDED COMPONENT UNITS

CONVENTION CENTER HOTEL FINANCE CORPORATION *– was established in accordance with state laws for the purpose of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City.*

EMPOWERMENT ZONE DEVELOPMENT CORPORATION *– was established in accordance with state laws for the purpose of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City.*

SAN ANTONIO EDUCATION FACILITIES CORPORTATION *– was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.*

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION *– was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, refinancing for any real, personal, or mixed property for health care, research, and education and to assist in the maintenance of the public health.*

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION *– was established in accordance with state laws for the purpose of acting on behalf of the City, to carry out the purposes of the Texas Housing Finance Corporations Act.*

SAN ANTONIO INDUSTRIAL DEVELOPMENT CORPORATION *– 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.*

SAN ANTONIO PUBLIC LIBRARY FOUNDATION *– was established to bring back the important role of the private sector in helping to enhance library resources and services.*

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION *– to account for the financing for the acquisition and construction of a One Stop Development Services Center and a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, 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.*

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION *– 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 was derived from the prior sale of City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.*

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2011
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 4,548	$ -	$ 4,548
Securities Lending Collateral		1,171		1,171
Investments		23,578		23,578
Receivables, Net		4,884		4,884
Materials and Supplies, at Cost		241		241
Deposits		75		75
Due From:				
Other Funds		12,085		12,085
Other Governmental Agencies		17,775		17,775
Restricted Assets:				
Cash and Cash Equivalents	890	9,632	30,144	40,666
Securities Lending Collateral	475	5,195		5,670
Investments	28,003	104,682	2,564	135,249
Receivables, Net	57,598	11,354		68,952
Deposits	1	150		151
Prepaid Expenditures		447	12	459
Due From:				
Other Funds	984	9,908		10,892
Other Governmental Agencies, Net		256		256
Total Assets	$ 87,951	$ 205,981	$ 32,720	$ 326,652
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 2,994	$ -	$ 2,994
Accounts Payable - Other		4,691		4,691
Accrued Payroll		404		404
Accrued Leave Payable		203		203
Deferred Revenue				
Securities Lending Obligation		1,171		1,171
Due To:				
Other Funds		12,764		12,764
Restricted Liabilities:				
Vouchers Payable	1,202	602	568	2,372
Accounts Payable - Other	2,546	684	2,079	5,309
Accrued Payroll	85	407		492
Accrued Leave Payable		99		99
Deferred Revenue	57,185	6		57,191
Securities Lending Obligation	475	5,195		5,670
Amounts Held in Trust			2,429	2,429
Due To:				
Other Funds	21,254	12,137		33,391
Other Governmental Agencies	1,701			1,701
Total Liabilities	84,448	41,357	5,076	130,881
Fund Balances:				
Nonspendable		688	12	700
Restricted	4,109	126,844	27,632	158,585
Committed		35,772		35,772
Assigned		1,320		1,320
Unassigned	(606)			(606)
Total Fund Balances	3,503	164,624	27,644	195,771
Total Liabilities and Fund Balances	$ 87,951	$ 205,981	$ 32,720	$ 326,652

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2011
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 9,081	$ -	$ 9,081
General Sales and Use		36,574		36,574
Gross Receipts Business		1,807		1,807
Occupancy		62,968		62,968
Penalties and Interest on Delinquent Taxes		127		127
Intergovernmental	83,034	22,916	59	106,009
Charges for Services	371	66,726	83	67,180
Fines and Forfeits		427		427
Miscellaneous	5,110	4,423	2,811	12,344
Investment Earnings	317	690	249	1,256
Contributions	314		84,435	84,749
Total Revenues	89,146	205,739	87,637	382,522
Expenditures:				
Current:				
General Government	2,506	6,807	9	9,322
Public Safety	6,086	499		6,585
Public Works	1,546	32,793		34,339
Health Services	7,308	71		7,379
Sanitation	16,238			16,238
Welfare	12,076	18		12,094
Culture and Recreation	2,284	45,945	1,597	49,826
Convention and Tourism		20,043		20,043
Urban Redevelopment and Housing	9,677			9,677
Economic Development and Opportunity	2,517	9,921	1,009	13,447
Capital Outlay			82,497	82,497
Debt Service:				
Principal Retirement	2,000		3,770	5,770
Interest	2,723		11,674	14,397
Issuance Costs			328	328
Total Expenditures	64,961	116,097	100,884	281,942
Excess (Deficiency) of Revenue Over (Under) Expenditures	24,185	89,642	(13,247)	100,580
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			27,925	27,925
Premium/(Discount) on Long-Term Debt			(444)	(444)
Transfers In	5,814	20,848		26,662
Transfers Out	(31,703)	(98,000)		(129,703)
Total Other Financing Sources (Uses)	(25,889)	(77,152)	27,481	(75,560)
Net Change in Fund Balances	(1,704)	12,490	14,234	25,020
Fund Balances, October 1 (restated)	5,207	152,134	13,410	170,751
Fund Balances, September 30	$ 3,503	$ 164,624	$ 27,644	$ 195,771

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2011
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 56	$ 45	$ 431	$ 208	$ 150	$ 890
Securities Lending Collateral	35	28	189	130	93	475
Investments	707	1,763	3,798	2,615	19,120	28,003
Receivables, net	22,538	15,574	6	19,479	1	57,598
Deposits	1					1
Due From:						
Other Funds	454	525		5		984
Total Assets	$ 23,791	$ 17,935	$ 4,424	$ 22,437	$ 19,364	$ 87,951
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ 813	$ 114	$ 114	$ 80	$ 81	$ 1,202
Accounts Payable - Other	1,934	416		153	43	2,546
Accrued Payroll	24	52	2	7		85
Deferred Revenue	4,112	15,655		22,067	15,351	57,185
Securities Lending Obligation	35	28	189	130	93	475
Due To:						
Other Funds	16,873	1,670			2,711	21,254
Other Governmental Agencies		606	10		1,085	1,701
Total Liabilities	23,791	18,541	315	22,437	19,364	84,448
Fund Balances:						
Restricted			4,109			4,109
Unassigned		(606)				(606)
Total Fund Balances		(606)	4,109			3,503
Total Liabilities and Fund Balances	$ 23,791	$ 17,935	$ 4,424	$ 22,437	$ 19,364	$ 87,951

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2011
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:						
Taxes:						
Intergovernmental	$ 60,582	$ 15,670	$ -	$ 2,301	$ 4,481	$ 83,034
Charges for Services		371				371
Miscellaneous	1,013	744	1,068	840	1,445	5,110
Investment Earnings	1	225	22	30	39	317
Contributions		314				314
Total Revenues	61,596	17,324	1,090	3,171	5,965	89,146
Expenditures:						
Current:						
General Government	318	2,182		4	2	2,506
Public Safety	4,044	191	1,851			6,086
Public Works	1,178	368				1,546
Health Services	7,308					7,308
Sanitation	16,238					16,238
Welfare	10,728	1,348				12,076
Culture and Recreation	51	2,233				2,284
Urban Redevelopment and Housing	1,551	4,959		3,167		9,677
Economic Development and Opportunity		439			2,078	2,517
Debt Service:						
Principal Retirement					2,000	2,000
Interest					2,723	2,723
Total Expenditures	41,416	11,720	1,851	3,171	6,803	64,961
Excess (Deficiency) of Revenue Over (Under) Expenditures	20,180	5,604	(761)		(838)	24,185
Other Financing Sources (Uses):						
Transfers In	590	500			4,724	5,814
Transfers Out	(20,770)	(5,605)	(381)		(4,947)	(31,703)
Total Other Financing Sources (Uses)	(20,180)	(5,105)	(381)		(223)	(25,889)
Net Change in Fund Balances		499	(1,142)		(1,061)	(1,704)
Fund Balances, October 1 (restated)		(1,105)	5,251		1,061	5,207
Fund Balances, September 30	$ -	$ (606)	$ 4,109	$ -	$ -	$ 3,503

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2011
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	RIGHT OF WAYS	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:									
Cash and Cash Equivalents	$ -	$ 4,112	$ 363	$ -	$ -	$ 73	$ -	$ -	$ 4,548
Securities Lending Collateral		1,009	116			46			1,171
Investments		20,347	2,312			919			23,578
Receivables, Net		4,355	528			1			4,884
Materials and Supplies, at Cost		241							241
Deposits			75						75
Due From:									
Other Funds		11,771	314						12,085
Other Governmental Agencies		17,211	172			392			17,775
Restricted Assets:									
Cash and Cash Equivalents	797		1,577	2,245	2,118		2,427	468	9,632
Securities Lending Collateral	497		944	627	1,321		1,514	292	5,195
Investments	10,021		19,024	12,632	26,619		30,499	5,887	104,682
Receivables, Net	2,039		1,196	1,042	4,299		2,774	4	11,354
Deposits			150						150
Prepaid Expenditures							447		447
Due From:									
Other Funds	141			9,727			40		9,908
Other Governmental Agencies, Ne			256						256
Total Assets	$ 13,495	$ 59,046	$ 27,027	$ 26,273	$ 34,357	$ 1,431	$ 37,701	$ 6,651	$ 205,981
Liabilities and Fund Balances:									
Liabilities:									
Vouchers Payable	$ -	$ 2,769	$ 224	$ -	$ -	$ 1	$ -	$ -	$ 2,994
Accounts Payable - Other		4,666				25			4,691
Accrued Payroll		389				15			404
Accrued Leave Payable		179				24			203
Securities Lending Obligation		1,009	116			46			1,171
Due To:									
Other Funds		9,846	2,918						12,764
Restricted Liabilities:									
Vouchers Payable	1		144				451	6	602
Accounts Payable - Other	31		125	76			421	31	684
Accrued Payroll	20		183				200	4	407
Accrued Leave Payable	4		5				89	1	99
Deferred Revenue			6						6
Securities Lending Obligation	497		944	627	1,321		1,514	292	5,195
Due To:									
Other Funds			1,361	9,986				790	12,137
Total Liabilities	553	18,858	6,026	10,689	1,321	111	2,675	1,124	41,357
Fund Balances:									
Nonspendable		241					447		688
Restricted	12,942	4,877	20,299	15,584	33,036		34,579	5,527	126,844
Committed		35,070	702						35,772
Assigned						1,320			1,320
Total Fund Balances	12,942	40,188	21,001	15,584	33,036	1,320	35,026	5,527	164,624
Total Liabilities and Fund Balances	$ 13,495	$ 59,046	$ 27,027	$ 26,273	$ 34,357	$ 1,431	$ 37,701	$ 6,651	$ 205,981

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2011
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	RIGHT OF WAYS	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,081	$ 9,081
General Sales and Use	11,544				25,030				36,574
Gross Receipts Business			1,807						1,807
Occupancy		48,975		13,993					62,968
Penalties and Interest on Delinquent Taxes		99		28					127
Intergovernmental		20,915	1,901					100	22,916
Charges for Services		17,114	7,603			1,594	40,415		66,726
Fines and Forfeits			427						427
Miscellaneous		1,458	2,928	22			15		4,423
Investment Earnings	52	161	105	64	119	3	157	29	690
Total Revenues	11,596	88,722	14,771	14,107	25,149	1,597	40,587	9,210	205,739
Expenditures:									
Current:									
General Government	9	29	6,682	11	43	1	27	5	6,807
Public Safety			499						499
Public Works	1,747					1,498	29,548		32,793
Health Services			71						71
Welfare			18						18
Culture and Recreation		42,663	2,785		497				45,945
Convention and Tourism		19,774		269					20,043
Economic Development and Opportunity		920	2,153					6,848	9,921
Total Expenditures	1,756	63,386	12,208	280	540	1,499	29,575	6,853	116,097
Excess of Revenue Over Expenditures	9,840	25,336	2,563	13,827	24,609	98	11,012	2,357	89,642
Other Financing Sources (Uses):									
Transfers In		13,515	381	6,952					20,848
Transfers Out	(9,527)	(25,968)	(1,824)	(24,718)	(21,944)		(12,765)	(1,254)	(98,000)
Total Other Financing Sources (Uses)	(9,527)	(12,453)	(1,443)	(17,766)	(21,944)		(12,765)	(1,254)	(77,152)
Net Change in Fund Balances	313	12,883	1,120	(3,939)	2,665	98	(1,753)	1,103	12,490
Fund Balances, October 1 (restated)	12,629	27,305	19,881	19,523	30,371	1,222	36,779	4,424	152,134
Fund Balances, September 30	$ 12,942	$ 40,188	$ 21,001	$ 15,584	$ 33,036	$ 1,320	$ 35,026	$ 5,527	$ 164,624

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2011
(In Thousands)

	CONVENTION CENTER HOTEL FINANCE CORP.	EMPOWERMENT ZONE DEVELOPMENT CORP.	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FINANCE CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	SAN ANTONIO PUBLIC LIBRARY FOUNDATION	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:										
Restricted Assets:										
Cash and Cash Equivalents	$ 13,884	$ -	$ 82	$ 9	$ 362	$ 6	$ 320	$ 14,820	$ 661	$ 30,144
Investments							2,564			2,564
Prepaid Expenditures								10	2	12
Total Assets	$ 13,884	$ -	$ 82	$ 9	$ 362	$ 6	$ 2,884	$ 14,830	$ 663	$ 32,720
Liabilities and Fund Balances:										
Restricted Liabilities:										
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 568	$ -	$ 568
Accounts Payable - Other								2,079		2,079
Amounts Held in Trust	2,429									2,429
Total Liabilities	2,429							2,647		5,076
Fund Balances:										
Nonspendable								10	2	12
Restricted	11,455		82	9	362	6	2,884	12,173	661	27,632
Total Fund Balances	11,455		82	9	362	6	2,884	12,183	663	27,644
Total Liabilities and Fund Balances	$ 13,884	$ -	$ 82	$ 9	$ 362	$ 6	$ 2,884	$ 14,830	$ 663	$ 32,720

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2011
(In Thousands)

	CONVENTION CENTER HOTEL FINANCE CORP.	EMPOWERMENT ZONE DEVELOPMENT CORP.	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FINANCE CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	SAN ANTONIO PUBLIC LIBRARY FOUNDATION	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:										
Intergovernmental	$ -	$ 59	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 59
Charges for Services			20		29		34			83
Miscellaneous								1,115	1,696	2,811
Investment Earnings	2						245	1	1	249
Contributions	82,889						1,546			84,435
Total Revenues	82,891	59	20		29		1,825	1,116	1,697	87,637
Expenditures:										
Current:										
General Government			3	3		3				9
Culture and Recreation							1,597			1,597
Economic Development and Opportunity		69	3					935	2	1,009
Capital Outlay	69,496							13,001		82,497
Debt Service:										
Principal Retirement	2,320							865	585	3,770
Interest	10,346							250	1,078	11,674
Issuance Costs								328		328
Total Expenditures	82,162	69	6	3		3	1,597	15,379	1,665	100,884
Excess (Deficiency) of Revenue Over (Under) Expenditures	729	(10)	14	(3)	29	(3)	228	(14,263)	32	(13,247)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt								27,925		27,925
Premium/(Discount) on Long-Term Debt								(444)		(444)
Total Other Financing Sources (Uses)								27,481		27,481
Net Change in Fund Balances	729	(10)	14	(3)	29	(3)	228	13,218	32	14,234
Fund Balances, October 1 (restated)	10,726	10	68	12	333	9	2,656	(1,035)	631	13,410
Fund Balances, September 30	$ 11,455	$ -	$ 82	$ 9	$ 362	$ 6	$ 2,884	$ 12,183	$ 663	$ 27,644

Amounts are expressed in thousands

City of San Antonio, Texas

Capital Projects Funds

GENERAL OBLIGATION BONDS

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

***PRE-1999 GENERAL OBLIGATION BONDS** – consist of six bond elections from 1980 to 1994 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, and May 7, 1994, respectively, for development and improvement projects. These six bond elections covered projects within seven areas: libraries, fire protection, crime prevention, parks, San Antonio River flood control, drainage and flood control, and street, bridge and related improvements.*

***1999 GENERAL OBLIGATION BONDS** – a bond election held on May 1, 1999 approved $140.2 million in physical infrastructure development and improvement projects. These projects were within six areas: streets and pedestrian, drainage improvements, flood control with park improvements, parks and recreation, library system and public safety.*

***2003 GENERAL OBLIGATION BONDS** – a bond election held on November 4, 2003 approved $115.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation and public safety.*

CERTIFICATES OF OBLIGATION

***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.*

***PRE-2006 CERTIFICATES OF OBLIGATION** – consists of Certificates of Obligation sold between the years of 1985 to 2005 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.*

***2006 CERTIFICATES OF OBLIGATION** – consists of Certificates of Obligation sold in 2006 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.*

***2007 CERTIFICATES OF OBLIGATION** – consists of Certificates of Obligation sold in 2007 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.*

Capital Projects Funds (Continued)

CERTIFICATES OF OBLIGATION (CONTINUED)

2008 CERTIFICATES OF OBLIGATION *– consists of Certificates of Obligation sold in 2008 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.*

2010 CERTIFICATES OF OBLIGATION *– consists of Certificates of Obligation sold in 2010 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.*

2011 CERTIFICATES OF OBLIGATION *– consists of Certificates of Obligation sold in 2011 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.*

CERTIFICATES OF OBLIGATION PROJECT FUND *– to account for the acquisition or construction of major capital facilities such as streets, drainage, library and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.*

OTHER CAPITAL PROJECTS

CONVENTION CENTER EXPANSION *– to account for financial resources to be used in the Convention Center Expansion Project. Financing is derived from a 2.0% Hotel/Motel tax, and proceeds from the sale of debt.*

EDWARDS AQUIFER PROTECTION VENUE *– to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a 1/8 cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.*

EQUIPMENT ACQUISITION *– to account for the financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.*

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

Capital Projects Funds (Continued)

OTHER CAPITAL PROJECTS (CONTINUED)

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 prior sale of City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.*

PARKS DEVELOPMENT AND EXPANSION *– to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a 1/8 cent sales tax approved by voters on May 6, 2000, extended by voters on May 7, 2005, again on November 2, 2010, and a portion from the prior sale of sales tax revenue commercial paper notes.*

RESIDUAL CAPITAL PROJECTS *– to account for residual investment earnings generated from Pre-1999 General Obligation Bonds and Pre-2006 Certificates of Obligation project fundings. These residual earnings were primarily used for the debt service of the 2009 Tax Notes, and to fund specific municipal facilities and street projects.*

TAX NOTES *– to account for capital projects where funding is derived from the sale of short-term notes.*

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2011
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 2,358	$ 2,358
Securities Lending Collateral			1,524	1,524
Investments			29,638	29,638
Receivables, net			21	21
Restricted Assets:				
Cash and Cash Equivalents	1,013	17,035	27,763	45,811
Securities Lending Collateral	632	8,038	1,358	10,028
Investments	12,743	161,960	27,344	202,047
Receivables, net	10	114	2,243	2,367
Due From:				
Other Funds		199	746	945
Other Governmental Agencies, Net	1	1,504	696	2,201
Total Assets	$ 14,399	$ 188,850	$ 93,691	$ 296,940
Liabilities and Fund Balances:				
Liabilities:				
Securities Lending Obligation	$ -	$ -	$ 1,524	$ 1,524
Due To:				
Other Funds			508	508
Restricted Liabilities:				
Vouchers Payable	168	7,263	8,944	16,375
Accounts Payable - Other		6,354	13,905	20,259
Accrued Payroll			2	2
Deferred Revenue		417	252	669
Securities Lending Obligation	632	8,038	1,358	10,028
Due To:				
Other Funds	1	2,633	20,331	22,965
Other Governmental Agencies			24	24
Total Liabilities	801	24,705	46,848	72,354
Fund Balances:				
Nonspendable				
Restricted	13,598	174,970	28,033	216,601
Committed			31,509	31,509
Unassigned		(10,825)	(12,699)	(23,524)
Total Fund Balances	13,598	164,145	46,843	224,586
Total Liabilities and Fund Balances	$ 14,399	$ 188,850	$ 93,691	$ 296,940

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2011
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ -	$ 4,652	$ 4,596	$ 9,248
Miscellaneous	18	9	124	151
Investment Earnings	65	625	284	974
Total Revenues	83	5,286	5,004	10,373
Expenditures:				
Current:				
General Government	12	157	3,182	3,351
Capital Outlay	6	81,442	92,683	174,131
Debt Service:				
Issuance Costs		682	104	786
Total Expenditures	18	82,281	95,969	178,268
Excess (Deficiency) of Revenue Over (Under) Expenditures	65	(76,995)	(90,965)	(167,895)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		79,780	9,445	89,225
Issuance of Notes and Loans			14,716	14,716
Premium/(Discount) on Long-Term Debt		9,555	669	10,224
Transfers In		73,646	65,405	139,051
Transfers Out	(1,463)	(64,821)	(15,532)	(81,816)
Total Other Financing Sources (Uses)	(1,463)	98,160	74,703	171,400
Net Change in Fund Balances	(1,398)	21,165	(16,262)	3,505
Fund Balances, October 1 (restated)	14,996	142,980	63,105	221,081
Fund Balances, September 30	$ 13,598	$ 164,145	$ 46,843	$ 224,586

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2011
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	$ 19	$ 186	$ 808	1,013
Securities Lending Collateral	12	116	504	632
Investments	242	2,345	10,156	12,743
Receivables, net		2	8	10
Due From:				
Other Governmental Agencies, Net	1			1
Total Assets	$ 274	$ 2,649	$ 11,476	$ 14,399
Liabilities and Fund Balances:				
Liabilities:				
Restricted Liabilities:				
Vouchers Payable	$ 159	$ -	$ 9	$ 168
Securities Lending Obligation	12	116	504	632
Due To:				
Other Funds			1	1
Total Liabilities	171	116	514	801
Fund Balances:				
Restricted	103	2,533	10,962	13,598
Total Fund Balances	103	2,533	10,962	13,598
Total Liabilities and Fund Balances	$ 274	$ 2,649	$ 11,476	$ 14,399

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2011
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Revenues:				
Miscellaneous	$ 7	$ -	$ 11	$ 18
Investment Earnings	1	12	52	65
Total Revenues	8	12	63	83
Expenditures:				
Current:				
General Government		2	10	12
Capital Outlay	1	1	4	6
Total Expenditures	1	3	14	18
Excess of Revenue Over Expenditures	7	9	49	65
Other Financing (Uses):				
Transfers Out		(454)	(1,009)	(1,463)
Total Other Financing (Uses)		(454)	(1,009)	(1,463)
Net Change in Fund Balances	7	(445)	(960)	(1,398)
Fund Balances, October 1 (restated)	96	2,978	11,922	14,996
Fund Balances, September 30	$ 103	$ 2,533	$ 10,962	$ 13,598

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2011
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECT FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:								
Restricted Assets:								
Cash and Cash Equivalents	$ 308	$ 1,132	$ 1,472	$ 1,935	$ 1,628	$ 6,533	$ 4,027	$ 17,035
Securities Lending Collateral	191	706	918	1,133	1,015	4,075		8,038
Investments	3,842	14,229	18,500	22,833	20,457	82,099		161,960
Receivables, Net	3	10	13	16	14	58		114
Due From:								
Other Funds					6		193	199
Other Governmental Agencies, Net							1,504	1,504
Total Assets	$ 4,344	$ 16,077	$ 20,903	$ 25,917	$ 23,120	$ 92,765	$ 5,724	$ 188,850
Liabilities and Fund Balances:								
Liabilities:								
Restricted Liabilities:								
Vouchers Payable	$ 65	$ -	$ -	$ -	$ -	$ -	$ 7,198	$ 7,263
Accounts Payable - Other							6,354	6,354
Deferred Revenue							417	417
Securities Lending Obligation	191	706	918	1,133	1,015	4,075		8,038
Due To:								
Other Funds	1	5	15	18	14		2,580	2,633
Total Liabilities	257	711	933	1,151	1,029	4,075	16,549	24,705
Fund Balances:								
Restricted	4,087	15,366	19,970	24,766	22,091	88,690		174,970
Unassigned							(10,825)	(10,825)
Total Fund Balances	4,087	15,366	19,970	24,766	22,091	88,690	(10,825)	164,145
Total Liabilities and Fund Balances	$ 4,344	$ 16,077	$ 20,903	$ 25,917	$ 23,120	$ 92,765	$ 5,724	$ 188,850

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2011
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECT FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:								
Taxes:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,652	4,652
Miscellaneous	9							9
Investment Earnings	22	90	148	174	146	45		625
Total Revenues	31	90	148	174	146	45	4,652	5,286
Expenditures:								
Current:								
General Government	4	20	40	46	39	8		157
Capital Outlay	5						81,437	81,442
Debt Service:								
Issuance Costs						682		682
Total Expenditures	9	20	40	46	39	690	81,437	82,281
Excess (Deficiency) of Revenue Over (Under) Expenditures	22	70	108	128	107	(645)	(76,785)	(76,995)
Other Financing Sources (Uses):								
Issuance of Long-Term Debt						79,780		79,780
Premium/(Discount) on Long-Term Debt						9,555		9,555
Transfers In	624						73,022	73,646
Transfers Out	(1,066)	(6,712)	(18,061)	(21,802)	(17,180)			(64,821)
Total Other Financing Sources (Uses)	(442)	(6,712)	(18,061)	(21,802)	(17,180)	89,335	73,022	98,160
Net Change in Fund Balances	(420)	(6,642)	(17,953)	(21,674)	(17,073)	88,690	(3,763)	21,165
Fund Balances, October 1	4,507	22,008	37,923	46,440	39,164		(7,062)	142,980
Fund Balances, September 30	$ 4,087	$ 15,366	$ 19,970	$ 24,766	$ 22,091	$ 88,690	$ (10,825)	$ 164,145

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2011
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:									
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 19	$ 2,339	$ 2,358
Securities Lending Collateral							12	1,512	1,524
Investments							241	29,397	29,638
Receivables, net								21	21
Restricted Assets:									
Cash and Cash Equivalents	1,288	1	9,215	14,348	2,896	15			27,763
Securities Lending Collateral	348	1	21	1	978	9			1,358
Investments	7,003	15	426	16	19,694	190			27,344
Receivables, Net	125			2,104	14				2,243
Due From:									
Other Funds				746					746
Other Governmental Agencies, Net				615	81				696
Total Assets	$ 8,764	$ 17	$ 9,662	$ 17,830	$ 23,663	$ 214	$ 272	$ 33,269	$ 93,691
Liabilities and Fund Balances:									
Liabilities:									
Securities Lending Obligation	$ -	$ -	$ -	$ -	$ -	$ -	$ 12	$ 1,512	$ 1,524
Due To:									
Other Funds								508	508
Restricted Liabilities:									
Vouchers Payable	1,063		1,123	5,736	1,022				8,944
Accounts Payable - Other	1,195		3,469	9,239	2				13,905
Accrued Payroll				2					2
Deferred Revenue				230	22				252
Securities Lending Obligation	348	1	21	1	978	9			1,358
Due To:									
Other Funds	1,789		3,241	15,297	4				20,331
Other Governmental Agencies				24					24
Total Liabilities	4,395	1	7,854	30,529	2,028	9	12	2,020	46,848
Fund Balances:									
Restricted	4,369	16	1,808		21,635	205			28,033
Committed							260	31,249	31,509
Unassigned				(12,699)					(12,699)
Total Fund Balances	4,369	16	1,808	(12,699)	21,635	205	260	31,249	46,843
Total Liabilities and Fund Balances	$ 8,764	$ 17	$ 9,662	$ 17,830	$ 23,663	$ 214	$ 272	$ 33,269	$ 93,691

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2011
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:									
Intergovernmental	$ -	$ -	$ -	$ 3,877	$ 717	$ -	$ -	$ 2	$ 4,596
Miscellaneous	119			5					124
Investment Earnings	41		4		110	1	1	127	284
Total Revenues	160		4	3,882	827	1	1	129	5,004
Expenditures:									
Current:									
General Government	12		3,105	12	23	1		29	3,182
Capital Outlay	16,220		8,160	65,403	2,878		22		92,683
Debt Service:									
Issuance Costs								104	104
Total Expenditures	16,232		11,265	65,415	2,901	1	22	133	95,969
Excess (Deficiency) of Revenue Over (Under) Expenditures	(16,072)		(11,261)	(61,533)	(2,074)		(21)	(4)	(90,965)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt								9,445	9,445
Issuance of Notes and Loans			14,716						14,716
Premium/(Discount) on Long-Term Debt								669	669
Transfers In	10,635			53,913	857				65,405
Transfers Out	(1,784)			(6)	(1,750)		(9)	(11,983)	(15,532)
Total Other Financing Sources (Uses)	8,851		14,716	53,907	(893)		(9)	(1,869)	74,703
Net Change in Fund Balances	(7,221)		3,455	(7,626)	(2,967)		(30)	(1,873)	(16,262)
Fund Balances, October 1 (restated)	11,590	16	(1,647)	(5,073)	24,602	205	290	33,122	63,105
Fund Balances, September 30	$ 4,369	$ 16	$ 1,808	$ (12,699)	$ 21,635	$ 205	$ 260	$ 31,249	$ 46,843

Amounts are expressed in thousands

Permanent Funds

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

SAN ANTONIO HOUSING TRUST *– to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from investment earnings that were designated from the sale of Roger's Cable System.*

CITY CEMETERIES *– to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.*

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

BOZA BECICA ENDOWMENT – *to account for funds donated to the City of San Antonio by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases.*

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2011
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 30	$ 94	$ 184	$ 23	$ 38	$ 369
Securities Lending Collateral	18	58	115	14	24	229
Investments	369	11,454	2,316	290	480	14,909
Receivables, Net		19	35			54
Total Assets	$ 417	$ 11,625	$ 2,650	$ 327	$ 542	$ 15,561
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ -	$ 32	$ -	$ -	$ -	$ 32
Securities Lending Obligation	18	58	115	14	24	229
Total Liabilities	18	90	115	14	24	261
Fund Balances:						
Nonspendable	334		2,793		514	3,641
Assigned	65	11,535		313	4	11,917
Unassigned			(258)			(258)
Total Fund Balances	399	11,535	2,535	313	518	15,300
Total Liabilities and Fund Balances	$ 417	$ 11,625	$ 2,650	$ 327	$ 542	$ 15,561

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2011
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:						
Charges for Services	$ -	$ -	$ 265	$ -	$ -	$ 265
Miscellaneous		200				200
Investment Earnings	2	100	11	1	2	116
Total Revenues	2	300	276	1	2	581
Expenditures:						
Current:						
Culture and Recreation			253	2		255
Urban Redevelopment and Housing		202				202
Total Expenditures		202	253	2		457
Excess (Deficiency) of Revenue Over (Under) Expenditures	2	98	23	(1)	2	124
Other Financing Sources:						
Transfers In			146			146
Total Other Financing Sources			146			146
Net Change in Fund Balances	2	98	169	(1)	2	270
Fund Balances, October 1	397	11,437	2,366	314	516	15,030
Fund Balances, September 30	$ 399	$ 11,535	$ 2,535	$ 313	$ 518	$ 15,300

Amounts are expressed in thousands

City of San Antonio, Texas

Supplementary Budget and Actual Schedules for Legally Adopted Funds

GENERAL FUND

DEBT SERVICE FUND

SPECIAL REVENUE FUNDS:

- *Advanced Transportation District*
- *Community and Visitor Facilities*
- *Confiscated Property*
- *Hotel/Motel Tax 2% Revenue*
- *Parks Development and Expansion – 2005 and 2000 Venue Projects*
- *Right of Ways*
- *Stormwater Operations*
- *Tax Increment Financing**
- *Community Service Funds:*
  - *Child Safety*
  - *Golf Course Operating and Maintenance*
  - *Juvenile Case Manager*
  - *Municipal Court Security*
  - *Municipal Court Technology*
  - *Tree Canopy Investment*
  - *Tree Preservation Mitigation*

PERMANENT FUND:

- *City Cemeteries*

* This fund is incorporated within the Tax Increment Reinvestment Zone reporting unit.

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Taxes	$ 474,859	$ 483,198	$ 8,339
Licenses and Permits	7,416	8,680	1,264
Intergovernmental	6,475	5,403	(1,072)
Revenues from Utilities	296,590	308,451	11,861
Charges for Services	46,873	50,134	3,261
Fines and Forfeits	14,902	13,697	(1,205)
Miscellaneous	15,298	18,880	3,582
Investment Earnings	786	1,819	1,033
Total Revenues	863,199	890,262	27,063
Expenditures:			
General Government	89,243	81,729	7,514
Public Safety	536,765	530,955	5,810
Public Works	44,905	45,357	(452)
Health Services	74,826	76,619	(1,793)
Sanitation	3,312	3,354	(42)
Welfare	46,294	44,342	1,952
Culture and Recreation	83,884	83,291	593
Economic Development and Opportunity	12,334	13,428	(1,094)
Total Expenditures	891,563	879,075	12,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,364)	11,187	39,551
Other Financing Sources (Uses):			
Transfers In	15,946	14,603	(1,343)
Transfers Out	(55,616)	(55,500)	116
Total Other Financing Sources (Uses)	(39,670)	(40,897)	(1,227)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(68,034)	(29,710)	$ 38,324
Fund Balances, October 1 (Restated)	230,822	230,822	
Add Encumbrances		31,580	
Fund Balances, September 30	$ 162,788	$ 232,692	

Amounts are expressed in thousands

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Taxes:			
Property:			
Current	$ 239,079	$ 239,760	$ 681
Delinquent	1,605	2,482	877
General Sales and Use:			
City Sales	195,315	200,245	4,930
Selective Sales and Use:			
Alcoholic Beverages	5,921	5,879	(42)
Gross Receipts Business:			
Telecommunication Access Lines Fees	15,148	16,679	1,531
Cablevision Franchise	14,579	14,532	(47)
Bingo	700	1,030	330
Other	195	293	98
Penalties and Interest on Delinquent Taxes	2,317	2,298	(19)
Total Taxes	474,859	483,198	8,339
Licenses and Permits:			
Alcoholic Beverages Licenses	460	494	34
Health Licenses	3,500	4,447	947
Amusement Licenses	148	130	(18)
Professional and Occupational Licenses	2,228	2,258	30
Animal Licenses	141	93	(48)
Street Permits	939	1,258	319
Total Licenses and Permits	7,416	8,680	1,264
Intergovernmental:			
Library Aid from Bexar County	3,697	3,697	
Park Reservation Services	40	40	
Bexar County - Child Support	73	50	(23)
Magistration and Detention - Bexar	1,143	13	(1,130)
Health Aid from Bexar County	1,170	1,266	96
VIA Contributions	302	302	
Hotel/Motel Tax Collection Fee	50	35	(15)
Total Intergovernmental	6,475	5,403	(1,072)
Revenues from Utilities:			
CPS Energy	286,553	297,630	11,077
San Antonio Water System	10,037	10,821	784
Total Revenues from Utilities	296,590	308,451	11,861

(Continued)

Amounts are expressed in thousands

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Charges for Services:			
General Government	$ 5,586	$ 7,712	$ 2,126
Public Safety:			
Police Department	7,003	6,203	(800)
Fire Department	707	709	2
Sanitation:			
Abatement of Nuisances	352	407	55
Health	22,733	24,434	1,701
Culture and Recreation:			
Tower of the Americas	501	523	22
Hemisphere Plaza	96	122	26
La Villita	466	471	5
Recreation Fees	1,627	1,366	(261)
Concessions in Other Parks	61	70	9
River Boats	5,526	5,748	222
Governor's Palace	76	87	11
Swimming Pools	137	139	2
Community Centers	485	483	(2)
Library	853	951	98
Cemeteries	27	27	
Miscellaneous Recreation Revenue	637	682	45
Total Charges for Services	46,873	50,134	3,261
Fines and Forfeits:			
Municipal Court Fines	14,902	13,697	(1,205)
Investment Earnings:			
Interest	786	1,819	1,033
Miscellaneous:			
Sales	3,644	4,912	1,268
Recovery of Expenditures	2,273	3,622	1,349
Interfund Charges	1,463	1,838	375
Rents, Leases, and Concessions	2,375	2,064	(311)
Other	5,543	6,444	901
Total Miscellaneous	15,298	18,880	3,582
Total Revenues	$ 863,199	$ 890,262	$ 27,063

(End of Statement)

Amounts are expressed in thousands

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Expenditures:			
General Government:			
Legislative:			
Personal Services	$ 7,080	$ 7,049	$ 31
Contractual Services	2,757	2,341	416
Commodities	385	287	98
Other Expenditures	3,281	3,082	199
Capital Outlay		18	(18)
Total Legislative	13,503	12,777	726
Judicial:			
Personal Services	11,019	10,514	505
Contractual Services	733	833	(100)
Commodities	155	271	(116)
Other Expenditures	1,536	1,532	4
Total Judicial	13,443	13,150	293
Executive:			
Personal Services	34,880	28,397	6,483
Contractual Services	19,779	19,559	220
Commodities	2,724	2,220	504
Other Expenditures	4,914	5,267	(353)
Capital Outlay		359	(359)
Total Executive	62,297	55,802	6,495
Total General Government	89,243	81,729	7,514
Public Safety:			
Police:			
Personal Services	261,169	261,881	(712)
Contractual Services	8,325	8,014	311
Commodities	1,762	1,693	69
Other Expenditures	17,152	17,332	(180)
Total Police	288,408	288,920	(512)
Fire:			
Personal Services	141,338	139,694	1,644
Contractual Services	3,387	3,149	238
Commodities	2,917	3,074	(157)
Other Expenditures	15,300	16,129	(829)
Capital Outlay	1,195	1,207	(12)
Total Fire	164,137	163,253	884

(Continued)

Amounts are expressed in thousands

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Public Safety (Continued):			
Building Inspection and Regulations:			
Personal Services	$ 221	$ 227	$ (6)
Contractual Services	7	5	2
Commodities	3	3	
Other Expenditures	34	35	(1)
Total Building Inspection and Regulations	265	270	(5)
Administration:			
Personal Services	19,332	15,820	3,512
Contractual Services	2,205	2,227	(22)
Commodities	1,422	1,088	334
Other Expenditures	7,793	7,470	323
Total Administration	30,752	26,605	4,147
Other Protection:			
Personal Services	28,919	27,399	1,520
Contractual Services	6,988	4,908	2,080
Commodities	3,711	4,588	(877)
Other Expenditures	13,585	14,901	(1,316)
Capital Outlay		111	(111)
Total Other Protection	53,203	51,907	1,296
Total Public Safety	536,765	530,955	5,810
Public Works:			
Streets:			
Personal Services	11,763	11,333	430
Contractual Services	2,804	4,443	(1,639)
Commodities	11,961	10,281	1,680
Other Expenditures	6,101	6,310	(209)
Total Streets	32,629	32,367	262
Lighting:			
Contractual Services	90		90
Commodities	12,186	12,990	(804)
Total Lighting	12,276	12,990	(714)
Total Public Works	44,905	45,357	(452)

(Continued)

Amounts are expressed in thousands

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Health Services:			
Personal Services	$ 56,396	$ 57,486	$ (1,090)
Contractual Services	7,608	7,809	(201)
Commodities	3,447	3,824	(377)
Other Expenditures	7,152	7,246	(94)
Capital Outlay	223	254	(31)
Total Health Services	74,826	76,619	(1,793)
Sanitation:			
Personal Services	2,565	2,636	(71)
Contractual Services	126	160	(34)
Commodities	87	57	30
Other Expenditures	524	486	38
Capital Outlay	10	15	(5)
Total Sanitation	3,312	3,354	(42)
Welfare:			
Personal Services	14,287	14,221	66
Contractual Services	22,760	21,500	1,260
Commodities	955	887	68
Other Expenditures	8,115	7,357	758
Capital Outlay	177	377	(200)
Total Welfare	46,294	44,342	1,952
Culture and Recreation:			
Libraries:			
Personal Services	20,276	18,893	1,383
Contractual Services	3,037	3,301	(264)
Commodities	4,078	4,221	(143)
Other Expenditures	4,185	3,912	273
Total Libraries	31,576	30,327	1,249
Parks:			
Personal Services	28,647	27,804	843
Contractual Services	9,820	10,727	(907)
Commodities	4,294	4,055	239
Other Expenditures	9,266	10,030	(764)
Capital Outlay	281	348	(67)
Total Parks	52,308	52,964	(656)
Total Culture and Recreation	83,884	83,291	593
Economic Development and Opportunity:			
Personal Services	2,334	2,225	109
Contractual Services	9,713	10,832	(1,119)
Commodities	152	88	64
Other Expenditures	135	283	(148)
Total Economic Development and Opportunity	12,334	13,428	(1,094)
Total Expenditures	$ 891,563	$ 879,075	$ 12,488

(End of Statement)

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Property Taxes:			
Current	$ 142,847	$ 143,429	$ 582
Delinquent	650	1,483	833
Penalties and Interest on Delinquent Taxes	1,383	1,372	(11)
Miscellaneous	4,401	4,532	131
Investment Earnings	430	311	(119)
Total Revenues	149,711	151,127	1,416
Expenditures:			
General Government:			
Contractual Services	115	1,779	(1,664)
Debt Service:			
Principal Retirement	135,205	135,205	
Interest	76,077	69,584	6,493
Total Expenditures	211,397	206,568	4,829
(Deficiency) of Revenues (Under) Expenditures	(61,686)	(55,441)	6,245
Other Financing Sources:			
Transfers In	41,615	39,927	(1,688)
Total Other Financing Sources	41,615	39,927	(1,688)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures	(20,071)	(15,514)	$ 4,557
Fund Balances, October 1	109,083	109,083	
Add Encumbrances			
Fund Balances, September 30	$ 89,012	$ 93,569	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
General Sales and Use:			
City Sales Tax	$ 11,048	$ 11,544	$ 496
Investment Earnings	37	52	15
Total Revenues	11,085	11,596	511
Expenditures:			
General Government:			
Other Expenditures		9	(9)
Total General Government		9	(9)
Public Works:			
Personal Services	1,407	1,327	80
Contractual Services	240	217	23
Commodities	58	15	43
Other Expenditures	290	347	(57)
Capital Outlay	10	1	9
Total Public Works	2,005	1,907	98
Total Expenditures	2,005	1,916	89
Excess of Revenues Over Expenditures	9,080	9,680	600
Other Financing (Uses):			
Transfers Out	(14,577)	(14,514)	63
Total Other Financing (Uses)	(14,577)	(14,514)	63
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(5,497)	(4,834)	$ 663
Fund Balances, October 1	12,629	12,629	
Add Encumbrances		5,147	
Fund Balances, September 30	$ 7,132	$ 12,942	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2011

(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Taxes:			
Occupancy	$ 47,777	$ 48,975	$ 1,198
Penalties and Interest on Delinquent Taxes	82	99	17
Intergovernmental		20,915	20,915
Charges for Services	17,034	17,114	80
Miscellaneous	1,173	1,458	285
Investment Earnings	68	161	93
Total Revenues	66,134	88,722	22,588
Expenditures:			
General Government:			
Contractual Service		3	(3)
Other Expenditures		26	(26)
Total General Government		29	(29)
Cultural and Recreation:			
Arts and Cultural Affairs:			
Personal Services	951	962	(11)
Contractual Services	1,078	990	88
Commodities	43	41	2
Other Expenditures	70	71	(1)
Total Arts and Cultural Affairs	2,142	2,064	78
Convention Facilities:			
Personal Services	17,394	16,570	824
Contractual Services	3,436	3,209	227
Commodities	969	943	26
Other Expenditures	13,584	13,187	397
Total Convention Facilities	35,383	33,909	1,474
Nondepartmental:			
Personal Services	87	54	33
Contractual Services	985	1,670	(685)
Commodities	2		2
Other Expenditures	4	5	(1)
Total Nondepartmental	1,078	1,729	(651)
Contributions to Other Agencies	5,374	5,235	139
Total Cultural and Recreation	43,977	42,937	1,040
Convention and Tourism:			
Convention and Visitors Bureau:			
Personal Services	7,702	7,438	264
Contractual Services	11,890	11,904	(14)
Commodities	309	316	(7)
Other Expenditures	528	595	(67)
Total Convention and Tourism	20,429	20,253	176
Economic Development and Opportunity:			
Personal Services	527	395	132
Contractual Services	427	438	(11)
Commodities	52	54	(2)
Other Expenditures	29	33	(4)
Total Economic Development and Opportunity	1,035	920	115
Total Expenditures	65,441	64,139	1,302
Excess of Revenues Over Expenditures	693	24,583	23,890
Other Financing Sources (Uses):			
Transfers In	14,579	13,515	(1,064)
Transfers Out	(34,802)	(43,043)	(8,241)
Total Other Financing Sources (Uses)	(20,223)	(29,528)	(9,305)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(19,530)	(4,945)	$ 14,585
Fund Balances, October 1	27,305	27,305	
Add Encumbrances		17,828	
Fund Balances, September 30	$ 7,775	$ 40,188	

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of San Antonio through the Convention and Visitors Bureau and support for arts and cultural organizations in the Office of Cultural Affairs and International Affairs.

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Miscellaneous	$ 1,643	$ 1,068	$ (575)
Investment Earnings	14	22	8
Total Revenues	1,657	1,090	(567)
Expenditures:			
Public Safety:			
Personal Services	349	339	10
Contractual Services	918	504	414
Commodities	338	179	159
Other Expenditures	124	185	(61)
Capital Outlay	689	690	(1)
Total Expenditures	2,418	1,897	521
(Deficiency) of Revenues (Under) Expenditures	(761)	(807)	(46)
Other Financing (Uses):			
Transfers In			
Transfers Out	(381)	(381)	
Total Other Financing (Uses)	(381)	(381)	
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(1,142)	(1,188)	$ (46)
Fund Balances, October 1(Restated)	5,251	5,251	
Add Encumbrances		46	
Fund Balances, September 30	$ 4,109	$ 4,109	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Taxes:			
Occupancy	$ 13,655	$ 13,993	$ 338
Penalties and Interest on Delinquent Taxes	25	28	3
Miscellaneous		22	22
Investment Earnings	1	64	63
Total Revenues	13,681	14,107	426
Expenditures:			
General Government:			
Other Expenditures		11	(11)
Convention and Tourism:			
Contractual Service	204	269	(65)
Total Expenditures	204	280	(76)
Excess of Revenues Over Expenditures	13,477	13,827	350
Other Financing Sources (Uses):			
Transfer In		6,952	6,952
Transfers Out	(32,112)	(25,078)	7,034
Total Other Financing Sources (Uses)	(32,112)	(18,126)	13,986
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(18,635)	(4,299)	$ 14,336
Fund Balances, October 1	19,523	19,523	
Add Encumbrances		360	
Fund Balances, September 30	$ 888	$ 15,584	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2005 and 2000 Venue Projects
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
General Sales and Use:			
City Sales Tax	$ 21,690	$ 25,030	$ 3,340
Investment Earnings	86	119	33
Total Revenues	21,776	25,149	3,373
Expenditures:			
General Government:			
Other Expenditures	53	43	10
Total General Government	53	43	10
Culture and Recreation:			
Contractual Services	434	497	(63)
Total Culture and Recreation	434	497	(63)
Total Expenditures	487	540	(53)
Excess of Revenues Over Expenditures	21,289	24,609	3,320
Other Financing (Uses):			
Transfers Out	(42,854)	(42,201)	653
Total Other Financing (Uses)	(42,854)	(42,201)	653
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(21,565)	(17,592)	$ 3,973
Fund Balances, October 1	30,371	30,371	
Add Encumbrances		20,257	
Fund Balances, September 30	$ 8,806	$ 33,036	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services	$ 1,407	$ 1,594	$ 187
Investment Earnings		3	3
Total Revenues	1,407	1,597	190
Expenditures:			
General Government:			
Other Expenditures		1	(1)
Total General Government		1	(1)
Streets and Roadways:			
Personal Services	1,157	1,104	53
Contractual Services	96	77	19
Commodities	17	14	3
Other Expenditures	237	244	(7)
Capital Outlay	88	59	29
Total Public Works	1,595	1,498	97
Total Expenditures	1,595	1,499	96
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188)	98	286
Other Financing (Uses):			
Transfers Out	(42)		42
Total Other Financing (Uses)	(42)		42
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(230)	98	$ 328
Fund Balances, October 1	1,222	1,222	
Add Encumbrances			
Fund Balances, September 30	$ 992	$ 1,320	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2011

(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services	$ 39,630	$ 40,415	$ 785
Intergovernmental			
Miscellaneous	-	15	15
Investment Earnings	183	157	(26)
Total Revenues	39,813	40,587	774
Expenditures:			
General Government:			
Other Expenditures		27	(27)
Total General Government		27	(27)
Public Works:			
Administration:			
Personal Services	1,169	1,092	77
Contractual Services	4,582	4,620	(38)
Commodities	31	23	8
Other Expenditures	135	219	(84)
Capital Outlay	22	91	(69)
Total Administration	5,939	6,045	(106)
Vegetation Control:			
Personal Services	3,519	4,040	(521)
Contractual Services	848	954	(106)
Commodities	333	283	50
Other Expenditures	883	1,042	(159)
Capital Outlay	480	623	(143)
Total Vegetation Control	6,063	6,942	(879)
River Maintenance:			
Personal Services	4,009	4,210	(201)
Contractual Services	672	1,302	(630)
Commodities	455	490	(35)
Other Expenditures	2,042	2,033	9
Capital Outlay		72	(72)
Total River Maintenance	7,178	8,107	(929)
Street Sweeping:			
Personal Services	2,479	2,557	(78)
Contractual Services	534	628	(94)
Commodities	172	382	(210)
Other Expenditures	1,038	1,060	(22)
Total Street Sweeping	4,223	4,627	(404)
Tunnel Maintenance:			
Personal Services	1,392	1,435	(43)
Contractual Services	422	421	1
Commodities	247	228	19
Other Expenditures	511	565	(54)
Capital Outlay		75	(75)
Total Tunnel Maintenance	2,572	2,724	(152)
Design Engineering:			
Personal Services	1,487	1,499	(12)
Contractual Services	535	516	19
Commodities	8	16	(8)
Other Expenditures	163	152	11
Total Design Engineering	2,193	2,183	10
Total Expenditures	28,168	30,655	(2,487)
Excess of Revenues Over Expenditures	11,645	9,932	(1,713)
Other Financing (Uses):			
Transfers Out	(49,513)	(38,755)	10,758
Total Other Financing (Uses)	(49,513)	(38,755)	10,758
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(37,868)	(28,823)	$ 9,045
Fund Balances, October 1	36,779	36,779	
Add Encumbrances		27,070	
Fund Balances, September 30	$ (1,089)	$ 35,026	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Administrative Fee	$ 793	$ 175	$ (618)
Processing Fee	62	46	(16)
Total Revenues	855	221	(634)
Expenditures:			
Economic Development and Opportunity:			
Personal Services	429	322	107
Contractual Services	23	28	(5)
Commodities	7	28	(21)
Other Expenditures	26	26	
Capital Outlay	5	2	3
Total Expenditures	490	406	84
Excess (Deficiency) of Revenues Over (Under) Expenditures	365	(185)	(550)
Other Financing (Uses):			
Transfers Out	(73)	(73)	
Total Other Financing (Uses)	(73)	(73)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	292	(258)	$ (550)
Fund Balances, October 1	77	77	
Add Encumbrances		28	
Fund Balances, September 30	$ 369	$ (153)	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2011

(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Parking Fines	$ 172	$ 128	$ (44)
Moving Violations	272	298	26
Intergovernmental	1,618	1,901	283
Total Revenues	2,062	2,327	265
Expenditures:			
Public Safety:			
Personal Services	1,748	1,333	415
Contractual Services	3	11	(8)
Commodities	33	8	25
Other Expenditures	441	607	(166)
Total Expenditures	2,225	1,959	266
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163)	368	531
Other Financing (Uses):			
Transfers Out	(289)	(289)	
Total Other Financing (Uses)	(289)	(289)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(452)	79	$ 531
Fund Balances, October 1	164	164	
Add Encumbrances			
Fund Balances, September 30	$ (288)	$ 243	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Services Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Miscellaneous	$ 600	$ 404	$ (196)
Total Revenues	600	404	(196)
Expenditures:			
Total Expenditures			
Excess of Revenues Over Expenditures	600	404	(196)
Other Financing (Uses):			
Transfers Out	(106)	(106)	
Total Other Financing (Uses)	(106)	(106)	
Excess of Revenues Over Expenditures and Other Financing (Uses)	494	298	$ (196)
Fund Balances, October 1	(2,254)	(2,254)	
Add Encumbrances			
Fund Balances, September 30	$ (1,760)	$ (1,956)	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2011
(In Thousands)

	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Juvenile Case Manager Fee	$ 543	$ 744	$ 201
Investment Earnings		1	1
Total Revenues	543	745	202
Expenditures:			
General Government:			
Personal Services	539	490	49
Other Expenditures	33	33	
Capital Outlay		47	(47)
Total Expenditures	572	570	2
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29)	175	204
Other Financing Sources:			
Transfers In	33	33	
Total Other Financing Sources	33	33	
Excess of Revenues and Other Financing Sources Over Expenditures	4	208	$ 204
Fund Balances, October 1	211	211	
Add Encumbrances			
Fund Balances, September 30	$ 215	$ 419	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Building Security	$ 485	$ 505	$ 20
Total Revenues	485	505	20
Expenditures:			
General Government:			
Personal Services	414	394	20
Contractual Services	36	63	(27)
Commodities	8	2	6
Other Expenditures	37	52	(15)
Total Expenditures	495	511	(16)
(Deficiency) of Revenues (Under) Expenditures	(10)	(6)	$ 4
Fund Balances, October 1	82	82	
Add Encumbrances			
Fund Balances, September 30	$ 72	$ 76	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Technology Improvements	$ 647	$ 672	$ 25
Investment Earnings		9	9
Total Revenues	647	681	34
Expenditures:			
General Government:			
Personal Services	60	9	51
Contractual Services		125	(125)
Commodities		91	(91)
Other Expenditures	7	16	(9)
Capital Outlay		17	(17)
Total Expenditures	67	258	(191)
Excess of Revenues Over Expenditures	580	423	(157)
Other Financing (Uses):			
Transfers Out	(1,130)	(134)	996
Total Other Financing (Uses)	(1,130)	(134)	996
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(550)	289	$ 839
Fund Balances, October 1	1,768	1,768	
Add Encumbrances			
Fund Balances, September 30	$ 1,218	$ 2,057	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Investment
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Canopy Fee - Residential	$ 118	$ 72	$ (46)
Canopy Fee - Commercial	112	113	1
Investment Earnings	3	2	(1)
Total Revenues	233	187	(46)
Expenditures:			
Culture and Recreation:			
Commodities	515	371	144
Other Expenditures	3	3	
Total Expenditures	518	374	144
(Deficiency) of Revenues (Under) Expenditures	(285)	(187)	98
Other Financing:			
Transfers Out			
Total Other Financing			
(Deficiency) of Revenues (Under) Expenditures	(285)	(187)	$ 98
Fund Balances, October 1	499	499	
Add Encumbrances			
Fund Balances, September 30	$ 214	$ 312	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Preservation Mitigation
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Tree Mitigation Fee	$ 118	$ 251	$ 133
Investment Earnings	3	3	-
Total Revenues	121	254	133
Expenditures:			
Culture and Recreation:			
Personal Services	101	32	69
Contractual Services	265	252	13
Commodities	284	213	71
Other Expenditures	45	48	(3)
Capital Outlay	361	217	144
Total Expenditures	1,056	762	294
(Deficiency) of Revenues (Under) Expenditures	(935)	(508)	427
Other Financing:			
Transfers Out			
Total Other Financing			
(Deficiency) of Revenues (Under) Expenditures	(935)	(508)	$ 427
Fund Balances, October 1	1,005	1,005	
Add Encumbrances		4	
Fund Balances, September 30	$ 70	$ 501	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemetaries
Year-Ended September 30, 2011
(In Thousands)

	2011		
	FINAL BUDGET	ACTUAL	VARIANCE - POSITIVE (NEGATIVE)
Revenues:			
Charges for Services:			
Sales	$ 546	$ 265	$ (281)
Miscellaneous			
Investment Earnings	12	11	(1)
Total Revenues	558	276	(282)
Expenditures:			
Culture and Recreation:			
Personal Services	404	134	270
Contractual Services	18	79	(61)
Commodities	12	5	7
Other Expenditures	113	75	38
Total Expenditures	547	293	254
Excess (Deficiency) of Revenues Over (Under) Expenditures	11	(17)	(28)
Other Financing Sources (Uses):			
Transfers In	146	146	
Transfers Out	(157)		157
Total Other Financing Sources (Uses)	(11)	146	157
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)		129	$ 129
Fund Balances, October 1	2,366	2,366	
Add Encumbrances		40	
Fund Balances, September 30	$ 2,366	$ 2,535	

Amounts are expressed in thousands

Nonmajor Enterprise Funds

DEVELOPMENT SERVICES *– accounts for all revenues and expenses associated with the operation and maintenance of the City's development services activities.*

MARKET SQUARE *– accounts for all revenues and expenses associated with the management and operation of the Farmers' Market, El Mercado, the Market Square Parking Lot, and Alameda.*

PARKING SYSTEM *– accounts for all revenues and expenses associated with the operation and maintenance of the City's parking structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.*

SOLID WASTE MANAGEMENT *– accounts for all revenues and expenses associated with the operation and maintenance of the City's solid waste and environmental management programs, required debt service for outstanding bonds, and construction and management of Solid Waste Management's assets.*

Combining Statement of Net Assets
Nonmajor Enterprise Funds
As of September 30, 2011
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 291	$ 28	$ 214	$ 478	$ 1,011
Securities Lending Collateral	194	17	133	296	640
Investments	3,901	349	2,681	5,961	12,892
Receivables, Net	51	47	249	7,885	8,232
Materials and Supplies, at Cost			60		60
Due From:					
Other Funds	712			5,272	5,984
Total Unrestricted Assets	5,149	441	3,337	19,892	28,819
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents			904	43	947
Securities Lending Collateral			243		243
Investments			5,298	34	5,332
Receivables, Net			3		3
Construction Accounts:					
Cash and Cash Equivalents			8	233	241
Securities Lending Collateral				20	20
Investments				406	406
Improvement and Contingency Accounts:					
Cash and Cash Equivalents			460	647	1,107
Securities Lending Collateral			287	404	691
Investments			5,787	8,130	13,917
Receivables, Net			4	6	10
Total Restricted Assets			12,994	9,923	22,917
Total Current Assets	5,149	441	16,331	29,815	51,736
Noncurrent Assets:					
Capital Assets:					
Land		45	8,125	893	9,063
Buildings		1,336	24,590	757	26,683
Improvements		3,281	4,324	6,870	14,475
Machinery and Equipment	1,090		1,571	28,993	31,654
Construction in Progress		4,212	141	1,341	5,694
Total Capital Assets	1,090	8,874	38,751	38,854	87,569
Less: Accumulated Depreciation	992	1,870	11,521	13,582	27,965
Net Capital Assets	98	7,004	27,230	25,272	59,604
Unamortized Bond Issuance Costs			293	30	323
Total Noncurrent Assets	98	7,004	27,523	25,302	59,927
Total Assets	$ 5,247	$ 7,445	$ 43,854	$ 55,117	$ 111,663

Amounts are expressed in thousands

Combining Statement of Net Assets
Nonmajor Enterprise Funds
As of September 30, 2011
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 29	$ 44	$ 21	$ 1,484	$ 1,578
Accounts Payable-Other	841	5	105	1,316	2,267
Accrued Payroll	217	4	60	398	679
Current Portion of Accrued Leave Payable	654	1	152	937	1,744
Securities Lending Obligation	194	17	133	296	640
Unearned Revenue	85	4	13		102
Current Portion of Capital Lease Liability				5,217	5,217
Current Portion of Accrued Landfill Postclosure Costs				100	100
Due to:					
Other Funds			30	1,317	1,347
Other Government Agencies	6				6
Total Payable from Current Unrestricted Assets	2,026	75	514	11,065	13,680
Payable from Restricted Assets:					
Vouchers Payable			7	300	307
Accrued Bond Interest			147	145	292
Securities Lending Obligation			530	424	954
Current Portion of Bonds and Certificates			1,175	140	1,315
Due to Other Funds			141		141
Current Portion of Unamortized Premium/(Discount)			19	40	59
Current Portion of Deferred Amount on Refunding			(178)	(2)	(180)
Other Payables			26	2	28
Total Payable from Restricted Assets			1,867	1,049	2,916
Total Current Liabilities	2,026	75	2,381	12,114	16,596
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion)			14,900	3,205	18,105
Unamortized Premium/(Discount) (net of current portion)			69	141	210
Deferred Amount on Refunding (net of current portion)			(1,514)	(38)	(1,552)
Accrued Leave Payable (net of current portion)		4		579	583
Capital Lease Liability (net of current portion)				12,711	12,711
Net OPEB Obligation	3,840	94	1,467	7,603	13,004
Accrued Landfill Postclosure Costs (net of current portion)				1,945	1,945
Total Noncurrent Liabilities	3,840	98	14,922	26,146	45,006
Total Liabilities	5,866	173	17,303	38,260	61,602
Net Assets:					
Invested In Capital Assets, Net of Related Debt	98	7,004	12,759	11,800	31,661
Restricted:					
Debt Service			6,059	72	6,131
Capital Projects			6,251	347	6,598
Unrestricted	(717)	268	1,482	4,638	5,671
Total Net Assets	$ (619)	$ 7,272	$ 26,551	$ 16,857	$ 50,061

Amounts are expressed in thousands

Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Enterprise Funds
Year-Ended September 30, 2011
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:					
Charges for Services	$ 21,629	$ 2,211	$ 8,588	$ 90,067	$ 122,495
Total Operating Revenues	21,629	2,211	8,588	90,067	122,495
Operating Expenses:					
Personal Services	15,073	678	4,454	28,605	48,810
Contractual Services	577	823	762	25,848	28,010
Commodities	148	53	114	7,749	8,064
Other	4,334	461	1,185	15,144	21,124
Depreciation	78	150	1,077	3,489	4,794
Total Operating Expenses	20,210	2,165	7,592	80,835	110,802
Operating Income	1,419	46	996	9,232	11,693
Nonoperating Revenues (Expenses):					
Investment Earnings	13	5	36	87	141
Other Nonoperating Revenue	143	1	36	270	450
Loss on Sale of Fixed Assets			(9)	(324)	(333)
Interest and Debt Expense			(896)	(1,059)	(1,955)
Other Nonoperating Expense			(216)	(1,322)	(1,538)
Total Nonoperating Revenues (Expenses)	156	6	(1,049)	(2,348)	(3,235)
Change in Net Assets Before Transfers	1,575	52	(53)	6,884	8,458
Capital Contributions		4,212			4,212
Transfers In (Out):					
Transfers In	3,066	5	553	226	3,850
Transfers Out	(2,673)	(383)	(738)	(1,655)	(5,449)
Total Transfers In (Out)	393	(378)	(185)	(1,429)	(1,599)
Change In Net Assets	1,968	3,886	(238)	5,455	11,071
Net Assets - October 1 (restated)	(2,587)	3,386	26,789	11,402	38,990
Net Assets - September 30	$ (619)	$ 7,272	$ 26,551	$ 16,857	$ 50,061

Amounts are expressed in thousands

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2011
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 21,650	$ 2,185	$ 8,461	$ 89,137	$ 121,433
Cash Payments to Suppliers for Goods and Services	(5,171)	(1,344)	(2,043)	(49,567)	(58,125)
Cash Payments to Employees for Service	(14,543)	(577)	(4,342)	(27,658)	(47,120)
Net Cash Provided by Operating Activities	1,936	264	2,076	11,912	16,188
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	3,066	5	553	226	3,850
Transfers Out to Other Funds	(2,673)	(383)	(738)	(1,655)	(5,449)
Due to Other Funds	(12)		71	1,080	1,139
Due from Other Funds	(688)		315	(4,153)	(4,526)
Cash Received from Other Nonoperating Revenues	143	1	36	270	450
Net Cash Provided by (Used for) Noncapital Financing Activities	(164)	(377)	237	(4,232)	(4,536)
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets			(123)	(4,465)	(4,588)
Principal Payments or Refundings on Long-Term Debt			(800)	(135)	(935)
Interest and Fees Paid on Long-Term Debt			(902)	(178)	(1,080)
Interest Paid on Notes and Leases				(779)	(779)
Principal Payments on Notes and Leases				(7,687)	(7,687)
Net Cash (Used for) Capital and Related Financing Activities			(1,825)	(13,244)	(15,069)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(4,824)	(432)	(18,128)	(18,066)	(41,450)
Maturity of Investment Securities	2,957	530	17,831	23,258	44,576
Purchases of Investments for Securities Lending	17	49	1,215	2,205	3,486
Proceeds from Cash Collected for Securities Lending Cash Collateral	(17)	(49)	(1,215)	(2,205)	(3,486)
Investments Earnings	13	5	31	84	133
Net Cash Provided by (Used for) Investing Activities	(1,854)	103	(266)	5,276	3,259
Net Increase (Decrease) in Cash and Cash Equivalents	(82)	(10)	222	(288)	(158)
Cash and Cash Equivalents, October 1 (Restated)	373	38	1,364	1,689	3,464
Cash and Cash Equivalents, September 30	$ 291	$ 28	$ 1,586	$ 1,401	$ 3,306
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	$ 1,419	$ 46	$ 996	$ 9,232	$ 11,693
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	78	150	1,077	3,489	4,794
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	21	(30)	(140)	(7,634)	(7,783)
Decrease in Accrued Revenue				6,704	6,704
Decrease in Due from Other Governmental Agencies	6				6
Decrease in Materials and Supplies			23		23
Increase (Decrease) in Vouchers Payable	15	(12)	(17)	82	68
Increase (Decrease) in Accounts Payable - Other	(133)	5	12	(896)	(1,012)
Increase (Decrease) in Accrued Payroll	(374)	2	(119)	(749)	(1,240)
Increase (Decrease) in Accrued Leave Payable	(119)	5	(62)	(309)	(485)
(Decrease) in Landfill Postclosure Liability				(12)	(12)
Increase in Net OPEB Obligation	1,023	94	293	2,005	3,415
Increase in Unearned Revenue		4	13		17
Net Cash Provided by Operating Activities	$ 1,936	$ 264	$ 2,076	$ 11,912	$ 16,188
Noncash Investing, Capital and Financing Activities:					
Contributed Capital	$ -	$ 4,212	$ -	$ -	$ 4,212

Amounts are expressed in thousands

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 Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.*

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.*

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, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.*

CAPITAL IMPROVEMENTS MANAGEMENT SERVICES (CIMS) *– to account for revenues and expenes associated with the administration and delivery of the City's capital improvement projects.*

Combining Statement of Net Assets
Internal Service Funds
As of September 30, 2011
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Assets:							
Current Assets:							
Cash and Cash Equivalents	$ 2,113	$ 1,670	$ 1,927	$ 952	$ 2,784	$ 143	$ 9,589
Securities Lending Collateral	1,300	1,042	1,202	593	1,739	96	5,972
Investments	26,183	20,993	24,218	11,952	35,033	1,924	120,303
Receivables, Net	1,353	15	17	13	46	7	1,451
Materials and Supplies, at Cost				36	1,630		1,666
Deposits	102		36				138
Prepaid Expenses		816	161				977
Due From:							
Other Funds			2,326	17	1,111		3,454
Other Governmental Agencies, Net	21			93	871		985
Total Current Assets	31,072	24,536	29,887	13,656	43,214	2,170	144,535
Capital Assets:							
Buildings				20	158		178
Improvements					244		244
Machinery and Equipment	154	64	441	5,906	172,990	50	179,605
Construction in Progress				127			127
Total Capital Assets	154	64	441	6,053	173,392	50	180,154
Less: Accumulated Depreciation	154	64	441	5,738	105,785	24	112,206
Net Capital Assets				315	67,607	26	67,948
Total Assets	31,072	24,536	29,887	13,971	110,821	2,196	212,483
Liabilities:							
Current Liabilities:							
Vouchers Payable	147	79	78	617	3,863	21	4,805
Accounts Payable-Other	1,611	361	49	1,851	1,240	361	5,473
Claims Payable	7,869	21,545	29,454				58,868
Accrued Payroll	20	22	27	287	256	240	852
Accrued Interest					1		1
Current Portion of Accrued Leave Payable	43	60	65	668	600	555	1,991
Securities Lending Obligation	1,300	1,042	1,202	593	1,739	96	5,972
Unearned Revenue				23			23
Current Portion of Capital Lease Liability					106		106
Due To:							
Other Funds	13	3		207	2,306	1,292	3,821
Other Governmental Agencies				711			711
Total Current Liabilities	11,003	23,112	30,875	4,957	10,111	2,565	82,623
Noncurrent Liabilities:							
Accrued Leave Payable	8	3	6	437	213	56	723
Capital Lease Liability					193		193
Net OPEB Obligation	360	297	343	3,684	5,089	3,294	13,067
Total Noncurrent Liabilities	368	300	349	4,121	5,495	3,350	13,983
Total Liabilities	11,371	23,412	31,224	9,078	15,606	5,915	96,606
Net Assets:							
Invested In Capital Assets, Net of Related Debt				315	67,308	26	67,649
Unrestricted	19,701	1,124	(1,337)	4,578	27,907	(3,745)	48,228
Total Net Assets	$ 19,701	$ 1,124	$ (1,337)	$ 4,893	$ 95,215	$ (3,719)	$ 115,877

Amounts are expressed in thousands

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year-Ended September 30, 2011
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Revenues:							
Charges for Services	$ 106,494	$ 7,174	$ 17,027	$ 39,968	$ 78,943	$ 13,043	$ 262,649
Total Operating Revenues	106,494	7,174	17,027	39,968	78,943	13,043	262,649
Operating Expenses:							
Personal Services	1,494	1,538	1,747	18,632	18,217	15,637	57,265
Contractual Services	12,181	1,065	1,776	16,662	8,756	450	40,890
Commodities	46	19	33	456	1,960	208	2,722
Materials					24,877		24,877
Claims	87,097	3,684	13,867				104,648
Other	140	1,880	362	6,206	7,648	966	17,202
Depreciation				43	15,018	6	15,067
Total Operating Expenses	100,958	8,186	17,785	41,999	76,476	17,267	262,671
Operating Income (Loss)	5,536	(1,012)	(758)	(2,031)	2,467	(4,224)	(22)
Nonoperating Revenues (Expenses):							
Investment Earnings	145	108	115	55	170		593
Other Nonoperating Revenue	1,904	478	352	336	359	8	3,437
Other Nonoperating Expense	(25)	(18)	(20)				(63)
Gain on Sale of Capital Assets					4,047		4,047
Total Nonoperating Revenues (Expenses)	2,024	568	447	391	4,576	8	8,014
Change in Net Assets Before Transfers	7,560	(444)	(311)	(1,640)	7,043	(4,216)	7,992
Transfers In (Out):							
Transfers In			85	3,524	942	3,245	7,796
Transfers Out		(548)		(456)	(942)		(1,946)
Total Transfers In (Out)		(548)	85	3,068		3,245	5,850
Change in Net Assets	7,560	(992)	(226)	1,428	7,043	(971)	13,842
Net Assets - October 1 (restated)	12,141	2,116	(1,111)	3,465	88,172	(2,748)	102,035
Net Assets - September 30	$ 19,701	$ 1,124	$ (1,337)	$ 4,893	$ 95,215	$ (3,719)	$ 115,877

Amounts are expressed in thousands

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2011
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 105,238	$ 7,174	$ 17,030	$ 39,906	$ 78,580	$ 13,038	$ 260,966
Cash Payments to Suppliers for Goods and Services	(100,578)	(8,009)	(12,157)	(23,241)	(44,062)	(1,425)	(189,472)
Cash Payments to Employees for Service	(1,454)	(1,497)	(1,715)	(18,571)	(17,459)	(15,131)	(55,827)
Net Cash Provided by (Used for) Operating Activities	3,206	(2,332)	3,158	(1,906)	17,059	(3,518)	15,667
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85	3,524	942	3,245	7,796
Transfers Out to Other Funds		(548)		(456)	(942)		(1,946)
Due To Other Funds	(43)	3	(139)	(45)	2,015	974	2,765
Due From Other Funds			(2,326)	(9)	232	329	(1,774)
Cash Received from Other Nonoperating Revenues	1,904	478	352	336	359	8	3,437
Net Cash Provided by (Used for) Noncapital Financing Activities	1,861	(67)	(2,028)	3,350	2,606	4,556	10,278
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(298)	(26,679)		(26,977)
Principal Payments on Notes and Leases					(103)		(103)
Interest Paid on Notes and Leases					(1)		(1)
Proceeds from Sale of Assets					5,083		5,083
Net Cash (Used for) Capital and Related Financing Activities				(298)	(21,700)		(21,998)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(32,386)	(25,966)	(29,956)	(14,784)	(43,333)	(2,380)	(148,805)
Maturity of Investment Securities	27,514	27,994	28,712	13,623	44,875	1,404	144,122
Purchases of Investments for Securities Lending	1,871	2,384	2,216	1,012	3,703	45	11,231
Proceeds from Cash Collected for Securities Lending Cash Collateral	(1,871)	(2,384)	(2,216)	(1,012)	(3,703)	(45)	(11,231)
Investment Earnings	104	77	81	47	149		458
Net Cash Provided by (Used for) Investing Activities	(4,768)	2,105	(1,163)	(1,114)	1,691	(976)	(4,225)
Net Increase (Decrease) in Cash and Cash Equivalents	299	(294)	(33)	32	(344)	62	(278)
Cash and Cash Equivalents, October 1	1,814	1,964	1,960	920	3,128	81	9,867
Cash and Cash Equivalents, September 30	$ 2,113	$ 1,670	$ 1,927	$ 952	$ 2,784	$ 143	$ 9,589
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ 5,536	$ (1,012)	$ (758)	$ (2,031)	$ 2,467	$ (4,224)	$ (22)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation				43	15,018	6	15,067
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	(1,302)			5	(376)	(5)	(1,678)
Decrease in Accrued Revenue					13		13
(Increase) Decrease in Due from Other Governmental Agencies	46		3	(90)			(41)
(Increase) in Materials and Supplies				(3)	(347)		(350)
Decrease in Prepaid Expenses		7	18	170			195
Increase (Decrease) in Vouchers Payable	(785)	40	75	(994)	(866)	(20)	(2,550)
Increase (Decrease) in Claims Payable	168	(1,591)	3,860				2,437
Increase (Decrease) in Accounts Payable - Other	(496)	182	(72)	910	392	219	1,135
(Decrease) in Accrued Payroll	(43)	(49)	(48)	(542)	(431)	(377)	(1,490)
Increase (Decrease) in Accrued Leave Payable	(15)	11	(12)	(379)	(217)	(131)	(743)
Increase in Net OPEB Obligation	97	80	92	982	1,406	1,014	3,671
Increase in Unearned Revenue				23			23
Net Cash Provided by (Used for) Operating Activities	$ 3,206	$ (2,332)	$ 3,158	$ (1,906)	$ 17,059	$ (3,518)	$ 15,667

Amounts are expressed in thousands

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 HEALTH CARE FUNDS** – to account for resources of the pension and health care funds 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 collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.*
>
> ***FIRE AND POLICE RETIREE HEALTH CARE FUND** – to account for the collection and payment of funds for health care 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.*

***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:*

> ***BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND** – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.*
>
> ***CRIMINAL JUSTICE PLANNING FUND** – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.*
>
> ***CVB HOUSING BUREAU FUND** – to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions.*
>
> ***DEPOSIT FUND** – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.*
>
> ***EVIDENTIARY CASH FUND** – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.*
>
> ***LESSEES' SPECIAL EVENTS LIABILITY INSURANCE FUND** – to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.*
>
> ***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.*
>
> ***MAYOR'S LUNCH** – to account for collection and payment to caterers for lunch events with the Mayor organized and for the benefit of third parties.*
>
> ***STATE SALES TAX FUND** – to account for the collection and payment to the State of Texas for sales tax collected.*
>
> ***UNCLAIMED PROPERTY FUND** – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.*
>
> ***VIA TICKET SALES** – to account for the collection and payment for bus pass proceeds to VIA Metropolitan Transport.*

Combining Statement of Fiduciary Net Assets
Fire and Police Pension and Health Care Funds
As of September 30, 2011
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 72,510	$ 3,441	$ 75,951
Security Lending Collateral	133,809	7,761	141,570
Investments:			
Common Stock	739,584	41,729	781,313
U.S. Government Securities	87,460		87,460
Corporate Bonds	413,281		413,281
Hedge Funds	215,601	34,118	249,719
Real Estate	197,654	36,195	233,849
Alternative	241,491	86,460	327,951
Receivables:			
Accounts	31,625		31,625
Accrued Interest	4,428	48	4,476
Accrued Revenue		29	29
Total Current Assets	2,137,443	209,781	2,347,224
Capital Assets:			
Machinery and Equipment	457		457
Buildings	1,318	151	1,469
Total Capital Assets	1,775	151	1,926
Less: Accumulated Depreciation	472	10	482
Net Capital Assets	1,303	141	1,444
Total Assets	2,138,746	209,922	2,348,668
Liabilities:			
Vouchers Payable	3,903	393	4,296
Accounts Payable - Other	30,838		30,838
Claims Payable		3,069	3,069
Accrued Payroll	142	27	169
Securities Lending Obligation	133,809	7,761	141,570
Total Liabilities	168,692	11,250	179,942
Net Assets:			
Net Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 1,970,054	$ 198,672	$ 2,168,726

Amounts are expressed in thousands

Combining Statement of Changes in Fiduciary Net Assets
Fire and Police Pension and Health Care Funds
Year-Ended September 30, 2011
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Additions:			
Contributions:			
Employer	$ 67,328	$ 24,142	$ 91,470
Employee	33,663	10,508	44,171
Other Contributions		624	624
Total Contributions	100,991	35,274	136,265
Investment Earnings:			
Net Increase in Fair Value of Investments	29,593	4,479	34,072
Real Estate Income, net	2,231		2,231
Interest and Dividends	32,651	823	33,474
Securities Lending	382	18	400
Other Income	102	15	117
Total Investment Earnings	64,959	5,335	70,294
Less: Investment Expenses			
Investment Management Fees and Custodian Fees	(9,884)	(653)	(10,537)
Less: Securities Lending Expenses			
Borrower Rebates and Lending Fees	(99)	(13)	(112)
Net Investment Earnings	54,976	4,669	59,645
Total Additions	155,967	39,943	195,910
Deductions:			
Benefits	104,803	22,233	127,036
Refunds of Contributions	356		356
Administrative Expenses	2,728	1,875	4,603
Total Deductions	107,887	24,108	131,995
Change in Net Assets	48,080	15,835	63,915
Net Assets - October 1	1,921,974	182,837	2,104,811
Net Assets - September 30	$ 1,970,054	$ 198,672	$ 2,168,726

Amounts are expressed in thousands

Combining Balance Sheet
Agency Funds
As of September 30, 2011
(In Thousands)

	ASSETS					
				RECEIVABLES		
	CASH AND CASH EQUIVALENTS	SECURITIES LENDING COLLATERAL	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:						
Bexar County Hotel/Motel Tax Collections Fund	$ 1,352	$ -	$ -	$ 14	$ -	$ 1,366
Criminal Justice Planning Fund	3,896					3,896
CVB Housing Bureau Fund	8					8
Deposit Fund	2,554					2,554
Evidentiary Cash Fund	122	76	1,531		1	1,730
Lessees' Special Events Liability Insurance Func	21					21
Municipal Court Cash Bond Fund	255					255
Mayor's Lunch			3			3
State Sales Tax Fund	207					207
Unclaimed Property Fund	46	28	572			646
VIA Ticket Sales	34			36		70
Total	$ 8,495	$ 104	$ 2,106	$ 50	$ 1	$ 10,756

	LIABILITIES			
	VOUCHERS PAYABLE	SECURITIES LENDING OBLIGATION	ACCOUNTS PAYABLE OTHER	TOTAL LIABILITIES
Funds:				
Bexar County Hotel/Motel Tax Collections Fund	$ -	$ -	$ 1,366	$ 1,366
Criminal Justice Planning Fund	19		3,877	3,896
CVB Housing Bureau Fund			8	8
Deposit Fund			2,554	2,554
Evidentiary Cash Fund		76	1,654	1,730
Lessees' Special Events Liability Insurance Func	5		16	21
Municipal Court Cash Bond Fund			255	255
Mayor's Lunch			3	3
State Sales Tax Fund			207	207
Unclaimed Property Fund		28	618	646
VIA Ticket Sales	4		66	70
Total	$ 28	$ 104	$ 10,624	$ 10,756

Amounts are expressed in thousands

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2011

(In Thousands)

	BALANCE 10-01-2010 (Restated)	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2011
Bexar County Hotel/Motel Tax Collections Fund:				
Assets:				
Cash and Cash Equivalents	$ 954	$ 28,211	$ 27,813	$ 1,352
Receivables:				
Accounts	75	14,153	14,214	14
Total Assets	$ 1,029	$ 42,364	$ 42,027	$ 1,366
Liabilities:				
Accounts Payable - Other	$ 1,029	$ 13,836	$ 13,499	$ 1,366
Total Liabilities	$ 1,029	$ 13,836	$ 13,499	$ 1,366
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 321	$ 18,559	$ 14,984	$ 3,896
Securities Lending Collateral	560		560	
Investments	3,766		3,766	
Receivables:				
Accounts	1	6	7	
Total Assets	$ 4,648	$ 18,565	$ 19,317	$ 3,896
Liabilities:				
Vouchers Payable	$ -	$ 71	$ 52	$ 19
Accounts Payable - Other	4,088	17,779	17,990	3,877
Securities Lending Obligation	560		560	
Total Liabilities	$ 4,648	$ 17,850	$ 18,602	$ 3,896
CVB Housing Bureau				
Assets:				
Cash and Cash Equivalents	$ 1	$ 22	$ 15	$ 8
Securities Lending Collateral	1		1	
Investments	7		7	
Total Assets	$ 9	$ 22	$ 23	$ 8
Liabilities:				
Accounts Payable - Other	$ 8	$ 15	$ 15	$ 8
Securities Lending Obligation	1		1	
Total Liabilities	$ 9	$ 15	$ 16	$ 8
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ -	$ 5,810	$ 3,256	$ 2,554
Securities Lending Collateral	440		440	
Investments	2,342		2,342	
Receivables:				
Accounts	1		1	
Total Assets	$ 2,783	$ 5,810	$ 6,039	$ 2,554
Liabilities:				
Accounts Payable - Other	$ 2,343	$ 1,871	$ 1,660	$ 2,554
Securities Lending Obligation	440		440	
Total Liabilities	$ 2,783	$ 1,871	$ 2,100	$ 2,554

Amounts are expressed in thousands

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2011

(In Thousands)

	BALANCE 10-01-2010 (Restated)	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2011
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 131	$ 1,754	$ 1,763	$ 122
Securities Lending Collateral	230		154	76
Investments	1,547	1,531	1,547	1,531
Receivables:				
Accrued Interest		1		1
Total Assets	$ 1,908	$ 3,286	$ 3,464	$ 1,730
Liabilities:				
Accounts Payable - Other	$ 1,678	$ 42	$ 66	$ 1,654
Securities Lending Obligation	230		154	76
Total Liabilities	$ 1,908	$ 42	$ 220	$ 1,730
Lessee's Special Event Liability Insurance				
Assets:				
Cash and Cash Equivalents	$ 1	$ 57	$ 37	$ 21
Securities Lending Collateral	1		1	
Investments	8		8	
Total Assets	$ 10	$ 57	$ 46	$ 21
Liabilities:				
Vouchers Payable	$ -	$ 45	$ 40	$ 5
Accounts Payable - Other	9	43	36	16
Securities Lending Obligation	1		1	
Total Liabilities	$ 10	$ 88	$ 77	$ 21
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 30	$ 672	$ 447	$ 255
Securities Lending Collateral	52		52	
Investments	351		351	
Total Assets	$ 433	$ 672	$ 850	$ 255
Liabilities:				
Accounts Payable - Other	$ 381	$ 486	$ 612	$ 255
Securities Lending Obligation	52		52	
Total Liabilities	$ 433	$ 486	$ 664	$ 255
Mayor's Lunch				
Assets:				
Investments	$ -	$ 3	$ -	$ 3
Total Assets	$ -	$ 3	$ -	$ 3
Liabilities:				
Accounts Payable - Other	$ -	$ 11	$ 8	$ 3
Total Liabilities	$ -	$ 11	$ 8	$ 3

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2011

(In Thousands)

	BALANCE 10-01-2010 (Restated)	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2011
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 16	$ 11,364	$ 11,173	$ 207
Securities Lending Collateral	24		24	
Investments	164		164	
Accrued Interest		2	2	
Total Assets	$ 204	$ 11,366	$ 11,363	$ 207
Liabilities:				
Accounts Payable - Other	$ 180	$ 9,356	$ 9,329	$ 207
Securities Lending Obligation	24		24	
Total Liabilities	$ 204	$ 9,356	$ 9,353	$ 207
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 49	$ 1,059	$ 1,062	$ 46
Securities Lending Collateral	85		57	28
Investments	573	572	573	572
Total Assets	$ 707	$ 1,631	$ 1,692	$ 646
Liabilities:				
Vouchers Payable	$ -	$ -	$ -	$ -
Accounts Payable - Other	622	924	928	618
Securities Lending Obligation	85		57	28
Total Liabilities	$ 707	$ 924	$ 985	$ 646
VIA Ticket Sales				
Assets:				
Cash and Cash Equivalents	$ 3	$ 285	$ 254	$ 34
Securities Lending Collateral	5		5	
Investments	32		32	
Accounts	26	387	377	36
Total Assets	$ 66	$ 672	$ 668	$ 70
Liabilities:				
Vouchers Payable	$ -	$ 249	$ 245	$ 4
Accounts Payable - Other	61	445	440	66
Securities Lending Obligation	5		5	
Total Liabilities	$ 66	$ 694	$ 690	$ 70
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 1,506	$ 67,793	$ 60,804	$ 8,495
Securities Lending Collateral	1,398		1,294	104
Investments	8,790	2,106	8,790	2,106
Receivables:				
Accounts	103	14,546	14,599	50
Accrued Interest		3	2	1
Total Assets	$ 11,797	$ 84,448	$ 85,489	$ 10,756
Liabilities:				
Vouchers Payable	$ -	$ 365	$ 337	$ 28
Accounts Payable - Other	10,399	44,808	44,583	10,624
Securities Lending Obligation	1,398		1,294	104
Total Liabilities	$ 11,797	$ 45,173	$ 46,214	$ 10,756

(end of statement)

Nonmajor Component Units

As set forth in GASB Statement No. 14, The Financial Reporting Entity, and as amended by GASB Statement No. 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 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 No. 14, as amended by GASB Statement No. 39:

BROOKS DEVELOPMENT AUTHORITY (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.*

CITY SOUTH MANAGEMENT AUTHORITY (CSMA) – *was established for supporting economic development, creating sustainable communities, and promoting the unique historical, cultural and environmental assets of the City's southern edge.*

MAIN PLAZA CONSERVANCY (MPA) – *was established to operate and maintain Main Plaza in coordination with the City and Bexar County. MPA develops and implements strategies to increase awareness of the historical and cultural significance of Main Plaza and to organize cultural and artistic events at Main Plaza for the benefit of the citizens, residents and visitors of San Antonio.*

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – *was established for the purpose of, and to act on behalf of the City in, operating and promoting the City of San Antonio municipal golf facilities.*

PORT AUTHORITY OF SAN ANTONIO (THE PORT) *– was established for the purpose of monitoring the closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The Port is authorized to issue bonds to finance related projects. These bonds are not obligations of the City.*

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION – *was established for the purpose of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City of San Antonio.*

URBAN RENEWAL AGENCY (OUR SA*) – OUR SA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the sale of existing properties.*

Nonmajor Component Units (Continued)

SAN ANTONIO HOUSING TRUST FOUNDATION INC. (SAHTF) *– is a nonprofit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Permanent Fund of the City.*

Combining Statement of Net Assets
Nonmajor Discretely Presented Component Units
As of September 30, 2011

(In Thousands)

	BROOKS DEVELOPMENT AUTHORITY	CITY SOUTH MANAGEMENT AUTHORITY	MAIN PLAZA CONSERVANCY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION CORPORATION	OUR SA	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	TOTAL NONMAJOR COMPONENT UNITS
Assets:									
Current Assets:									
Unrestricted Assets:									
Cash and Cash Equivalents	$ 9,225	$ -	$ 187	$ 295	$ 14,024	$ 356	$ 158	$ 874	$ 25,119
Investments								433	433
Receivables, Net:									
Notes	1,955				2,040			3,343	7,338
Accounts	726			10		5,617	42	117	6,512
Accrued Interest	152		1						153
Materials and Supplies, at Cost	43			133					176
Due from Other Governmental Agencies	7,623				5,109				12,732
Prepaid Expenses	227		4			34,080			34,311
Other Assets			1	165	1,024			14	1,204
Total Unrestricted Assets	19,951		193	603	22,197	40,053	200	4,781	87,978
Restricted Assets:									
Debt Service Accounts:									
Cash and Cash Equivalents					761	14,908			15,669
Investments						11,073			11,073
Accrued Interest						96			96
Other Restricted Accounts:									
Cash and Cash Equivalents					1,243				1,243
Deferred Charges						3,700			3,700
Receivables						40,189			40,189
Total Restricted Assets					2,004	69,966			71,970
Total Current Assets	19,951		193	603	24,201	110,019	200	4,781	159,948
Noncurrent Assets:									
Capital Assets:									
Land	4,586				35,485				40,071
Infrastructure	31,786				42,540				74,326
Buildings	62,757		565	820	167,217				231,359
Machinery and Equipment	1,232		29	2,842	4,044			62	8,209
Construction in Progress	20,462			572	10,376				31,410
Total Capital Assets	120,823		594	4,234	259,662			62	385,375
Less: Accumulated Depreciation	33,946		62	967	65,963			62	101,000
Assets Held for Resale							382		382
Net Capital Assets	86,877		532	3,267	193,699		382		284,757
Other Noncurrent Assets:									
Receivables					3,716				3,716
Prepaid Expenses						525,282			525,282
Other Noncurrent Assets	3,717				2,058				5,775
Total Other Noncurrent Assets	3,717				5,774	525,282			534,773
Total Noncurrent Assets	90,594		532	3,267	199,473	525,282	382		819,530
Total Assets	110,545	-	725	3,870	223,674	635,301	582	4,781	979,478
Liabilities:									
Current Liabilities:									
Payable from Current Unrestricted Assets:									
Accounts Payable and Other Current Liabilities	5,600	23	25	563	5,373		26	9	11,619
Unearned Revenues	810				7,243				8,053
Due to Other Governmental Agencies		1,408			1,932		13	55	3,408
Current Portion of Long-term Lease/Notes Payable	1,002			748	4,168		1		5,919
Total Payable from Current Unrestricted Assets	7,412	1,431	25	1,311	18,716		40	64	28,999
Payable from Restricted Assets:									
Accrued Bonds Interest						15,880			15,880
Current Portion of Bonds and Certificates						22,025			22,025
Total Payable from Restricted Assets						37,905			37,905
Total Current Liabilities	7,412	1,431	25	1,311	18,716	37,905	40	64	66,904
Noncurrent Liabilities:									
Long-term Lease/Notes Payable (Net of Current Portion)	17,502			1,752	70,735		31		90,020
Other Payables	3,717								3,717
Bonds and Certificates Payable (Net of Current Portion)						597,396			597,396
Total Noncurrent Liabilities	21,219			1,752	70,735	597,396	31		691,133
Total Liabilities	28,631	1,431	25	3,063	89,451	635,301	71	64	758,037
Net Assets:									
Invested in Capital Assets, Net of Related Debt	68,746		532	842	120,468				190,588
Restricted for:									
Debt Service					761				761
Capital Projects					1,243				1,243
Perpetual Care:									
Expendable								2,953	2,953
Unrestricted	13,168	(1,431)	168	(35)	11,751		511	1,764	25,896
Total Net Assets	$ 81,914	$ (1,431)	$ 700	$ 807	$ 134,223	$ -	$ 511	$ 4,717	$ 221,441

Amounts are expressed in thousands

Combining Statement of Activities
Nonmajor Discretely Presented Component Units
Year-Ended September 30, 2011

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: BROOKS DEVELOPMENT AUTHORITY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: CITY SOUTH MANAGEMENT AUTHORITY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: MAIN PLAZA CONSERVANCY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PORT AUTHORITY OF SAN ANTONIO	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: SA ENERGY ACQUISITION CORPORATION	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: SAN ANTONIO OUR SA	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: SAN ANTONIO HOUSING TRUST FOUNDATION INC.	TOTAL NONMAJOR COMPONENT UNITS
Brooks Development Authority													
Economic Development and Opportunity	$ 17,939	$ 12,817	$ -	$ 9,011	$ 3,889	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,889
City South Management Authority													
Economic Development and Opportunity	170					(170)							(170)
Main Plaza Conservancy													
Culture and Recreation	597	50	545				(2)						(2)
Municipal Golf Association - San Antonio													
Culture and Recreation	8,748	9,146		35				433					433
Port Authority of San Antonio													
Economic Development and Opportunity	41,879	42,242	1,300	12					1,675				1,675
SA Energy Acquisition Corporation													
Economic Development and Opportunity	53,944	53,032								(912)			(912)
OUR SA													
Urban Redevelopment and Housing	354	26									(328)		(328)
San Antonio Housing Trust Foundation, Inc.													
Urban Redevelopment and Housing	412		379									(33)	(33)
Total	$ 124,043	$ 117,313	$ 2,224	$ 9,058	3,889	(170)	(2)	433	1,675	(912)	(328)	(33)	4,552
General Revenues:													
Investment Earnings					175				221	912		72	1,380
Miscellaneous					50		50		199		2	1	302
Total General Revenues					225		50		420	912	2	73	1,682
Change in Net Assets					4,114	(170)	48	433	2,095		(326)	40	6,234
Net Assets - Beginning of Fiscal Year (restated)					77,800	(1,261)	652	374	132,128		837	4,677	215,207
Net Assets - End of Fiscal Year					$ 81,914	$ (1,431)	$ 700	$ 807	$ 134,223	$ -	$ 511	$ 4,717	$ 221,441

Amounts are expressed in thousands

City of San Antonio, Texas

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds
Schedule of Capital Assets by Source[1]
As of September 30, 2011
(In Thousands)

		2011
Governmental Funds Capital Assets:		
Land	$	1,371,289
Other Non-Depreciable Assets		575
Non-Depreciable Intangible Assets		81,961
Depreciable Intangible Assets		3,014
Buildings		731,255
Improvements		484,633
Infrastructures		2,470,282
Machinery and Equipment		232,071
Construction in Progress		537,337
Total Governmental Funds Capital Assets	$	5,912,417
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,250,615
General Obligation Bonds, Certificates of Obligation, and Tax Notes		3,038,011
Special Revenue Bonds		15
Federal and State Grants		592,126
Special Assessments		1,008
Trusts		118
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
San Antonio Public Library Foundation		1,287
Total Investment in Governmental Funds Capital Assets by Source	$	5,912,417

[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 Activity[1]

As of September 30, 2011

(In Thousands)

	LAND	OTHER NON-DEPRECIABLE ASSETS	NON-DEPRECIABLE INTANGIBLE ASSETS	DEPRECIABLE INTANGIBLE ASSETS	BUILDINGS	IMPROVEMENTS	INFRA-STRUCTURE	MACHINERY AND EQUIPMENT	TOTAL
General Government:									
Legislative	$ 254	$ -	$ -	$ -	$ -	$ -	$ -	$ 139	$ 393
Judicial				1,004	19,091			328	20,423
Executive	609				2,592			32,070	35,271
Administration	128,233		6,759	1,541	49,346	33,413	164,682	99,503	483,477
Total General Government	129,096		6,759	2,545	71,029	33,413	164,682	132,040	539,564
Public Safety:									
Police	1,914				39,851	9,667		33,393	84,825
Fire	6,035				56,336	5,063		39,825	107,259
Building Inspection and Regulations					14,909				14,909
Administration					23,892			55	23,947
Other Protection	4,258				337			3,966	8,561
Total Public Safety	12,207				135,325	14,730		77,239	239,501
Public Works	18,517		1,651		27,969	252,488	2,273,334	5,157	2,579,116
Health Services	1,431			469	25,618	2,259		4,715	34,492
Convention and Tourism					200,118	21,933		1,198	223,249
Sanitation	3,558				891			428	4,877
Welfare	4,301				22,364	303		2,131	29,099
Culture and Recreation:									
Libraries	4,516	575			60,084	9,617	372	1,296	76,460
Parks	1,141,108		73,551		38,369	138,348	18,699	3,992	1,414,067
Total Culture and Recreation	1,145,624	575	73,551		98,453	147,965	19,071	5,288	1,490,527
Urban Redevelopment and Housing	15,637				141,553	8,969	13,195	3,631	182,985
Economic Development and Opportunity	40,918				7,935	2,573		244	51,670
Total Capital Assets Allocated to Functions	$ 1,371,289	$ 575	$ 81,961	$ 3,014	$ 731,255	$ 484,633	$ 2,470,282	$ 232,071	5,375,080
Construction in Progress									537,337
Total Governmental Funds Capital Assets									$ 5,912,417

[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 Changes in Capital Assets by Function and Activity[1]
As of September 30, 2011
(In Thousands)

	GOVERNMENTAL FUNDS 10-01-2010	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS 09-30-2011
Function and Activity:				
General Government:				
Legislative	$ 375	$ 18	$ -	$ 393
Judicial	19,375	1,068	20	20,423
Executive	35,271			35,271
Administration	480,768	2,756	47	483,477
Total General Government	535,789	3,842	67	539,564
Public Safety:				
Police	84,104	1,102	381	84,825
Fire	102,902	5,057	700	107,259
Building Inspection and Regulations	14,909			14,909
Administration	23,947			23,947
Other Protection	8,561			8,561
Total Public Safety	234,423	6,159	1,081	239,501
Public Works	2,374,247	207,159	2,290	2,579,116
Health Services	33,382	1,140	30	34,492
Convention and Tourism	223,015	240	6	223,249
Sanitation	4,787	90		4,877
Welfare	28,925	188	14	29,099
Culture and Recreation:				
Libraries	75,715	745		76,460
Parks	1,412,162	3,325	1,420	1,414,067
Total Culture and Recreation	1,487,877	4,070	1,420	1,490,527
Urban Redevelopment and Housing	182,807	188	10	182,985
Economic Development and Opportunity	51,670			51,670
Construction in Progress	479,769	64,287	6,719	537,337
Total Governmental Funds Capital Assets	$ 5,636,691	$ 287,363	$ 11,637	$ 5,912,417

[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.

City of San Antonio, Texas

Statistical Section

(Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year. The City additionally implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

City of San Antonio, Texas

Financial Trends

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

Statistical Data
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (restated)	2011
Governmental Activities:										
Invested in Capital Assets, net of related debt	$ 2,036,269	$ 2,079,719	$ 2,118,418	$ 2,042,288	$ 1,984,942	$ 2,024,576	$ 2,092,623	$ 2,200,616	$ 2,238,834	$ 2,364,212
Restricted	109,693	92,524	89,867	101,253	105,024	120,591	122,537	128,727	124,300	126,142
Unrestricted	110,591	125,748	99,659	133,052	181,484	184,154	162,997	168,054	162,135	95,626
Total Governmental Activities, net assets	$ 2,256,553	$ 2,297,991	$ 2,307,944	$ 2,276,593	$ 2,271,450	$ 2,329,321	$ 2,378,157	$ 2,497,397	$ 2,525,269	$ 2,585,980
Business-Type Activities:										
Invested in Capital Assets, net of related debt	$ 152,261	$ 156,567	$ 197,929	$ 212,715	$ 216,459	$ 201,846	$ 208,894	$ 260,679	$ 273,344	$ 273,108
Restricted	52,077	56,489	23,720	26,636	27,700	61,559	76,178	66,099	78,558	90,532
Unrestricted	6,021	7,735	5,971	1,719	7,240	23,010	31,247	2,976	556	15,320
Total Business-Type Activities, net assets	$ 210,359	$ 220,791	$ 227,620	$ 241,070	$ 251,399	$ 286,415	$ 316,319	$ 329,754	$ 352,458	$ 378,960
Primary Government:										
Invested in Capital Assets, net of related debt	$ 2,188,530	$ 2,236,286	$ 2,316,347	$ 2,255,003	$ 2,201,401	$ 2,226,422	$ 2,301,517	$ 2,461,295	$ 2,512,178	$ 2,637,320
Restricted	161,770	149,013	113,587	127,889	132,724	182,150	198,715	194,826	202,858	216,674
Unrestricted	116,612	133,483	105,630	134,771	188,724	207,164	194,244	171,030	162,691	110,946
Total Primary Government, net assets	$ 2,466,912	$ 2,518,782	$ 2,535,564	$ 2,517,663	$ 2,522,849	$ 2,615,736	$ 2,694,476	$ 2,827,151	$ 2,877,727	$ 2,964,940

[1] Net Assets were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

Statistical Data
Changes in Net Assets
Last Ten Fiscal Years

(accrual basis of accounting)

(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (restated)	2011
Expenses:										
Governmental Activities:										
General Government	$ 77,887	$ 67,034	$ 63,610	$ 80,018	$ 83,719	$ 118,881	$ 109,850	$ 92,415	$ 114,591	$ 103,617
Public Safety	414,382	378,316	428,607	428,582	424,058	456,375	529,762	497,274	545,359	574,263
Public Works	131,010	128,374	116,629	149,476	226,849	143,172	220,267	212,256	221,612	239,195
Sanitation	7,909	7,102	2,787	2,731	3,112	2,878	3,000	3,953	8,385	20,015
Health Services	78,662	84,239	82,233	89,011	87,283	91,432	90,443	92,351	104,667	101,995
Environmental Protection and Control	194	298	36							
Culture and Recreation	76,400	77,434	80,051	84,555	90,337	128,450	142,537	145,386	143,122	147,591
Convention and Tourism	49,754	51,141	50,100	48,364	126,802	155,285	69,734	42,512	26,437	28,735
Conservation	15			2	146					
Urban Redevelopment and Housing	17,038	28,653	23,981	29,764	21,766	20,575	39,700	45,533	26,486	13,696
Welfare	133,818	133,455	116,701	131,840	134,554	153,704	168,585	162,956	177,819	185,600
Economic Development and Opportunity	27,322	19,847	21,277	60,461	12,159	19,167	22,479	23,260	104,964	90,844
Commercial Paper Fees	13	84								
Interest on Long-term Debt, Net	54,628	54,490	55,855	70,655	65,960	48,114	71,103	75,108	70,945	87,792
Total Governmental Activities Expenses	1,069,032	1,030,467	1,041,867	1,175,459	1,276,745	1,338,033	1,467,460	1,393,004	1,544,387	1,593,343
Business-Type Activities:										
Airport System	41,941	45,164	49,427	46,868	78,083	64,482	80,505	81,229	83,109	105,708
Development Services									19,570	20,195
Market Square									251	2,215
Parking System	8,693	7,523	6,264	8,413	9,234	8,525	10,382	8,984	9,135	8,703
Solid Waste Management	48,223	48,252	51,227	54,703	61,318	68,072	82,002	88,900	85,058	82,128
Total Business-Type Activities Expenses	98,857	100,939	106,918	109,984	148,635	141,079	172,889	179,113	197,123	218,949
Total Primary Government Expenses	$ 1,167,889	$ 1,131,406	$ 1,148,785	$ 1,285,443	$ 1,425,380	$ 1,479,112	$ 1,640,349	$ 1,572,117	$ 1,741,510	$ 1,812,292
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 47,835	$ 48,963	$ 57,203	$ 57,660	$ 62,286	$ 45,307	$ 45,757	$ 29,323	$ 21,176	$ 27,853
Public Safety	18,897	17,166	7,172	7,861	9,046	9,059	9,536	9,026	10,350	9,882
Public Works	22,062	26,208	28,271	34,201	36,969	39,090	46,970	50,266	53,723	43,267
Sanitation						268	5		397	407
Health Services	14,438	17,917	17,924	10,252	15,852	24,401	22,792	26,518	31,595	33,815
Culture and Recreation	10,817	10,134	9,411	19,583	18,947	26,277	40,549	34,483	33,791	33,037
Convention and Tourism	18,148	14,067	13,268	14,740	19,640	19,067	1,278	1,308	1,262	
Urban Redevelopment and Housing		116	217		126	1	2	22,949	388	400
Welfare	230	207		327	341	19	192	122	72	52
Economic Development and Opportunity	1,394	1,340	243	2,485	2,562	1,971	2,026	2,141	2,582	2,631
Operating Grants and Contributions	183,849	190,746	168,120	198,185	179,917	186,381	198,736	206,356	256,214	267,524
Capital Grants and Contributions	16,400	51,189	16,614	8,256	29,050	57,891	49,577	81,114	98,362	137,892
Total Governmental Activities Program Revenues	334,070	378,053	318,443	353,550	374,736	409,732	417,420	463,606	509,912	556,760
Business-Type Activities:										
Charges for Services:										
Airport System	40,119	43,051	43,701	45,791	50,058	53,115	63,944	61,764	63,524	82,901
Development Services									20,336	21,629
Market Square									138	2,211
Parking System	7,978	8,455	9,647	10,325	10,276	10,236	10,988	9,143	9,287	8,588
Solid Waste Management	46,717	49,492	50,391	51,753	60,090	70,080	81,988	81,263	87,888	90,067
Operating Grants and Contributions	5,040									
Capital Grants and Contributions		3,865	27	2,223	18,079	23,188	36,987	31,115	40,156	40,237
Total Business-Type Activities Program Revenues	99,854	104,863	103,766	110,092	138,503	156,619	193,907	183,285	221,329	245,633
Total Primary Government Program Revenues	$ 433,924	$ 482,916	$ 422,209	$ 463,642	$ 513,239	$ 566,351	$ 611,327	$ 646,891	$ 731,241	$ 802,393

[1] Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

Amounts are expressed in thousands

Statistical Data
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (restated)	2011
Net (Expense) Revenue:										
Governmental Activities	$ (734,962)	$ (652,414)	$ (723,424)	$ (821,909)	$ (902,009)	$ (928,301)	$ (1,050,040)	$ (929,398)	$ (1,034,475)	$ (1,036,583)
Business-Type Activities	997	3,924	(3,152)	108	(10,132)	15,540	21,018	4,172	24,206	26,684
Total Primary Government Net Expense	$ (733,965)	$ (648,490)	$ (726,576)	$ (821,801)	$ (912,141)	$ (912,761)	$ (1,029,022)	$ (925,226)	$ (1,010,269)	$ (1,009,899)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Taxes:										
Property Taxes	$ 225,740	$ 236,947	$ 257,514	$ 269,138	$ 276,728	$ 326,342	$ 379,457	$ 407,183	$ 406,579	$ 396,847
General Sales and Use Taxes	157,593	156,322	162,383	167,332	210,141	224,480	232,348	221,746	223,475	236,819
Selective Sales and Use Taxes	3,628	3,863	4,189	4,473	4,932	5,308	5,712	5,741	5,921	5,879
Gross Receipts Business Taxes	22,518	22,128	22,787	26,274	30,415	30,236	31,705	33,396	35,913	34,341
Occupancy Taxes	45,007	44,633	46,343	51,726	58,678	63,878	68,414	58,800	59,734	62,968
Delinquent Taxes	5,105	5,063	2,998	3,434	3,851	4,088	3,797	3,784	3,885	3,797
Revenues from Utilities	171,632	210,854	196,793	222,162	256,541	257,687	304,545	275,993	293,091	308,838
Investment Earnings	13,081	8,536	7,189	19,931	38,386	54,027	39,463	17,500	6,954	6,184
Miscellaneous	12,269	(1,639)	28,542	22,431	16,173	26,530	30,299	24,017	24,039	40,217
Gain on Sale of Capital Assets	1,703	542	611	1,507						
Special Items							8,320			
Capital Contributions	481	1,115	1,585							
Transfers, net	2,072	5,488	2,443	2,150	1,021	(6,404)	(5,184)	498	5,429	1,404
Total Governmental Activities	660,829	693,852	733,377	790,558	896,866	986,172	1,098,876	1,048,658	1,065,020	1,097,294
Business-Type Activities:										
Investment Earnings	3,291	2,551	2,046	5,434	10,023	11,099	12,010	4,769	823	772
Miscellaneous	7,610	9,406	10,378	9,962	589	1,973	12	464	1,547	450
Gain on Sale of Capital Assets	50	39		96						
Special Items					10,870		(8,320)	4,528		
Transfers, net	(2,072)	(5,488)	(2,443)	(2,150)	(1,021)	6,404	5,184	(498)	(5,429)	(1,404)
Total Business-Type Activities	8,879	6,508	9,981	13,342	20,461	19,476	8,886	9,263	(3,059)	(182)
Total Primary Government	$ 669,708	$ 700,360	$ 743,358	$ 803,900	$ 917,327	$ 1,005,648	$ 1,107,762	$ 1,057,921	$ 1,061,961	$ 1,097,112
Change in Net Assets:										
Governmental Activities	$ (74,133)	$ 41,438	$ 9,953	$ (31,351)	$ (5,143)	$ 57,871	$ 48,836	$ 119,260	$ 30,545	$ 60,711
Business-Type Activities	9,876	10,432	6,829	13,450	10,329	35,016	29,904	13,435	21,147	26,502
Total Primary Government	$ (64,257)	$ 51,870	$ 16,782	$ (17,901)	$ 5,186	$ 92,887	$ 78,740	$ 132,695	$ 51,692	$ 87,213

[1] Net Assets and Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

Amounts are expressed in thousands

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010	2011 [1] (Restated)
General Fund:										
Reserved	$ 8,794	$ 7,232	$ 8,100	$ 10,923	$ 11,866	$ 16,730	$ 14,773	$ 16,100	$ 30,526	$ -
Unreserved	53,658	74,410	90,410	107,490	149,610	143,567	190,775	190,407	199,110	
Total General Fund	$ 62,452	$ 81,642	$ 98,510	$ 118,413	$ 161,476	$ 160,297	$ 205,548	$ 206,507	$ 229,636	$ -
All Other Governmental Funds:										
Reserved	$ 322,264	$ 247,197	$ 210,636	$ 188,745	$ 263,230	$ 280,443	$ 411,023	$ 377,536	$ 421,620	$ -
Unreserved, reported in:										
Special Revenue	76,036	69,480	69,593	91,729	1,928	3,003	3,487	2,734	4,183	
Permanent	13,918	13,449	12,899	12,947	3,102	4,756	5,018	4,649	4,802	
Capital Project	(71,742)	114,482	145,090	361,120	238,946					
Unrestricted	52,828				176,631	380,823	279,624	354,906	298,480	
Total All Other Governmental Funds	$ 393,304	$ 444,608	$ 438,218	$ 654,541	$ 683,837	$ 669,025	$ 699,152	$ 739,825	$ 729,085	$ -
General Fund:										
Nonspendable										$ 4,939
Restricted										1,107
Committed										48,540
Assigned										7,413
Unassigned										170,693
Total General Fund										$ 232,692
All Other Governmental Funds:										
Nonspendable										$ 4,416
Restricted										686,530
Committed										67,281
Assigned										13,237
Unassigned										(75,508)
Total All Other Governmental Funds										$ 695,956

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

Amounts are expressed in thousands

Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	$ 462,933	$ 473,466	$ 500,494	$ 524,720	$ 597,379	$ 653,427	$ 718,860	$ 729,808	$ 733,694	$ 740,039
Licenses and Permits	13,302	13,912	17,026	20,716	19,765	6,927	7,756	7,090	7,769	8,680
Intergovernmental	186,828	186,812	181,717	190,251	192,285	202,667	221,943	229,476	269,315	306,813
Revenues from Utilities	171,234	210,466	196,405	221,775	256,368	257,687	304,158	275,605	292,726	308,451
Charges for Services	84,573	88,040	93,809	107,264	120,541	136,950	148,981	143,526	144,293	117,607
Fines and Forfeits	10,829	11,282	11,713	12,025	10,948	15,114	12,249	13,111	11,506	14,124
Miscellaneous	23,887	49,897	34,326	26,848	27,305	24,498	29,471	30,631	34,393	40,626
Contributions					19,871	29,744	15,053	30,359	83,541	104,709
In-Kind Contributions[1]	14,504	19,887	10,407	24,872	15,617	13,786	16,222	13,273		
Investment Earnings	12,056	7,937	6,896	18,544	35,830	50,050	35,412	15,696	6,383	5,515
Total Revenues	980,146	1,061,699	1,052,793	1,147,015	1,295,909	1,390,850	1,510,105	1,488,575	1,583,620	1,646,564
Expenditures:										
General Government	64,833	64,177	59,601	69,332	80,672	114,968	117,853	85,651	92,054	93,797
Public Safety	364,240	375,090	391,950	419,634	440,231	450,664	472,904	501,560	522,982	553,324
Public Works	67,129	68,351	65,205	85,940	119,697	101,433	121,023	103,127	114,327	93,975
Health Services	76,542	83,608	79,843	88,533	86,258	92,350	90,086	90,615	96,342	102,723
Sanitation	56,916	55,775	57,491	63,116	70,509	2,824	4,372	3,764	8,596	20,020
Welfare	133,160	134,019	115,614	131,012	137,711	153,877	166,263	162,411	176,961	184,942
Culture and Recreation	74,985	74,289	74,343	79,586	87,136	85,522	132,750	127,830	123,202	132,801
Convention and Tourism	49,764	51,452	48,188	48,315	87,509	60,288	20,053	20,930	21,240	20,043
Conservation	63			2						
Urban Redevelopment and Housing	17,469	23,766	23,904	25,557	17,538	14,028	20,008	43,700	41,686	13,298
Economic Development and Opportunity	25,908	20,044	20,234	16,337	11,678	24,821	14,637	20,307	106,645	23,951
Capital Outlay	117,937	130,755	130,981	146,850	115,229	345,047	319,663	313,944	287,722	411,270
Debt Service:										
Principal Retirement	66,295	66,650	72,410	57,581	61,865	81,835	99,385	113,316	152,605	140,975
Interest	49,092	50,929	52,558	60,202	71,848	57,190	77,271	79,723	75,614	83,981
Bond Escrow Agent		2,118			5					
Arbitrage Expenditure						42				
Issuance Costs	1,656	1,206	2,061	1,027	429	3,557	2,467	1,630	3,518	1,626
Total Expenditures	1,165,989	1,202,229	1,194,383	1,293,024	1,388,315	1,588,446	1,658,735	1,668,508	1,823,494	1,876,726
(Deficiency) of Revenues (Under) Expenditures	(185,843)	(140,530)	(141,590)	(146,009)	(92,406)	(197,596)	(148,630)	(179,933)	(239,874)	(230,162)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	390,050	271,010	186,591	192,329	70,690	382,060	381,745	205,485	413,180	176,635
Payments to Refunded Bond Escrow Agent	(257,467)	(131,410)	(99,526)	(93,163)	(34,927)	(210,643)	(170,737)		(185,508)	
Issuance of Notes and Loans	3,374			210,607	63,218	10,966	2,799	1,768		14,716
Redemption of General Commercial Paper	(15,000)									
Issuance of Commercial Paper						4,000	6,500	15,305		
Premium/(Discount) on Long-Term Debt	19,548	17,275	9,488	12,904	2,251	7,139	12,014	3,034	27,680	15,182
Release of Enterprise Fund Obligations							9,645			
Debt Transfer to Enterprise Fund							(11,045)			
Transfers In	163,819	186,385	181,557	159,821	228,041	335,090	341,227	411,807	361,508	336,070
Transfers Out	(161,544)	(184,879)	(181,123)	(160,611)	(231,290)	(350,275)	(348,140)	(415,809)	(364,600)	(340,516)
Total Other Financing Sources (Uses)	142,780	158,381	96,987	321,887	97,983	178,337	224,008	221,590	252,260	202,087
Net Change in Fund Balances	$ (43,063)	$ 17,851	$ (44,603)	$ 175,878	$ 5,577	$ (19,259)	$ 75,378	$ 41,657	$ 12,386	$ (28,075)
Debt Service as a Percentage of Noncapital Expenditures	11.0%	11.1%	11.9%	9.9%	10.7%	10.3%	12.4%	13.9%	14.5%	15.5%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Hotel/Motel Occupancy	Alcoholic Beverage Tax	Business Tax	Penalties and Interest and Judgments	Total
2002 [3]	$ 227,599	$ 157,593	$ 45,007	$ 3,629	$ 26,042	$ 3,064	$ 462,934
2003	239,214	156,323	44,633	3,863	26,364	3,069	473,466
2004	258,261	162,383	46,343	4,189	26,550	2,713	500,439
2005	271,490	167,332	51,717	4,473	26,274	3,434	524,720
2006	289,348	210,141	58,672	4,932	30,823	3,464	597,380
2007	325,811	224,480	63,892	5,308	30,236	3,701	653,428
2008	376,884	232,348	68,414	5,712	31,705	3,797	718,860
2009	406,341	221,746	58,800	5,741	33,396	3,784	729,808
2010	404,766	223,475	59,734	5,921	35,913	3,885	733,694
2011	396,235	236,819	62,968	5,879	34,341	3,797	740,039
Change:							
2002-2011	74.1%	50.3%	39.9%	62.0%	31.9%	23.9%	59.9%

[1] The City had maintained the property tax rate at a current tax rate from 2002 to 2007, and was able to reduce the property tax rate in 2008 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property). The City has also received more resources because of improvements in collection rates (see Property Tax Levies and Collections).

[2] Sales and Use tax revenues increased in the past ten years, with the exception of 2009 and 2010, due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

[3] Commencing in Fiscal Year 2002, revenues were adjusted to reflect the General Government amounts, which include the General Fund, Special Revenue Funds and the Debt Service Fund.

City of San Antonio, Texas

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

Statistical Data

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Total Taxable Assessed Value	Total Direct Tax Rate
2002	$ 23,042,260	$ 17,035,420	$ 1,116,657	$ 2,926,198	$ 4,532,951	$ 39,587,584	0.58
2003	25,034,364	17,043,717	1,427,232	2,815,483	4,785,249	41,535,547	0.58
2004	26,981,363	18,327,001	1,516,160	2,898,762	5,140,147	44,583,139	0.58
2005	28,522,603	19,030,656	1,509,281	2,761,668	5,342,234	46,481,974	0.58
2006	30,761,632	20,736,858	1,654,272	3,598,145	6,881,952	49,868,955	0.58
2007	35,144,958	23,195,079	1,728,928	4,964,661	8,265,925	56,767,701	0.58
2008	40,002,580	27,919,043	2,751,798	5,792,563	10,511,117	65,954,867	0.57
2009	42,379,588	30,763,686	2,735,402	7,973,642	11,311,176	72,541,142	0.57
2010	41,874,227	32,060,323	2,515,645	8,031,416	11,738,392	72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547	0.57

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and 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

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2002	2001	0.354540	0.224000	0.578540	0.104600	0.320756	0.243869		1.630000	1.680000
2003	2002	0.362040	0.216500	0.578540	0.107100	0.317571	0.243869	0.016425	1.630000	1.680000
2004	2003	0.367040	0.211500	0.578540	0.107050	0.320952	0.243869	0.016425	1.629600	1.680000
2005	2004	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.629600	1.680000
2006	2005	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.656600	1.680000
2007	2006	0.367040	0.211500	0.578540	0.137050	0.314147	0.243869	0.016425	1.486600	1.520000
2008	2007	0.360800	0.211500	0.572300	0.134550	0.326866	0.237408	0.015951	1.156600	1.190000
2009	2008	0.355640	0.211500	0.567140	0.135855	0.326866	0.266235	0.015951	1.162000	1.319500
2010	2009	0.354190	0.211500	0.565690	0.135855	0.326866	0.276235	0.015951	1.168000	1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.198000	1.296000

		Overlapping Rates									
Fiscal Year	Tax Roll	Edgewood ISD	Harlandale ISD	Judson ISD	Northeast ISD	Northside ISD	San Antonio ISD	Somerset ISD	South San Antonio ISD	Southside ISD	Southwest ISD
2002	2001	1.630000	1.756000	1.676000	1.751500	1.737500	1.722000		1.629500	1.620000	1.616800
2003	2002	1.574000	1.756000	1.776000	1.764000	1.762500	1.722000		1.729690	1.720000	1.675800
2004	2003	1.627300	1.756000	1.776000	1.744000	1.762500	1.722000	1.685000	1.717590	1.720000	1.665200
2005	2004	1.734500	1.756000	1.776000	1.794000	1.762500	1.722000	1.685000	1.738300	1.720000	1.642200
2006	2005	1.722200	1.756000	1.776000	1.794000	1.775000	1.720000	1.685000	1.840000	1.720000	1.618800
2007	2006	1.610000	1.700000	1.636000	1.669000	1.592500	1.579700	1.536700	1.710000	1.690000	1.496000
2008	2007	1.405000	1.349000	1.410000	1.402900	1.262500	1.249700	1.194000	1.445000	1.360000	1.195000
2009	2008	1.405000	1.479000	1.463000	1.402900	1.337500	1.249700	1.228000	1.433800	1.368990	1.243200
2010	2009	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368990	1.256100
2011	2010	1.407000	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368990	1.222600

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts.

Amounts are expressed in thousands

Statistical Data
Principal Property Tax Payers
Current Year and Nine Years Ago
(In Thousands)

	2011			2002		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H.E.Butt Grocery Stores	$ 781,328	1	1.10%	$ 473,694	2	1.20%
Toyota Motor Manufacturing Texas	461,185	2	0.65%			
VHS San Antonio Partners LP	384,884	3	0.54%			
Methodist Healthcare System	372,476	4	0.52%	145,806	6	0.37%
Wal-Mart Stores, Inc.	339,986	5	0.48%	156,567	5	0.39%
United Services Automobile Association	316,721	6	0.45%	289,769	3	0.73%
Hyatt Regency Hotels	298,252	7	0.42%	113,001	9	0.29%
AT&T	243,709	8	0.34%	529,260	1	1.34%
La Cantera Retail LTD Partnership	221,034	9	0.31%			
Marriott Corporation	253,652	10	0.36%	171,189	4	0.43%
Philips Semiconductors Inc				121,379	7	0.31%
Time Warner				113,602	8	0.29%
Simon Properties Group (Texas)				111,567	10	0.28%
Total	$ 3,673,227		5.17%	$ 2,225,834		5.63%

Source: City of San Antonio

Amounts are expressed in thousands

Statistical Data

Property Tax Levies and Collections

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2] [3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy [3]
2002	$ 229,030	$ 223,943	97.78%	$ 4,304	$ 228,247	99.66%
2003	240,300	234,956	97.78%	4,811	239,767	99.78%
2004	257,931	252,678	97.96%	3,678	256,356	99.39%
2005	268,917	264,392	98.32%	3,581	267,973	99.65%
2006	288,512	283,982	98.43%	3,814	287,796	99.75%
2007	326,326	321,203	98.43%	3,459	324,662	99.49%
2008	372,823	366,888	98.41%	3,157	370,045	99.25%
2009	405,010	398,119	98.30%	2,468	400,587	98.91%
2010	405,896	397,356	97.90%	1,692	399,048	98.31%
2011	401,683	389,419	96.95%		389,419	96.95%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Subsequent collections include dollars collected from prior years' tax levies.

Statistical Data
Taxable Sales by Category
Last Nine Calendar Years
(In Thousands)

	Calendar Year [1] [2]								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Motor Vehicle and Parts Dealers	$ 3,392,132	$ 3,526,260	$ 3,682,539	$ 4,530,840	$ 4,279,474	$ 4,741,297	$ 4,255,879	$ 3,748,520	4,433,993
Furniture and Home Furnishings Stores	416,465	418,166	451,644	558,900	632,722	623,580	587,033	543,871	534,378
Electronics and Appliance Stores	677,128	714,202	795,617	922,766	1,092,875	1,105,409	933,284	869,489	883,394
Building Material and Garden Equipment and Supplies Dealers	904,441	937,670	997,618	1,071,339	1,184,707	1,184,077	1,179,431	1,144,487	1,193,047
Food and Beverage Stores [3]	2,110,668	2,226,819	2,416,103	2,553,203	2,744,361	2,947,324	3,233,292	3,296,735	3,360,128
Health and Personal Care Stores	912,563	968,321	1,191,515	1,521,135	1,729,193	1,952,449	1,895,026	1,265,431	1,266,153
Gasoline Stations	890,299	930,089	1,087,281	1,270,710	1,482,688	1,553,859	1,684,077	1,312,607	1,557,800
Clothing and Clothing Accessories Stores [4]	865,429	857,205	916,003	939,403	1,042,774	1,083,057	1,083,856	1,011,987	1,068,586
Sporting Goods, Hobby, Book and Music Stores	432,260	425,368	415,861	437,902	390,546	405,698	528,716	542,502	674,629
General Merchandise Stores	2,079,087	2,073,192	2,204,383	2,554,982	2,884,279	3,142,862	3,229,483	3,173,001	3,234,093
Miscellaneous Store Retailers	732,069	726,649	741,205	789,071	846,862	982,130	818,767	774,875	808,292
Nonstore Retailers	89,453	78,664	90,393	86,138	81,602	107,407	114,534	98,354	117,890
Food Services and Drinking Places	1,838,573	1,875,393	2,048,179	2,228,510	2,371,142	2,530,543	2,653,768	2,640,952	4,011,106
Total	$ 15,340,567	$ 15,757,998	$ 17,038,341	$ 19,464,899	$ 20,763,225	$ 22,359,692	$ 22,197,146	$ 20,422,811	$ 23,143,489
City Direct Sales Tax Rate	1.125%	1.000%	1.000%	1.000%	1.125% [5]	1.125% [5]	1.125% [5]	1.125% [5]	1.125% [5]

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2011 information will not be available until May of 2012.

[2] In 2007 the State of Texas converted reports from SIC to NAICS classifications. The conversion process only covers the years 2002 to present.

[3] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[4] Clothing under $100 is exempt during the sales and use tax holiday in August.

[5] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

Statistical Data
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	San Antonio Tax	San Antonio ATD [1]	San Antonio MTA [2]	State of Texas	Total
2002	1.125%		0.500%	6.250%	7.875%
2003	1.000%		0.500%	6.250%	7.750%
2004	1.000%		0.500%	6.250%	7.750%
2005	1.000%	0.250%	0.500%	6.250%	8.000%
2006 [3]	1.125%	0.250%	0.500%	6.250%	8.125%
2007	1.125%	0.250%	0.500%	6.250%	8.125%
2008	1.125%	0.250%	0.500%	6.250%	8.125%
2009	1.125%	0.250%	0.500%	6.250%	8.125%
2010	1.125%	0.250%	0.500%	6.250%	8.125%
2011	1.125%	0.250%	0.500%	6.250%	8.125%

[1] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

[2] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

[3] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

Amounts are expressed in thousands

City of San Antonio, Texas

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation	Taxable Certificates of Obligation	Tax Notes	Revenue Bonds	Unamortized Premium	Deferred Amount on Refunding	Capital Leases	Notes Payable
2002	$ 669,473	$ -	$ 20,800	$ 145,405	$ 9,780	$ -	$ 179,393	$ 18,674	$ (556)	$ 8,297	$ -
2003	666,983		10,500	196,280	5,165		234,918	33,836	(7,913)	9,796	
2004	655,141			214,470	4,580		264,697	40,343	(15,863)	7,126	
2005	658,450			194,675	6,850		556,152	49,799	(13,839)	7,232	1,369
2006	612,290	10,785		183,455	6,170	37,600	551,767	48,189	(8,598)	10,267	58,005
2007	657,595	9,685	4,000	218,185	290	60,000	554,372	82,099	(17,283)	14,465	56,171
2008	717,275		10,500	291,380	225	17,925	578,412	39,991	(10,287)	12,685	54,958
2009	731,270		25,805	348,235	155	48,095	570,252	46,566	(14,038)	10,567	53,355
2010	721,350	191,550	14,370	303,635	80	28,860	557,387	64,026	(25,374)	5,796	50,880
2011	708,055	191,550		356,870		27,450	575,115	73,504	(23,168)	17,045	48,816

Business-Type Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Certificates of Obligation	Tax Notes	Revenue Bonds	Unamortized Premium	Deferred Amount on Refunding	Capital Leases	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
2002	$ 12,855	$ -	$ 915	$ -	$ 255,180	$ 917	$ (528)	$ 677	$ 1,321,282	5.52%	$ 1,065
2003	12,475		135		250,265	3,545	(5,151)	543	1,411,377	5.60%	1,118
2004		13,245			242,855	1,984	(5,685)	406	1,423,299	5.87%	1,113
2005		12,115			272,100	3,012	(5,053)	263	1,743,125	6.87%	1,342
2006					261,885	3,813	(3,390)	115	1,772,353	6.66%	1,340
2007					251,370	9,843	(2,937)	2,678	1,900,533	7.28%	1,448
2008	940	8,555	2,805		395,695	5,251	(2,953)	14,946	2,138,303	7.73%	1,609
2009	905	17,575	2,715		360,380	10,185	(4,206)	24,664	2,232,480	7.76%	1,665
2010	1,345	16,875	2,135	34,500	344,525	9,167	(3,521)	25,615	2,343,201	8.29%	1,776
2011	1,310	16,075	2,035		406,300	7,783	(4,017)	21,140	2,425,863	8.54%	1,829

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Information is provided for the years since the implementation of GASB Statement No. 34.

[1] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Statistical Data
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Percentage of Actual Taxable Value of Property [1]	Per Capita [2]
2002	$ 669,473	$ 155,185	$ -	$ 824,658	2.08%	$ 664.46
2003	666,983	201,445		868,428	2.09%	687.70
2004	655,141	219,050		874,191	1.96%	683.87
2005	658,450	201,525		859,975	1.85%	661.93
2006	623,075	189,625	37,600	850,300	1.71%	642.75
2007	667,280	218,475	60,000	945,755	1.67%	720.69
2008	717,275	291,605	17,925	1,026,805	1.56%	772.62
2009	731,270	348,390	48,095	1,127,755	1.55%	841.26
2010	912,900	303,715	28,860	1,245,475	1.71%	943.90
2011	899,605	356,870	27,450	1,283,925	1.81%	967.88

	Business-Type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Percentage of Charges for Services [3 4 5]	Per Capita [2]
2002	$ 12,855	$ 915	$ -	$ 13,770	172.23%	11.09
2003	12,475	135		12,610	148.84%	9.99
2004	13,245			13,245	118.06%	10.36
2005	12,115			12,115	117.06%	9.32
2006						
2007						
2008	9,495	2,805		12,300	13.32%	9.26
2009	18,480	2,715		21,195	26.08%	15.81
2010	18,220	2,135	34,500	54,855	36.21%	41.57
2011	17,385	2,035		19,420	21.56%	14.64

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Information is provided for the years since the implementation of GASB Statement No. 34.

[1] See Assessed Value and Actual Value of Taxable Property for property value data.

[2] Population data can be found in Demographic and Economic Statistics.

[3] See Pledged-Revenue Coverage for Parking Systems revenues for charges for services data for years 2002-2007.

[4] In fiscal year 2008, Environmental Services was added to the Pledged-Revenue Coverage for Parking Systems.

[5] Airport System's charges for services data were incorporated for 2010 only due to the addition of the Tax Notes. In 2011, the Tax Notes were refunded and Airport System's charges for services were no longer included.

Amounts are expressed in thousands

Statistical Data

Direct and Overlapping Governmental Activities Debt

As of September 30, 2011

(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 615,881	75.26%	$ 463,512
Bexar County Bonds	778,059	73.70%	573,429
San Antonio River Authority Bonds	23,287	95.91%	22,335
University Health System	744,461	74.70%	556,112
Alamo Heights Independent School District Bonds	93,776	48.15%	45,153
East Central Independent School District Bonds	78,069	51.50%	40,206
Edgewood Independent School District Bonds	91,391	100.00%	91,391
Harlandale Independent School District Bonds	198,577	100.00%	198,577
Judson Independent School District Bonds	385,136	30.33%	116,812
Northeast Independent School District Bonds	1,176,797	84.96%	999,807
Northside Independent School District Bonds	1,743,667	77.48%	1,350,993
San Antonio Independent School District Bonds	611,485	99.17%	606,410
Somerset Independent School District Bonds	35,836	1.64%	588
South San Antonio Independent School District Bonds	188,045	99.99%	188,026
Southside Independent School District Bonds	53,881	31.25%	16,838
Southwest Independent School District Bonds	119,574	66.88%	79,971
Other Debt:			
Municipal Facilities Corporation Bonds			36,750
Municipal Drainage Utility Revenue Bonds			87,220
Starbright Industrial Development Corporation Bonds			21,925
Convention Center Hotel Finance Corporation Bonds			203,675
HOT Bonds			225,545
HUD 108 Loans			47,975
Capital Leases (Master Lease Agreements)			17,045
Total Overlapping Debt			$ 5,990,295
City Direct Debt, net with Sinking and Self-Supporting			$ 1,219,832
Total Direct and Overlapping Debt			$ 7,210,127

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

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

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2011	
Assessed Value	$ 82,736,182
Debt Limit (10.0% of Assessed Value)	8,273,618
Debt Applicable to Limit:	
Total Bonded Debt	1,303,345
Less: Self-Supporting Debt:	(61,608)
Debt Supplemented by Other Sources Assets Available for Payment of Principal In:	
Debt Service Fund	(64,093)
Total Net Debt Applicable to Limit	1,177,644
Legal Debt Margin	$ 7,095,974

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	$ 4,412,054	$ 4,632,079	$ 4,972,329	$ 5,182,421	$ 5,675,091	$ 6,503,363	$ 7,646,598	$ 8,385,232	$ 8,448,161	$ 8,273,618
Total Net Debt Applicable to Limit	752,846	801,966	809,342	919,223	913,972	879,538	917,865	986,437	1,159,482	1,177,644
Legal Debt Margin	3,659,208	$ 3,830,113	$ 4,162,987	$ 4,263,198	$ 4,761,119	$ 5,623,825	$ 6,728,733	$ 7,398,795	$ 7,288,679	$ 7,095,974
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.1%	17.3%	16.3%	17.7%	16.1%	13.5%	12.0%	11.8%	13.7%	14.2%

Note: City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10.0% of assessed valuation.

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Hotel Occupancy Tax Revenue Bonds: Hotel Occupancy Tax	Debt Service: Principal	Debt Service: Interest	Coverage	Texas Convention Center Hotel Finance [1] [2]: Net Revenues of Hotel	Debt Service: Principal	Debt Service: Interest	Coverage
2002	$ 35,005	$ 1,380	$ 8,821	3.43	$ -	$ -	$ -	-
2003	34,715	2,045	8,756	3.21				
2004	36,044	2,785	7,168	3.62				
2005	40,266	800	9,926	3.75			1,073	
2006	45,634	1,375	9,910	4.04			10,442	
2007	49,711	3,100	8,865	4.15			10,442	
2008	53,211	245	6,960	7.39			10,442	
2009	45,733	4,255	5,539	4.67			10,442	
2010	46,460	7,265	4,199	4.05		2,150	10,442	
2011	48,975	7,660	3,952	4.22		2,320	10,345	

Fiscal Year	Municipal Drainage Utility System: Municipal Drainage Utility System Revenue	Debt Service: Principal	Debt Service: Interest	Coverage	Starbright Industrial Development Corporation: Pledged Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2002	$ -	$ -	$ -	-	$ 165,118	$ -	$ -	-
2003	21,190		487	43.51	204,017		155	1,316.24
2004	23,067	1,035	1,939	7.76	189,506		1,138	166.53
2005	26,382	1,065	2,926	6.61	213,384		1,138	187.51
2006	27,758	2,410	4,896	3.80	246,084		1,138	216.24
2007	29,540	2,495	4,811	4.04	248,540	525	1,138	149.45
2008	33,485	2,590	4,719	4.58	293,796	535	1,126	176.88
2009	36,306	2,685	4,617	4.97	265,512	550	1,113	159.66
2010	36,972	2,795	4,507	5.06	283,502	565	1,097	170.58
2011	37,576	2,915	4,390	5.14	297,630	585	1,078	178.97

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] Texas Convention Center Hotel Finance interest for FY 2005-2007 has been capitalized.

[2] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the State Sales Tax collected at the Hotel; fourth, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fifth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Airport System			
		Debt Service		
Fiscal Year	Airport System Revenues	Principal	Interest	Coverage
2002	$ 47,416	$ 5,080	$ 8,362	3.53
2003	46,544	5,560	10,100	2.97
2004	48,215	6,205	10,137	2.95
2005	52,404	7,545	9,866	3.01
2006	60,774	7,910	9,526	3.49
2007	65,487	8,245	8,749	3.85
2008	65,935	8,310	11,466	3.33
2009	61,353	9,665	12,456	2.77
2010	63,878	5,380	11,770	3.72
2011	36,236	13,325	11,661	1.45

	Parking System [1]			
		Debt Service		
Fiscal Year	Parking System Revenues	Principal	Interest	Coverage
2002	$ 7,995	$ -	$ 1,367	5.85
2003	8,472		1,367	6.20
2004	11,219	400	1,367	6.35
2005	10,349	450	1,347	5.76
2006	11,160	600	1,325	5.80
2007	10,263	620	1,295	5.36
2008	11,173	660	1,264	5.81

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2009 the City defeased its Parking System Series 2000 Revenue Bonds. The outstanding debt is not pledged with revenues of the Parking System.

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	PFC Operations						
					Debt Service		
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	$ -	$ 6,306	$ -	$ 6,306	$ -	$ 650	9.70
2003	4,998	8,902	528	13,372	775	1,952	4.90
2004	10,716	8,905	25	19,596	805	1,921	7.19
2005	16,908	9,978	1,174	25,712	845	2,282	8.22
2006	20,960	10,839	1,133	30,666	1,705	3,719	5.65
2007	26,293	12,678	1,576	37,395	1,775	3,651	6.89
2008	31,601	17,115	16,692	32,024	3,965	6,128	3.17
2009	32,024	16,035	13,216	34,843	3,535	7,222	3.24
2010	34,843	16,757	(567)	52,167	3,690	7,066	4.85
2011	52,167	16,067	7,926	60,308	4,845	7,783	4.78

(End of Statement)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of San Antonio, Texas

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Statistical Data

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	1,241,100	$ 23,953,230	$ 19,300	31.8	270,025	5.1%
2003	1,262,800	25,205,488	19,960	32.0	275,796	5.5%
2004	1,278,300	24,248,073	18,969	32.2	273,560	5.2%
2005	1,299,200	25,386,368	19,540	32.2	279,756	5.2%
2006	1,322,900	26,603,519	20,110	33.2	283,393	4.4%
2007	1,312,286	26,093,495	19,884	32.6	291,873	3.9%
2008	1,328,984	27,653,499	20,808	32.8	295,673	5.0%
2009	1,340,549	28,750,754	21,447	32.6	296,328	6.1%
2010	1,319,492	28,260,879	21,418	32.1	387,343	6.7%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.3%

Sources: Population, personal income, per capita income, median age, school enrollment, and education level information provided by the Planning Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2011			2002		
Employer	Employees	Rank	Percentage of Total City Employment [1]	Employees	Rank	Percentage of Total City Employment [2]
Lackland Air Force Base	52,561	1	6.32%			
Fort Sam Houston	32,000	2	3.85%	8,527	4	1.16%
Randolph Air Force Base	16,017	3	1.93%			
United Services Automobile Association	15,000	4	1.80%	16,267	1	2.21%
H.E.B. Food Stores	14,588	5	1.75%			
Northside Independent School District	12,244	6	1.47%	10,393	3	1.41%
City of San Antonio	12,211	7	1.47%	12,025	2	1.63%
Methodist Health Care System	7,747	8	0.93%			
Baptist Health Systems	6,310	9	0.76%	4,384	10	0.59%
University of Texas Health Science	6,153	10	0.74%	5,200	8	0.71%
San Antonio Independent School District				8,000	5	1.09%
North East Independent School District				7,600	6	1.03%
SBC Communications (A T & T)				6,500	7	0.88%
University Health Systems				4,408	9	0.60%
Total	174,831		21.02%	83,304		11.30%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2012, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 831,900 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2011. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 737,200 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2002. Figure provided by the Texas Workforce Commission.

City of San Antonio, Texas

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
Function/Program:	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Mayor and Council	16	17	17	18	17	18	17	17	17	15
City Manager	15	13	12	12	13	24	22	17	17	17
Administrative Services [1 7]					185					
Alamodome [8]	51	61	48	48	46					
Animal Care Services [5]					77	83	100	104	108	103
Asset Management [2]	20	21	127	128	212	212				
Aviation Uniformed Officers	27	27	27	28	28	28	28	27	30	31
Aviation Civilian Employees	342	340	354	342	360	382	417	424	415	409
Capital Improvements Management Services (CIMS)							137	183	196	200
Center City Development [10]										6
City Attorney	86	86	85	90	93	92	108	104	104	99
City Auditor	22	7	24	19	13	25	23	22	22	20
City Clerk	16	15	19	18	20	22	24	24	20	21
Code Compliance [4]	105	105	101	103						
Communications and Public Affairs [6]					6	8	8	9	8	13
Contract Services [1 2]			10	15						
Convention and Visitors Bureau	85	74	70	67	67	75	86	90	86	84
Convention Facilities [8]	296	278	254	243	252					
Convention, Sports and Entertainment Facilities [8]						276	308	298	280	290
Cultural Affairs	10	11	11	10	9	11	12	12	11	12
Customer Services/311 System	38	45	49	51	58	52	62	62	56	59
Development Services	168	195	194	204	219	244	217	220	200	225
Downtown Operations						67	174	174	160	140
Economic and Employment Development	33	32	36	34	37	37	38	35	33	24
External Relations [6]	12	13	13	13						
Finance/Public Utilities	113	100	74	77	71	87	91	87	82	89
Firefighters and EMS	1376	1413	1421	1414	1435	1450	1448	1533	1568	1,606
Fire Department Civilian Employees	127	102	100	110	95	114	103	133	159	144
Fleet Maintenance and Operations [7]						182	155	161	147	157
Grants Monitoring and Administration						20	22	21	25	22
Health [5]	657	621	619	602	510	483	365	365	360	345
Housing and Community Development [4]	29	25	24	25	23					
Human Resources	58	56	71	69	67	77	91	85	73	69
Human Services [11]	458	405	394	357	331	331	335	319	278	251
Information Technology Services	170	186	219	225	212	196	208	218	214	199
Intergovernmental Relations [6]					4	5	5	5	5	5
International Affairs	11	12	12	12	12	10	10	10	8	4
Library	291	273	281	294	311	315	336	331	300	321
Municipal Court	181	176	167	169	174	164	156	166	174	182
Neighborhood Action [4]	40	45	47	49						
Housing and Neighborhood Services [4]					153	156	167	173	154	131
Non Departmental	25	20	22	21	19	21	35	24	36	36
Office of Management and Budget	31	34	16	17	17	14	14	18	17	23
Parks and Recreation	859	822	803	817	812	703	624	646	617	602
Planning and Community Development [9]	42	40	36	35	33	40	36			
Police Officers	1998	1995	1988	1964	1988	2031	2078	2186	2229	2,261
Police Department Civilian Employees	554	534	527	545	562	552	523	638	599	585
Public Works [3]	978	998	888	861	750	740	647	636	610	591
Purchasing [1]	190	181	184	180						
Purchasing and Contract Services [2 7]						8	147	131	136	131
Solid Waste Management [3]	521	517	534	512	515	468	460	452	455	447
Special Projects			1	1						
Total	**10,051**	**9,895**	**9,879**	**9,799**	**9,806**	**9,823**	**9,837**	**10,160**	**10,009**	**9,969**

Source: City of San Antonio, Texas. Figures account for actual employment positions filled.

[1] In fiscal year 2006 the Purchasing and Contract Services Departments were combined to form the Administrative Services Department.

[2] The Contract Services Department began as a division of Asset Management in FY 2001. In fiscal year 2004, they became their own separate department and in fiscal year 2008 they were moved into Purchasing and Contract Services.

[3] Prior to fiscal year 2002 the Environmental Services Department was a part of Public Works as the Enterprise Solid Waste Fund. In fiscal year 2008 the department's name was changed to Solid Waste Management.

[4] In fiscal year 2006 the Neighborhood Action and Code Compliance Departments were combined then in fiscal year 2007 this combined with Housing to form the Housing and Neighborhood Services Department.

[5] Prior to fiscal year 2006 Animal Care Services was part of the Health Department.

[6] During fiscal year 2006 the External Relations Department divided to form the Intergovernmental Relations and the Communications and Public Affairs Departments.

[7] In fiscal year 2007 Administrative Services was divided into two new departments. Forming the Fleet Maintenance and Operations and Purchasing and Contract Services Departments.

[8] In fiscal year 2007 Alamodome and Convention Facilities were combined to form the Convention, Sports and Entertainment Facilities Department.

[9] In fiscal year 2009 Planning and Community Development was combined with Development Services.

[10] In fiscal year 2011 Center City Development was separated from Economic and Employment Development.

[11] In fiscal year 2011 Community Initiatives was renamed Human Services.

Amounts are expressed in thousands

Statistical Data

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program:										
Police:										
Physical Arrests [1]	77,506	81,517	83,254	82,158	80,794	75,516	88,078	123,038	186,181	161,604
Parking Violations	104,833	104,968	86,128	111,863	93,888	104,309	110,670	81,480	76,142	62,170
Traffic Violations	264,390	256,588	274,152	271,655	222,326	200,371	236,792	266,866	254,011	165,908
Fire:										
Emergency Responses	67,677	68,441	73,472	84,573	89,426	90,389	100,104	101,421	104,253	114,087
Fire Responses	8,393	8,420	7,728	8,370	9,719	7,292	5,305	4,839	2,390	3,121
Inspections	14,125	15,243	15,485	16,223	16,612	19,986	24,718	23,149	22,459	21,180
Solid Waste:										
Refuse Collected (tons per day)	1,675	1,703	1,697	1,690	1,709	1,818	1,842	1,698	1,376	1,137
Recyclables Collected (tons per day)	96	94	92	98	100	149	217	285	478	446
Other Public Works:										
Street Resurfacing (miles)	177.84	157.50	159.25	128.46	115.46	140.09	185.31	453.20	423.00	275.00
Potholes Repaired	6,380	12,379	24,467	27,294	17,290	23,724	12,919	12,120	42,240	15,137
Parks and Recreation:										
Athletic Field Permits Issued	2,253	2,076	2,306	1,854	1,955	1,674	1,628	1,939	1,945	3,939
Community Center Reservations	2,802	3,103	3,372	3,027	2,805	3,079	2,190	2,220	1,930	1,735
Library:										
Volumes in Collection	1,935,036	1,852,221	1,842,579	1,970,661	2,155,843	2,091,735	2,164,172	2,188,219	2,241,491	2,333,032
Volumes in Circulation	4,865,804	5,275,268	5,861,624	5,876,331	6,030,777	5,935,818	6,374,109	6,616,776	6,601,175	6,733,534
Water:										
Customers	297,661	300,742	306,363	315,000	325,944	336,434	344,168	348,834	352,059	356,546
Water Main Breaks	n/a	1,395	1,480	1,305	2,577	3,073	1,392	2,594	3,212	1,475
Average Daily Consumption (millions of gallons)	172.2	144.3	149.4	143.7	172.2	181.6	169.2	194.9	181.4	188.0
Maximum Daily Consumption (millions of gallons)	274.0	229.5	303.2	196.5	278.1	269.0	224.0	299.1	243.5	266.02
Wastewater:										
Amount Treated Peak Day (millions of gallons)	175.0	30.0	201.0	297.0	212.0	169.0	294.0	174.0	194.0	258.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

Amounts are expressed in thousands

Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	6	6	6	6	6	6	6	6	6	6
Marked Patrol Units [4]	544	551	554	554	555	559	580	668	680	716
Fire:										
Fire Stations	48	48	49	49	50	50	50	50	50	50
Solid Waste:										
Garbage Trucks	131	131	133	129	137	147	193	224	49	65
Recycling Trucks [3]	50	50	50	46	46	37	35	23		
Dual Purpose Collection Vehicles [3]									120	160
Other Public Works:										
Streets (miles) [1]				3,953	4,022	3,981	4,018	4,018	4,064	4,066
Highways (miles) [1]				911	911	911	1,004	1,004	1,046	1,036
Streetlights	65,111	64,527	65,027	64,678	64,848	75,490	76,696	77,674	79,468	79,468
Traffic Signals	1,090	1,111	1,121	1,139	1,153	1,180	1,197	1,226	1,288	1,299
Parks and Recreation:										
Acreage	13,898	14,463	15,600	16,151	16,660	18,384	18,914	14,241	14,282	14,288
Playgrounds	100	110	113	115	116	119	114	151	148	154
Baseball/Softball Diamonds	110	111	111	111	112	112	112	129	129	129
Soccer/Football Fields	59	61	61	61	62	62	62	93	93	93
Golf Courses	6	6	6	6	6	6	6	6	6	6
Swimming Pools	23	23	24	23	24	24	24	25	27	26
Community Centers	25	25	25	26	26	29	29	31	30	30
Water:										
Water Mains (miles)	4,076	4,162	4,251	4,324	4,404	4,525	4,673	4,802	4,866	4,936
Fire Hydrants	20,815	21,463	22,117	22,691	23,212	23,964	25,004	25,955	26,599	27,115
Storage Capacity (millions of gallons)	149.7	121.2	145.0	161.5	142.0	166.0	164.0	165.0	166.2	180.8
Wastewater:										
Sewer Mains (miles) [2]	4,892	4,967	5,088	4,533	4,607	4,739	4,877	5,001	5,085	5,118
Storm Sewers (miles)	383.2	383.7	498.0	498.0	498.0	498.0	498.0	498.0	498.0	581.0
Permitted Treatment Capacity (millions of gallons)	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5	223.5

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] Figures available starting in fiscal year 2005.

[2] Prior to 2004, the miles of sewer main in place were estimated. Utilizing GPS tracking, more accurate data was obtained and maintained starting in 2004.

[3] The recycle only vehicles have been removed from the fleet. COSA has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

[4] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.