



# CITY OF SAN ANTONIO, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### FISCAL YEAR ENDED SEPTEMBER 30, 2006



Comprehensive Annual Financial Report  
For Fiscal Year Ended September 30, 2006



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City of San Antonio, Texas



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Year Ended September 30, 2006





# CITY OF SAN ANTONIO

P.O. BOX 839966  
SAN ANTONIO, TEXAS 78283-3966

June 26, 2007

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, 2006. These financial statements were prepared by the City's Finance Department and audited by the public accounting firms of KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA. 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 CAFR is presented in three sections.

- The introductory section contains the transmittal letter, a copy of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart, and a list of principal officials.
- The financial section includes the audited financial statements (government-wide and fund financial statements) and required supplementary information, MD&A, as well as the Independent Auditors' Report thereon.
- The statistical section consists of selected financial and demographic information presented on a multi-year basis.

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 separate documents. Copies are available upon request.

## CITY SERVICES

The City is a home rule city that was incorporated in 1837 and chartered in 1951. It is structured as a Council-Manager form of government with a Mayor and ten Council Members each serving two-year terms, limited to two consecutive terms. 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.

## CITY SERVICES (Continued)

As of September 30, 2006, the City's geographic area was approximately 519 square miles, making it one of the largest cities in the United States of America. The United States Census Bureau cites the City as the second most populated city in the state of Texas and eighth most populated city in the country. The estimated population grew from 1,299,200 in fiscal year 2005 to 1,322,900 in fiscal year 2006, an increase of 1.8%.

The City provides a vast array of municipal services. These services include, but are not limited to, fire and police protection, street and sidewalk maintenance, libraries, parks, water, and electric and natural gas services, and solid waste disposal. In addition, the City maintains preventive health services and facilitates economic and neighborhood development. These services are funded from various sources, which include ad valorem taxes, hotel/motel taxes, sales taxes, grants, user fees, revenues from municipally owned utilities, and bond proceeds. The City has entities that are considered part of the City's operations but are legally separate entities. The City has seven entities that are presented as blended component units and an additional eight that are discretely presented in the financial statements. For additional details on each of these entities and the basis for their respective presentation in our financial report, please refer to the Financial Section, Note 1, entitled, Summary of Significant Accounting Policies subsection Reporting Entity.

## ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

The City continued its efforts to enhance initial plant operations for Toyota Motor Manufacturing, Texas, by providing economic incentives for Toyota's tier one suppliers. The suppliers are expected to further stimulate Toyota's contribution of an \$800 million plant and 2,000 local jobs with an additional \$350 million investment in San Antonio's economy.

The City also realized additional investment in the information technology industry with the announcement of a new 100,000-square foot Lowe's data center to San Antonio. Lowe's, a Fortune 500 company, will build the center to centralize data transactions and storage for its increased business volume. For San Antonio, the center will create new high-tech jobs, generate additional utility and sales tax revenues, and further expand the area's growing information technology industry.

## ECONOMIC CONDITIONS AND OUTLOOK (Continued)

Construction continues on the 1,000-room Grand Hyatt Convention Center Headquarters Hotel (the Hotel). The Hotel is not only expected to transform the downtown skyline, but is also expected to increase San Antonio's status as a tier one destination for convention and tourism. The Hotel is estimated to be completed in 2008.

The City, in collaboration with Bexar County, encouraged Sino Swearingen Aircraft Company (the Company) to maintain and expand their manufacturing facility at San Antonio International Airport. The Company plans to invest \$70 million in a new facility to design and manufacture a new plane for general aviation. The facility is expected to create as many as 850 new jobs by 2012.

The Texas A & M Board of Regents approved \$40 million in tuition revenue bonds for the development of a Texas A & M San Antonio campus on San Antonio's south side. The campus will open in 2009 and will eventually serve 25,000 students and stimulate economic development on the south side.

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

### Base-Realignment and Closure (BRAC)

The recommendations of the BRAC Commission became law on November 8, 2005, which has led to the ongoing transformation throughout the military services resulting in the reorganization of many military missions and units. The National Security Agency has also announced an expansion of its activities in San Antonio and will be adding about 1,500 jobs over the next couple of years. Key elements of BRAC include the creation of a Department of Defense (DOD) Regional Medical Center at the new Brooke Army Medical Center (BAMC). BAMC will merge with elements of Wilford Hall Medical Center (WHMC) at Lackland Air Force Base to become the San Antonio Military Medical Center (SAMMC). This will establish Fort Sam Houston (Fort Sam) as the home of DOD enlisted medical training and SAMMC will be one of only two such DOD regional medical centers in the country.

A number of Army Agency Headquarters such as the Installation Management Agency, will also be relocating to Fort Sam from other bases around the country. Based on the planned changes at Fort Sam and Lackland, the community is also expecting to benefit from over \$2 billion in new construction and renovation of facilities at both bases. To assist the military with BRAC mandates, the Defense Transformation Institute (DTI), will serve as a proactive intermediary for leveraging local military assets and to identify problems and develop solutions. Finally, the recommended BRAC enhancements to military medical care training and capacity will also greatly strengthen and grow the currently existing partnerships between the military and community institutions that will facilitate continued growth in the community's targeted industry of bioscience and health care.

### Port Authority of San Antonio

Port Authority of San Antonio (the Port), the former Kelly Air Force Base, has begun the transformation of the base into Port San Antonio, a multi-use airport and rail-served business park. There are 63 tenants (commercial companies and federal agencies), employing over 12,469 people with an average salary of over \$38,000, and a total economic impact of \$2.5 billion per year. Major commercial employers at the Port include Boeing, Lockheed Martin, General Electric, General Dynamics, Standard Aero, Pratt & Whitney, Chromalloy, Gore Design Completions, and EG&G. The Port is now focused on the development of new Class A facilities leveraging public and private investment to create more jobs for San Antonio. In 2005, a total of 514,400 square feet of new hangar, distribution, and flex/office facilities were constructed. The Port is now proposing a Phase II development to accommodate market driven facilities over the next one to three years. The growth is projected to increase the economic impact on San Antonio, to exceed \$4.3 billion, with more than \$32 million in annual tax revenues.

### Brooks City-Base

Brooks City-Base (BC-B) continues to leverage the science and technology industry through marketing of office and laboratory space. The BC-B property encompasses 1,246 acres and over 200 buildings on the southeast side of San Antonio. In 2006, a major pharmaceutical company, DPT Laboratories, began moving into their \$24 million, built-to-suit research and development (R&D) and warehouse and production facilities, totaling nearly a quarter-million square feet at BC-B. DPT Laboratories will create 74 new high-paying positions and 131 jobs will remain in San Antonio as a result of this project. The City and County have broken ground on the construction of a new \$24.5 million Emergency Operation Center at BC-B, which will open in December 2007.

## ECONOMIC CONDITIONS AND OUTLOOK (Continued)

### Fort Sam Houston

Fort Sam Houston (Fort Sam) is engaged in military-community partnership initiatives to help reduce infrastructure costs and pursue asset management opportunities using military facilities. In April 2000, the United States Army (the Army) entered into a partnership with the private organization, Fort Sam Houston Redevelopment Partners, Ltd. (FSHRP), for the redevelopment of the former BAMC and two other buildings at Fort Sam. In October 2006, the redevelopment of the U.S. 5<sup>th</sup> Army charged with Homeland Defense for North America became operational at Fort Sam. The redevelopment of the base will bring nearly 11,500 personnel, approximately 3,600 family members, and eight new missions to the base. To accommodate the expansion, 8 million square feet of new and renovated facilities will be needed at a cost of approximately \$1.4 billion. The base will become the country's leader in military medical training and will, on average, train 9,000 students each day and approximately 32,000 each year. The current medical training facility will double in size with the addition of 2.1 million square feet of classrooms, dorms, and training facilities. A new SAMMC will be formed by expanding the facilities at BAMC. The Installation Management Agency and Army Contracting Agency that oversee Army garrisons world-wide will be moving to Fort Sam. Finally, an Armed Forces Reserve Center will be constructed at Camp Bullis to house local U.S. Army Reserve missions.

### Aerospace Industry Development

The aerospace industry's annual economic impact to the City is approximately \$3.3 billion. This industry provides over 9,500 jobs, with employees earning annual wages totaling over \$406 million. The aerospace industry continues to expand as the City leverages its key aerospace assets. Many of the major aerospace industry leaders have significant operations in San Antonio, such as Boeing, Lockheed Martin, and General Electric to name a few. The industry in San Antonio is well diversified in air passenger service, air cargo, maintenance repair and overhaul (MRO), and manufacturing and general aviation.

San Antonio International Airport (SAT) has a total of 31 destinations, which does not include seasonal charter service to Mexico available during the spring and summer. The terminal expansion project for SAT will include a seven-gate Terminal B and a five-gate Terminal C (expandable up to 11 gates). The design work is underway with groundbreaking for a new five-story garage, with approximately 2,850 spaces. SAT is also in the process of an environmental assessment for implementation of proposed airfield capacity enhancement projects recommended in the Airport Master Plan. Stinson Municipal Airport (Stinson) is at 100.0% occupancy rate and has a tenant waiting list for the facilities. The Stinson groundbreaking ceremony was held on May 31, 2006 for the terminal expansion project. The \$4.8 million project will add approximately 24,000 square feet of additional concession, administrative, education, and corporate aviation space to the existing 7,000 square feet terminal building. The expansion will allow for growth of existing tenants as well as creating opportunities for new business to locate at Stinson. Palo Alto College will move their Aviation Program to Stinson in the expanded terminal space. At the Port, the MRO business is strong as tenants such as Boeing and Lockheed Martin continue to secure long-term government contracts. The Port is also working to add air cargo activity as recommended by the Air Cargo Study and Strategic Plan completed in June 2002. This study also provided SAT with an Air Cargo Strategic Plan that includes recommendations on expanding the existing integrator service primarily provided by UPS, FedEx, and Airborne Express. A new belly freight facility is also currently under design for SAT. Additionally, Brooks Air Force Base 311<sup>th</sup> Human Systems Wing's School of Aerospace Medicine conducts research related to human effectiveness in aviation, and is opening a new aircraft sustainability laboratory that will conduct research and development applicable to commercial aviation.

### Downtown Development Projects

In December 2005, a new 265 all-suites hotel, the Hotel Contessa, opened its doors on the River Walk. During 2005, renovation of the Alamo Bank Building began by the flagship Drury Plaza Hotel. Financing of the Hotel Contessa was partially funded by Empowerment Zone Facility Bonds. In addition to the Hotel Contessa, Drury Southwest has partnered to renovate the Aztec Theatre building into a state of the art multimedia theatre experience. Drury Southwest is also providing, at its own expense, the final linkage to complete the downtown River Walk on the main channel of the San Antonio River. The River Walk linkage has an expected completion date of summer of 2007. The 300-room, limited service Drury Hotel is expected to open in the fall of 2007. The Empowerment Zone Facility Bonds were also used in the amount of \$130 million for the construction of the Hyatt Convention Center Hotel. The project also includes 120 condominiums and an underground parking facility.

## ECONOMIC CONDITIONS AND OUTLOOK (Continued)

### International Trade and Outlook

The International Affairs Department was created to provide a clear entrance or “front door” to City programs and services in order to achieve global trade, attract foreign investment, offer protocol guidance, and establish San Antonio as the “Center of International Excellence.” In doing so, it has identified and served over 210 local companies that conduct business internationally. The International Affairs Department continues to develop the Export Leaders Program that trains San Antonio companies to become successful in international markets. This unique municipal program has graduated 74 companies and has generated over \$37 million in exports.

During fiscal year 2006, the department was also responsible for assisting more than 706 businesses and clients, which generated over \$35 million in bilateral trade between San Antonio and Mexico through our three foreign trade offices, or Casas. On August 31, 2006, the North American Development Bank (NADB) participated in the development and financing of 95 environmental infrastructure projects, with approximately \$810.44 million in loans and grants. These projects are estimated to cost a total of \$2.49 billion to build, and will benefit an estimated 11.3 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, China, Japan, Spain, Latin America, 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 San Antonio region. Over the past 15 years, the City led the nation by establishing three commercial trade offices in Mexico’s principal cities: Mexico City, Guadalajara, and Monterrey, which has generated over \$170 million in bilateral trade since its inception. For over 21 years, the International Affairs Department has operated a trade representative in Japan, attracting multi-million dollar operations to San Antonio including Takata Seat Belt, Sony Corporation, Mycom International, Hyatt Hill Country Resort (a major Japanese investment joint venture), Colin Medical Equipment, and Toyota, to name a few. Following the Toyota announcement, the City fortified its position by establishing an official trade office in Tokyo.

### Hospitality Industry

The City’s diversified economy includes a significant sector relating to the hospitality industry. A recent study by the Greater San Antonio Chamber of Commerce, released in 2006 (for period 2004), found that the hospitality industry had an economic impact of nearly \$8.7 billion. The estimated annual payroll for the industry was \$1.58 billion, and the industry employed over 94,000 citizens. The next economic impact study is scheduled for update and release in 2008.

San Antonio’s hospitality industry attracted over 21.3 million visitors in 2004 (up 7% from 2002), with direct spending across all industries in the City of \$4.3 billion, and ranked tenth among U.S. destinations for overnight leisure travel, according to the National Performance Monitor survey conducted by D.K. Shifflet & Associates. The list of attractions in the San Antonio area includes, among many others, the Alamo (and other sites of historic significance), the River Walk, two major theme parks (SeaWorld of Texas and Six Flags Fiesta Texas), and the professional basketball team, the San Antonio Spurs. San Antonio is also one of the top convention cities in the country. The City is proactive in attracting convention business through its management practices and marketing efforts.

## 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, the reliability of financial record for preparing financial statements and the evaluation of costs and benefits require estimates and judgments by management. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits require estimates and judgments by management.

## FINANCIAL INFORMATION (Continued)

### Accounting System and Budgetary Control (Continued)

The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies, and procedures.

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established by function and activity within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year-end and are generally appropriated as part of the following year's budget.

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 and Administrative Topics

#### Pension and Postemployment Retirement Benefits

The City provides retirement pension benefits for its uniformed and nonuniformed employees. Uniformed retirement benefits are provided through the Fire and Police Pension Fund, a single-employer defined benefit retirement plan, with contribution and benefit levels established under state statute. In addition, the City provides all other eligible employees with retirement benefits through the Texas Municipal Retirement System (TMRS), a state-wide public employee retirement system that is a joint contributory, hybrid defined benefit plan. For additional information on the City's pension plans, see Note 8, Pension and Retirement Plans.

The City provides postemployment health benefits to all nonuniformed City retirees, and for all uniformed fire and police retirees who retired prior to October 1, 1989. The cost of the program is reviewed annually, with costs funded jointly on a pay-as-you-go basis. The City also provides retirement health care benefits for eligible fire and police retirees under the Fire and Police Retiree Health Care Fund. Contribution and benefits levels are established under the City's collective bargaining agreements with the Fire and Police Unions, respectively, and benefits are financed on a prefunded basis. For additional information on the City's postemployment health benefits, see Note 9, Postemployment Retirement Benefits.

#### Active Employee Benefits Program

The City's Self-Insurance Benefits Fund continues to experience increasing expenses due to rising health care and prescription drug costs, increased claims volume, and changes in participant demographics. The City has implemented cost containment programs to more effectively manage the rising cost of medical and prescription costs. These initiatives include hospital audits, pre-certifications, case utilization reviews, and large case management, prescription benefit management, disease management programs, and a preferred provider organization. The City has also addressed rising costs through plan design modifications, including increased deductibles and out-of-pocket maximums for the 2006 plan year, in conjunction with the funding of flexible spending accounts, resulting in savings of nearly \$1.3 million annually. The City has also filed an application to receive a Retiree Drug Subsidy for retirees with Medicare coverage in self-funded medical plans.

The City retains a professional benefits consultant, The Hay Group, whose analysis and recommendations have been utilized to make further cost reductions in both the active and retiree health programs. For plan year 2007, a "total compensation" strategy for the City's employees seeks to raise the share of benefits premiums while increasing take-home salary. A change in the coordination of benefits between the City and Medicare for Medicare retirees, as well as increased premiums for non-Medicare retirees, has also impacted plans costs, with projected cost savings for fiscal 2007 estimated at approximately \$3.8 million.

## FINANCIAL INFORMATION (Continued)

### Fiscal Management and Administrative Topics (Continued)

#### Active Employee Benefits Program (Continued)

In fiscal year 2006, the City continues to engage in a strategic effort to bring the net asset balance of the Employee Benefits Fund to a positive balance by fiscal year 2008. For additional information on the City's risk and employee benefit programs, see Note 12, Risk Financing.

#### Risk Management Programs

For fiscal year 2006, the Insurance Reserve Fund maintained a positive net assets balance of \$3.89 million. The Workers' Compensation Fund reflected a negative net assets balance of \$1.26 million for fiscal year 2006. The Insurance Reserve and Workers' Compensation Funds carried cash reserves as of September 30, 2006 in the amount of \$22.58 million and \$20.69 million, respectively.

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

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

In addition, the City engages an actuary to review the City's self-insurance funds. Such reviews estimate outstanding losses, project the ultimate losses, and recommend overall funding each year. Contributions to the City's self-insurance funds include department assessments from the General Fund, Special Revenue Funds, and other Proprietary Funds.

#### Cash and Investment Management

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

The City is authorized to use demand accounts, time accounts, certificates of deposit, and other permissible investments including, obligations of the U.S. Treasury and U.S. agencies, obligations of states and cities, commercial paper, repurchase agreements, money market funds, and investment pools. The City's investment portfolio does not include callable obligations or any derivative products. It is not the City's policy to use derivative products in its portfolio, nor does the City leverage its investments. For additional information on cash and investments, see Note 3, Cash and Cash Equivalents and Investments.

#### 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.

## FINANCIAL INFORMATION (Continued)

### Fiscal Management and Administrative Topics (Continued)

#### Debt Administration (Continued)

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

## OTHER INFORMATION

### Independent Audit

State statutes require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firms KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA. In 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, 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, 2005. This was the 30<sup>th</sup> 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.

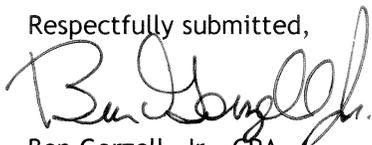
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 2006 Operating and Capital Budget.

### Acknowledgments

The preparation of the City of San Antonio, Texas Comprehensive Annual Financial Report for the fiscal year ended September 30, 2006, was made possible by the dedication and hard work of the Finance Department, particularly the staff of the accounting division. Each member of the department has my sincere appreciation for their contributions to the preparation of this document. In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Managers, Assistant City Managers, Assistant to the City Manager, and their staff, for their continued support.

Respectfully submitted,



Ben Gorzell, Jr., CPA  
Director  
Finance Department

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

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



Comprehensive Annual Financial Report  
Year Ended September 30, 2006

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

**CITY COUNCIL**

**Phil Hardberger**  
*Mayor*

**Roger O. Flores**  
*District 1*

**Sheila D. McNeil**  
*District 2*

**Roland Gutierrez**  
*District 3*

**Richard Perez**  
*District 4*

**Patti Radle**  
*District 5*

**Delicia Herrera**  
*District 6*

**Elena Guajardo**  
*District 7*

**Art A. Hall**  
*District 8*

**Kevin A. Wolff**  
*District 9*

**Christopher “Chip” Haass**  
*District 10*

**MANAGEMENT TEAM**

**Sheryl L. Sculley**  
*City Manager*

**Jelynn LeBlanc Burley**  
*Deputy City Manager*

**Pat DiGiovanni**  
*Deputy City Manager*

**T.C. Broadnax**  
*Assistant City Manager*

**Penny Postoak-Ferguson**  
*Assistant City Manager*

**Frances A. Gonzalez**  
*Assistant City Manager*

**Erik J. Walsh**  
*Assistant City Manager*

**Sharon De La Garza**  
*Assistant to the City Manager*

**Michael Armstrong**  
*Chief Information Officer*

**Michael Bernard**  
*City Attorney*

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

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



City of San Antonio, Texas



*Financial Section*

City of San Antonio, Texas



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*Independent Auditors' Report*



300 Convent, Suite 1200  
San Antonio, TX 78205



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

**LEAL & CARTER, P.C.**

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

**Independent Auditors' Report**

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

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of and for the year ended September 30, 2006, which collectively comprise the City of San Antonio, Texas' basic financial statements as listed in the accompanying table of contents under "Basic Financial Statements." These financial statements are the responsibility of the City of San Antonio, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of certain discretely presented component units and blended component units included in the governmental and fiduciary funds of the City of San Antonio, Texas, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, including KPMG LLP, Robert J. Williams, CPA, and Leal & Carter, P.C., acting separately, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units, are based solely on the reports of the other auditors.

	<b>Percent not jointly audited</b>	
	<b>Total assets</b>	<b>Total revenue</b>
Government-wide		
Governmental activities	0%	0%
Business-type activities	0%	0%
Discretely presented component units	100%	100%
Fund statements		
Major funds	0%	0%
Aggregate remaining fund information	77%	35%

	<b>Percent audited by KPMG &amp; Robert J. Williams</b>		<b>Percent audited by Leal &amp; Carter</b>	
	<b>Total assets</b>	<b>Total revenue</b>	<b>Total assets</b>	<b>Total revenue</b>
Government-wide				
Discretely presented component units	71%	78%	1%	2%
Fund statements				
Aggregate remaining fund information	0%	0%	7%	4%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of San Antonio, Texas' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of September 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 1 through 12, the Budgetary Comparison Schedule on page 122, and Schedules of Funding Progress on page 123 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we, and the other auditors, did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Antonio, Texas' basic financial statements. The introductory section, the combining financial statements, schedules and other supplementary information, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining financial statements and schedules and other supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

June 26, 2007

City of San Antonio, Texas



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***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, 2006. 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 \$2,561,704 (net assets). Of this amount, \$189,465 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$845,903, an increase of \$72,949 compared to the fiscal year 2005 fund balance. The total unreserved fund balance of \$570,807 is available for spending at the government's discretion. Of this amount, \$52,707 is designated and \$518,100 is undesignated fund balance.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$149,610 or 24.2% of the total General Fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as the introduction to the City of San Antonio's basic financial statements, which 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, conservation, urban redevelopment and housing, welfare, and economic development & opportunity. The business-type activities of the City include the airport system, parking system, and environmental services.

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

## **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 fund 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 Fund, Convention Center Hotel Finance Corporation Fund, Categorical Grant-In Aid, and the Debt Service Fund, all of which are considered to be major funds. Data from the other funds is combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund data for each 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, Parking, and Environmental Services Funds. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, other internal services, and information technology services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements and are reported alongside the business activities.

Proprietary fund financial statements provide separate and more detailed information for the Airport, Parking, and Environmental Services Funds. The Airport and Parking Funds are considered major funds of the City while internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's programs and operations. 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 certain required supplementary information on the City's General Fund budget, which is adopted on an annual basis, and schedules of funding progress related to pension and retirement plans. A budgetary comparison statement has been provided for this fund in order to demonstrate compliance with this budget.

**Government-Wide Financial Analysis**

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

City of San Antonio, Texas						
Net Assets						
Year Ended September 30, 2006						
(With Comparative Totals for September 30, 2005)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 1,080,579	\$ 990,155	\$ 245,795	\$ 236,980	\$ 1,326,374	\$ 1,227,135
Capital Assets	3,070,178	3,068,559	319,870	307,740	3,390,048	3,376,299
Total Assets	<u>4,150,757</u>	<u>4,058,714</u>	<u>565,665</u>	<u>544,720</u>	<u>4,716,422</u>	<u>4,603,434</u>
Current and Other Liabilities	189,577	168,847	23,171	30,074	212,748	198,921
Long-term Liabilities	1,675,180	1,613,274	266,790	273,576	1,941,970	1,886,850
Total Liabilities	<u>1,864,757</u>	<u>1,782,121</u>	<u>289,961</u>	<u>303,650</u>	<u>2,154,718</u>	<u>2,085,771</u>
Net Assets:						
Investments in Capital Assets, net of related debt	1,998,751	2,042,288	240,764	212,715	2,239,515	2,255,003
Restricted	105,024	101,253	27,700	26,636	132,724	127,889
Unrestricted	182,225	133,052	7,240	1,719	189,465	134,771
Total Net Assets	<u>\$ 2,286,000</u>	<u>\$ 2,276,593</u>	<u>\$ 275,704</u>	<u>\$ 241,070</u>	<u>\$ 2,561,704</u>	<u>\$ 2,517,663</u>

For the year ended September 30, 2006, total assets exceeded liabilities by \$2,561,704. The largest portion of the City's net assets, \$2,239,515 (87.4%) represents its investment in capital assets less any related debt used to acquire those assets that are still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment.

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

Of the total net assets, \$132,724 (5.2%) represents resources that are subject to external restrictions on how they may be used. The remaining \$189,465 (7.4%) represents unrestricted net assets, which can be used to meet the government's ongoing obligations to citizens and creditors.

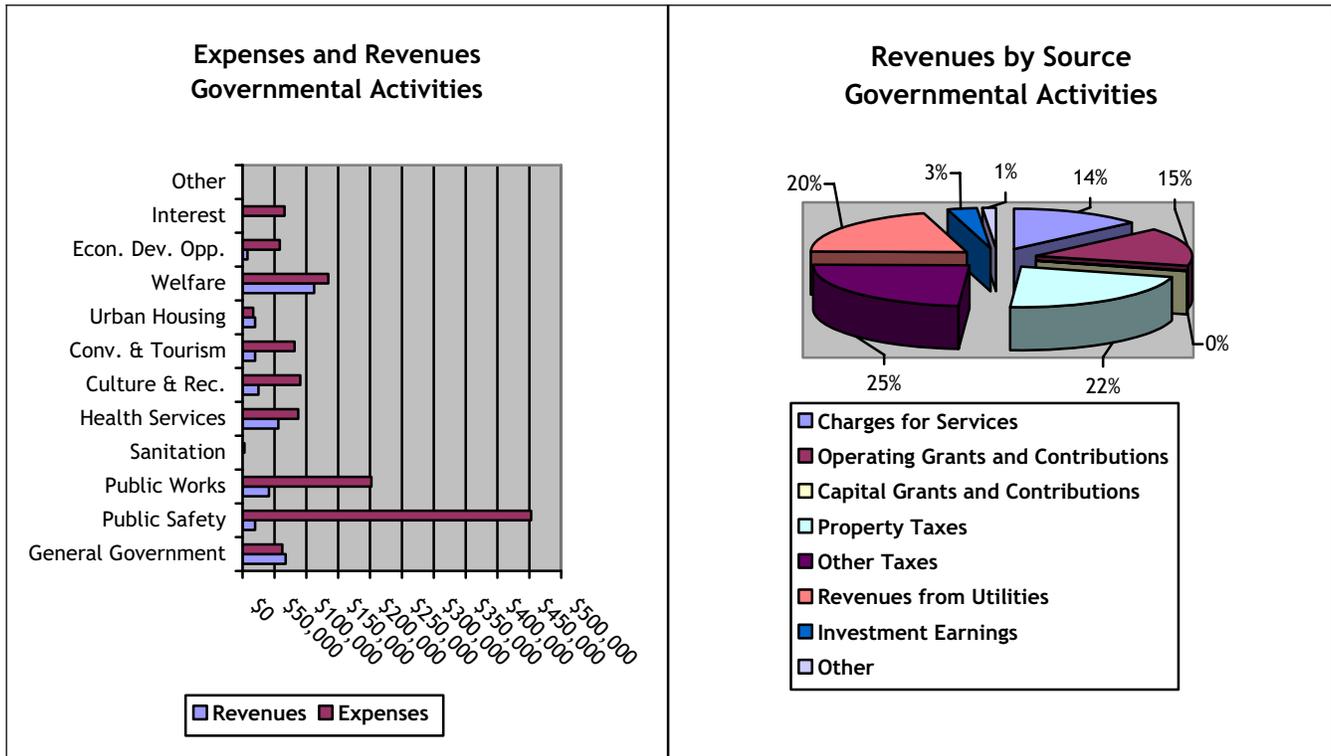
City of San Antonio, Texas  
Changes in Net Assets  
Year Ended September 30, 2006  
(With Comparative Totals for September 30, 2005)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 171,427	\$ 147,109	\$ 120,360	\$ 107,869	\$ 291,787	\$ 254,978
Operating Grants and Contributions	195,104	198,185			195,104	198,185
Capital Grants and Contributions	2,271	8,256	7,710	2,223	9,981	10,479
General Revenues:						
Property Taxes	276,728	269,138			276,728	269,138
Other Taxes	308,017	253,239			308,017	253,239
Revenues from Utilities	256,541	222,162			256,541	222,162
Investment Earnings	38,385	19,931	10,023	5,434	48,408	25,365
Miscellaneous	14,881	22,431	10,958	9,962	25,839	32,393
Special Items			10,870		10,870	
Gain on Sale of Capital Assets	2,427	1,507	64	96	2,491	1,603
Total Revenues	<u>1,265,781</u>	<u>1,141,958</u>	<u>159,985</u>	<u>125,584</u>	<u>1,425,766</u>	<u>1,267,542</u>
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	62,230	80,018			62,230	80,018
Public Safety	455,341	428,582			455,341	428,582
Public Works	201,941	149,476			201,941	149,476
Sanitation	3,112	2,731			3,112	2,731
Health Services	87,283	89,011			87,283	89,011
Culture and Recreation	90,521	84,555			90,521	84,555
Convention and Tourism	81,098	48,364			81,098	48,364
Conservation	146	2			146	2
Urban Redevelopment and Housing	16,821	29,764			16,821	29,764
Welfare	134,554	131,840			134,554	131,840
Economic Development Opportunity	58,388	60,461			58,388	60,461
Interest on Long-term Debt	65,960	70,655			65,960	70,655
Business-Type Activities:						
Airport			53,821	46,868	53,821	46,868
Parking Systems			9,191	8,413	9,191	8,413
Environmental Services			61,318	54,703	61,318	54,703
Total Expenses	<u>1,257,395</u>	<u>1,175,459</u>	<u>124,330</u>	<u>109,984</u>	<u>1,381,725</u>	<u>1,285,443</u>
Increase (Decrease) in Net Assets						
Before Transfers	8,386	(33,501)	35,655	15,600	44,041	(17,901)
Transfers	1,021	2,150	(1,021)	(2,150)		
Net Increase (Decrease) in Net Assets	<u>9,407</u>	<u>(31,351)</u>	<u>34,634</u>	<u>13,450</u>	<u>44,041</u>	<u>(17,901)</u>
Beginning, net assets	2,276,593	2,307,944	241,070	227,620	2,517,663	2,535,564
Ending, net assets	<u>\$ 2,286,000</u>	<u>\$ 2,276,593</u>	<u>\$ 275,704</u>	<u>\$ 241,070</u>	<u>\$ 2,561,704</u>	<u>\$ 2,517,663</u>

**Governmental Activities**

The City’s total revenues were \$1,425,766 for fiscal year ended September 30, 2006. Revenues from governmental activities totaled \$1,265,781 and revenues from business-type activities totaled \$159,985. General revenues represented 65.2% of the City’s total revenue, while program revenues provided 34.8% of revenue received in fiscal year 2006.

Expenses for the City totaled \$1,381,725. Governmental activity expenses totaled \$1,257,395, or 91.0% of total expenses.



Governmental Activities increased the City’s net assets by \$9,407. The reason for the change is as follows:

- Revenues from utilities increased by \$34,379, of which \$25,941 is due to an unusually hot and dry year and higher than projected fuel prices. In addition, beginning in fiscal year 2006, the City received an additional transfer from CPS Energy’s Community Infrastructure and Economic Development (CIED) Fund for approved funding for community projects. Of the \$34,379 increase in revenues from utilities, \$8,438 was due to this transfer.
- Revenues from sales taxes increased by \$43,268, of which \$22,218 was realized from the City’s 1/8<sup>th</sup> sales tax increase approved by voters for parks development funding that began in fiscal year 2006. The General Fund experienced an increase of \$15,479, due to a healthy economy and economic development throughout the City. The remaining increase is due to the fact that Advanced Transportation District’s sales tax began in the summer of 2005, and fiscal year 2006 contains a full 12 months of this dedicated sales tax revenue.
- Charges for Services revenue increased by \$24,318 due to fee increases and the development of new fees enacted for fiscal year 2006. For example, the Police department implemented new revenues from fees for lost taxicab permits, tiered fees for street closures and a new police impound fee for the towing of uninsured motorists. Other examples include the increasing of the fee for the sale of local and state birth records, animal care services fees and increases for various fees within Golf operations.
- Investment earnings increased by \$18,454 due to a significant increase in yields as well as the fact that the City’s net assets are increasing allowing for more cash and investment holdings to earn larger interest revenues.
- General Government expenditures decreased by \$17,788 primarily due to a \$9,074 decrease within long-term debt and a \$10,921 decrease in capital projects due to a change in classification by function within the funds. These decreases were offset by small increases in other areas.

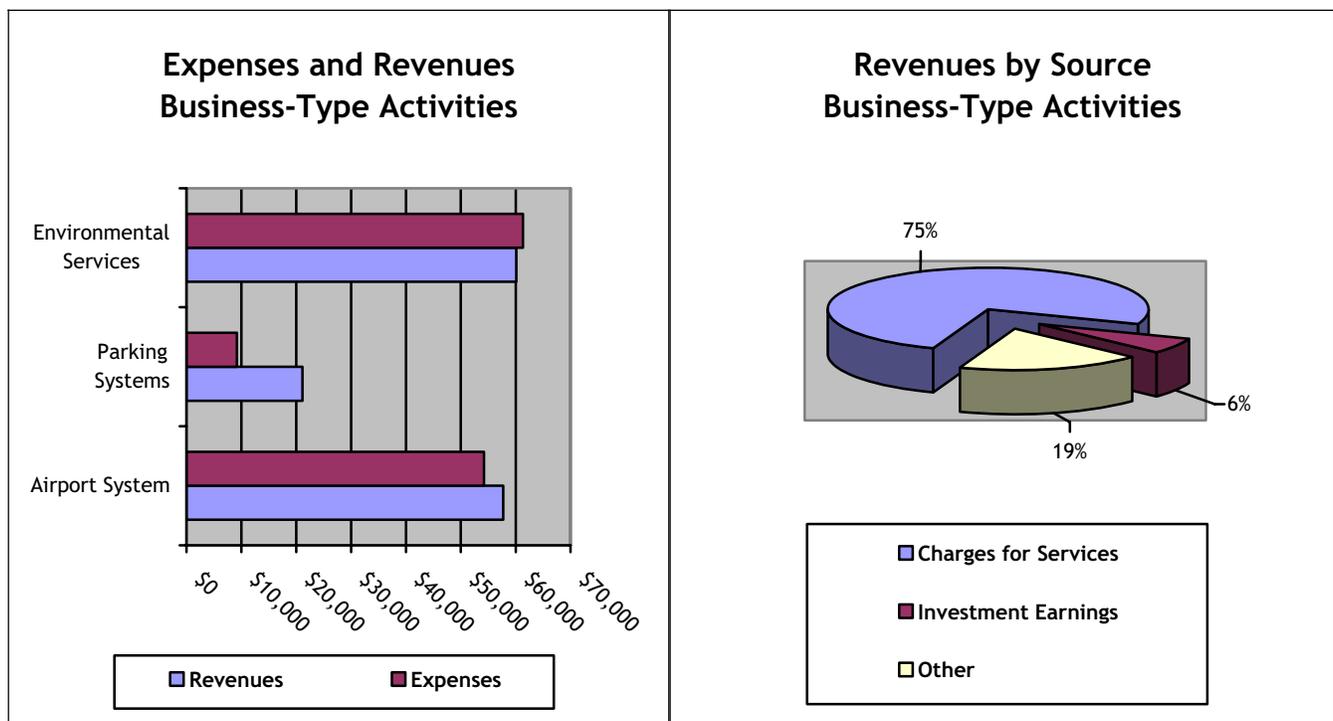
- Public Safety expenditures increased by \$26,759 due to increases in salary and related benefits charges incurred by the City.
- Public Works expenditures increased by \$52,465 due to budgeted increases in the City's capital improvement programs such as streets, stormwater, and other capital projects.
- In fiscal year 2006, Convention and Tourism expenses increased by \$32,734 primarily because of continued construction of the Convention Center Hotel, which began in 2005.

**Business-Type Activities**

Program revenues for the City's business-type activities totaled \$128,070, which is \$17,978 higher than the previous fiscal year. Expenses for business-type activities were \$124,330 compared to prior year's expenses of \$109,984. The current year's increase in expenses is attributed to increased expenses incurred in the Parking and Environmental Services funds over the prior year. The remaining revenue was a result of interest and other miscellaneous items.

Business-type activities increased the City's net assets by \$34,634, primarily because of the following:

- Charges for Services increased \$12,491 because of an increase in customers served, as well as various fee increases implemented in fiscal year 2006.
- Investment earnings increased by \$4,589 when compared to fiscal year 2005 due to higher interest rates.
- A \$5,487 increase in Capital Grant Contributions in the Airport System Fund was attributed to an increase in grant funded capital expenditures at San Antonio International Airport.
- A \$996 increase in Miscellaneous Revenues in both the Airport System Fund and Parking System Fund.
- A \$10,870 increase in Parking Special Items, because of a reallocation of general obligation debt to the City's governmental activities.
- Expenses for Airport activities increased due to higher personnel costs of \$1,926, contractual services of \$1,213, commodities of \$601, and to expense \$3,074 of costs previously recorded as construction in progress.
- Environmental Services expenditures increased \$6,615. This increase is due to additional expenditures associated with the implementation of automated garbage collection services as well as increases in fuel and maintenance costs. The fund also experienced increases in expenditures due to salary and related benefits increases enacted for fiscal year 2006.



**Financial Analysis of Governmental Funds**

Activities of the Primary Government’s General Fund, Special Revenue Funds, Debt Service Fund, Convention Center Hotel Finance Corporation Fund, and Categorical Grant-In-Aid Fund are considered general government functions. The General Fund is the City’s general operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted as to expenditure. The Debt Service Funds are used to account for financial activity related to the City’s general bonded indebtedness, as well as other long-term obligations. The Convention Center Hotel Finance Corporation Fund (Hotel Project), established in 2005, is used to account for financing and costs associated with the design, development, and construction of the Hotel Project. The Categorical Grant-In-Aid Fund is used to account for receipt and disbursement of all federal and state grants except for Community Development Block Grants and Home Investment Partnership Grants.

Revenues from taxes increased by \$62,368, which is primarily attributable to: (1) a \$12,337 or 7.2% increase in property tax revenue in the General Fund, (2) a \$15,479 or 9.3% increase in sales tax revenue in the General Fund, and (3) a \$4,893 or 4.9% increase in property tax revenue for the Debt Service Fund as a result of increased property valuation, new construction, and annexation. Revenues for the utilities category, which is represented in the City’s General Fund, increased by \$34,379 or 15.5%. This is primarily attributed to an increase of \$24,262 in the City’s payment from CPS Energy, which is based on CPS Energy’s gross revenues. CPS Energy revenues are impacted by a number of variables such as fuel costs, weather, types of electric generation used, as well as other factors.

The total fund balance of the General Fund at year-end was \$161,476, an increase of \$43,063 from the total fund balance of \$118,413 for the close of fiscal year 2005. The total unreserved General Fund balance for fiscal year 2006 is \$149,610, which represents \$47,087 in designated and \$102,523 in undesignated fund balance. The undesignated fund balance, which represents amounts available for additional appropriations, in the General Fund at the close of the fiscal year increased by \$26,983 from the previous year.

The total fund balance of the Debt Service Fund at year-end was \$92,443; an increase of \$7,316 from the total fund balance for the close of fiscal year 2005. The entire fund balance is reserved for payment of debt service.

The Convention Center Hotel Finance Corporation has a total fund balance of \$153,090, which is available for the payment of costs associated with the design, development, and construction of the Convention Center Hotel Project.

The Categorical Grant-In Aid has a total deficit fund balance of \$10,829. The City engaged in a grant reconciliation effort beginning September 2006 and ending February 2007. The City’s departmental fiscal staff was required to validate data in the City’s financial system relating to grants. With this effort, the City determined that due to providing more services to the community, the City spent dollars in excess of the grant allocations. These deficits will be funded through future budget processes.

**General Fund Budgetary Highlights**

<b>Significant Variances in Budget Appropriations (Budgetary Basis) General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Results</b>
General Government	\$ 96,556	\$ 95,473	\$ 71,140
Public Safety	420,984	431,504	429,052
Public Works	10,971	10,976	10,769
Health Services	12,125	12,651	12,413
Sanitation	2,867	2,916	2,864
Welfare	23,097	25,913	23,504
Culture and Recreation	71,251	72,353	71,938
Economic Development and Opportunity	4,177	4,461	4,067
Transfers to Other Funds	87,142	90,414	90,281
<b>Total</b>	<b>\$ 729,170</b>	<b>\$ 746,661</b>	<b>\$ 716,028</b>

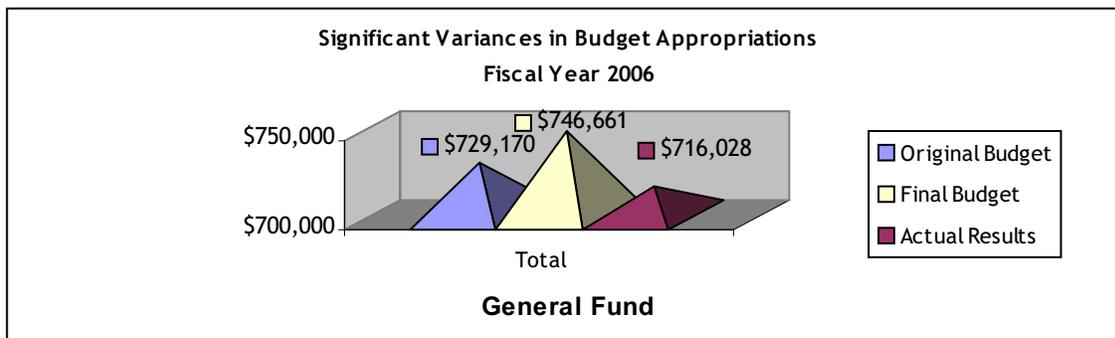
Changes in original budget appropriations to the final amended budget appropriations were a \$17,491 increase in appropriations. This increase can be summarized by the following discussion:

- General Government has a \$1,083 decrease composed of \$9,145 of budget carry forwards and a \$10,228 budget decrease. Of the \$9,145 of budget carry forwards, \$4,772 is for special projects and \$2,051 is nondepartmental carry forwards. The \$10,228 budget decrease is made up of a \$6,956 due to the indirect cost reallocation, decreases in special nondepartmental of \$1,253, in addition to other budget increases and decreases in various departments resulting in a net budget reduction of \$2,019.
- Of the \$10,520 increase in Public Safety, \$3,143 is due to budget carry forwards and \$7,377 of budget increases. Major increases to budget carry forwards include \$1,549 within the Police Department and \$824 for the Fire Department. The \$7,377 budget increase is attributable to increases to the Police and Fire Departments of \$1,317 and \$6,060 respectively. Of the \$1,317 budget increase within the Police Department, \$513 is due increases to budgeted salaries, a \$300 budget increase for Helicopter Detail purchases and other assorted commodity and capital outlay purchases. Significant increases in the Fire Department’s budget include a \$4,250 increase for overtime salaries and \$1,331 for increases to commodity purchases such as parts for automotive maintenance.
- Health Services had a \$526 budget increase, which consists of \$382 of budget carry forwards and \$144 of budget increases.
- Of the \$2,816 increase in Welfare; \$2,243 of the increase is due to budget carry forwards and \$573 is due to a budget increase.
- Culture and Recreation’s \$1,102 increase is due to a \$678 increase for budget carry forwards and a \$424 increase in budget. The increase in budget carry forwards is primarily due to increases in the Library and Parks and Recreation departments of \$294 and \$369, respectively. The \$424 increase in budget is \$112 and \$312 within the Library and Parks and Recreation departments, respectively.
- The \$284 increase in Economic Development and Opportunity is due to a \$255 increase in budget carry forwards and a \$29 budget increase.
- The \$3,272 increase in transfers is due to \$694 in budget carry forwards and the creation of a transfer to Environmental Services for the implementation of automated trash pickup in the amount of \$1,582 funded from various government functions. In addition, budgets were adjusted based on ordinances that were passed throughout the year.

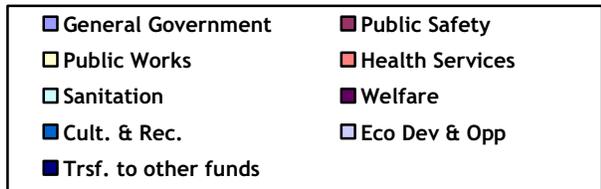
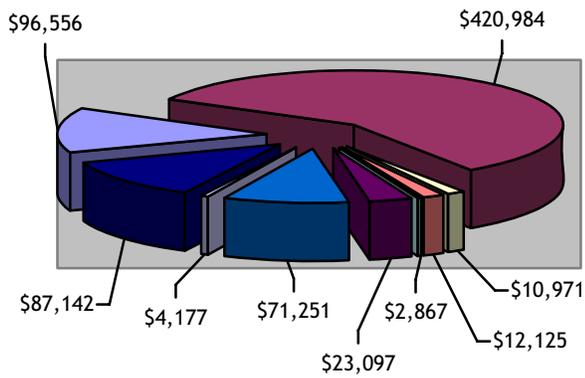
Final budgeted appropriations for the General Fund were \$746,661, while actual expenditures were \$716,028, creating a positive variance of \$30,633. Significant variances are as follows:

- General Government had a \$24,333 positive variance, which is composed of \$9,327 of budgeted personnel expenditures, \$11,021 in various contractual services, \$2,124 in other expenditures due to savings in civilian retiree payouts and phone and fax services, \$1,911 in unrealized expenditures for commodities such as supplies, repair, and maintenance, and a negative variance of \$50 for capital outlay.
- Public Safety has a positive variance of \$2,452, which is composed of a negative variance of \$4,410 for budgeted salaries primarily due to overtime and related benefits, \$2,112 for various contractual services, \$1,430 for commodities such as supplies, \$3,538 for other expenditures such as wireless data, radio and fuel charges, and negative variance of \$218 for capital outlay.
- Welfare has a positive variance of \$2,409, primarily because contributions to other agencies were under budget.

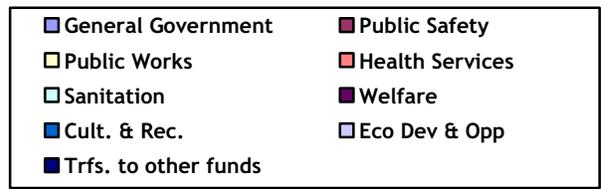
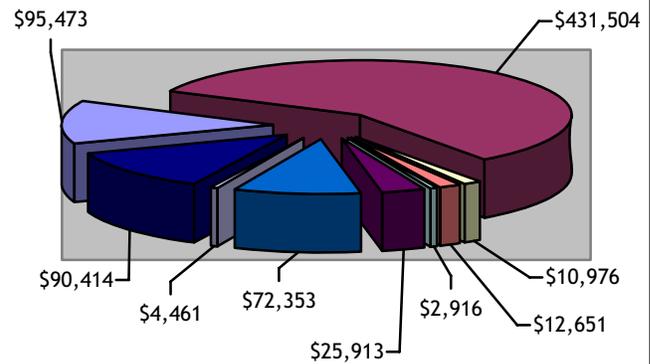
The following charts provide a comparison of the City’s budget appropriations.



**Budget Appropriations by Function  
Original Budget - General Fund**



**Budget Appropriations by Function  
Final Budget - General Fund**



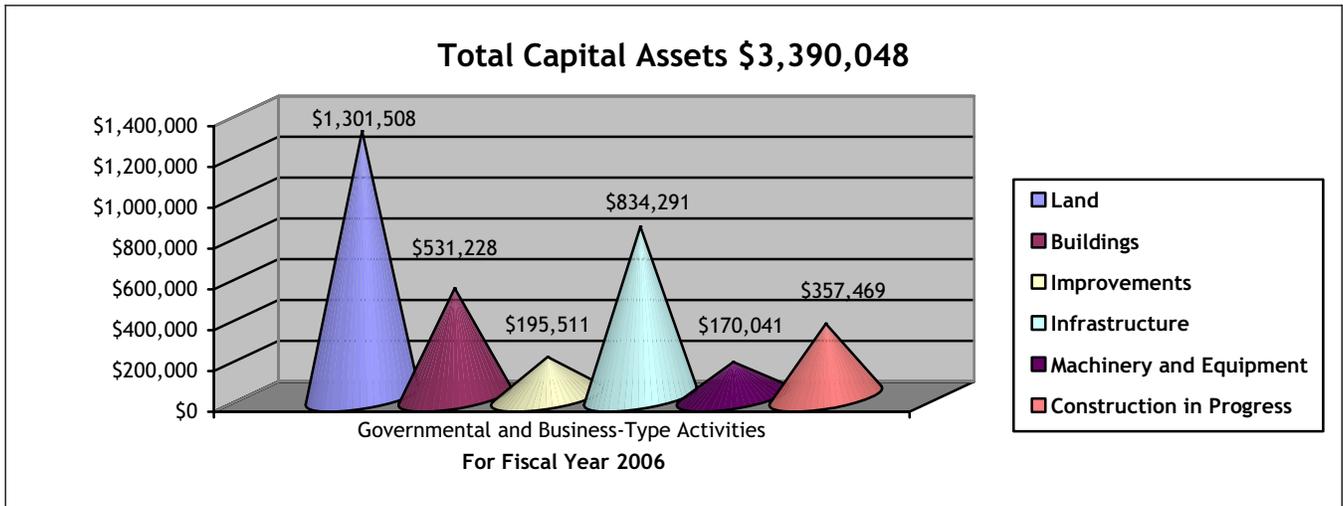
**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2006 amounts to \$3,390,048 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$13,749, which comprises a \$1,619 increase for governmental activities and a \$12,130 increase for business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,289,520	\$ 1,268,142	\$ 11,988	\$ 11,988	\$ 1,301,508	\$ 1,280,130
Buildings	428,398	228,284	102,830	106,049	531,228	334,333
Improvements	98,927	65,579	96,584	84,039	195,511	149,618
Infrastructure	834,291	796,202			834,291	796,202
Machinery and Equipment	166,893	95,589	3,148	3,355	170,041	98,944
Construction in Progress	252,149	614,763	105,320	102,309	357,469	717,072
<b>Totals</b>	<b>\$ 3,070,178</b>	<b>\$ 3,068,559</b>	<b>\$ 319,870</b>	<b>\$ 307,740</b>	<b>\$ 3,390,048</b>	<b>\$ 3,376,299</b>

During fiscal year 2006, the City transferred \$342,855 of construction in progress to depreciable asset classes for various completed projects for buildings, improvements, infrastructure, and equipment.

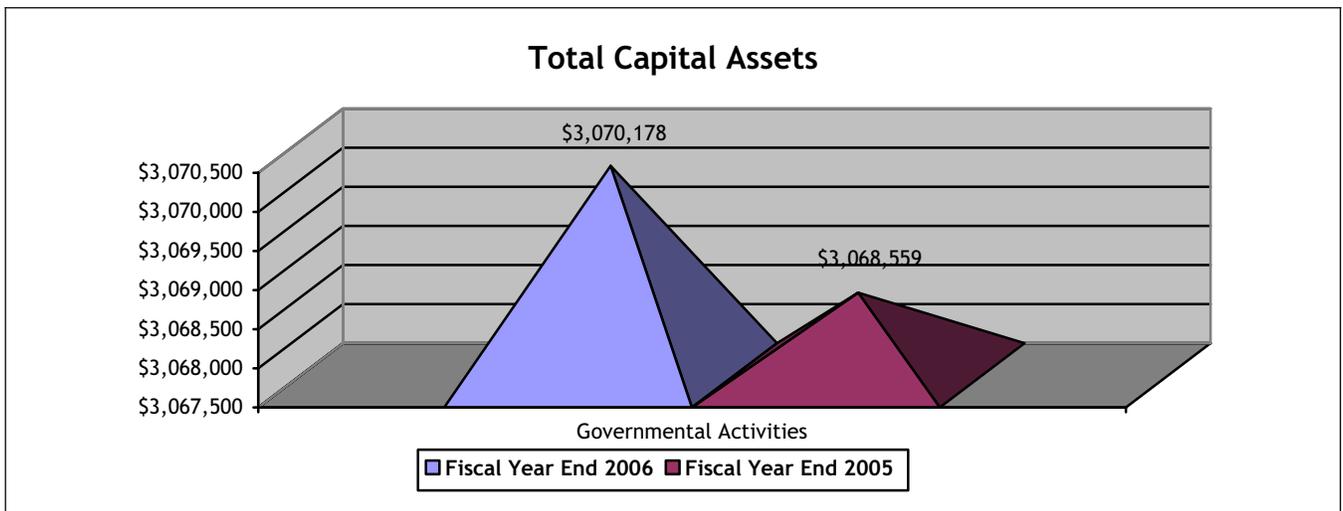
The following schedule provides a summary of the City's capital assets:

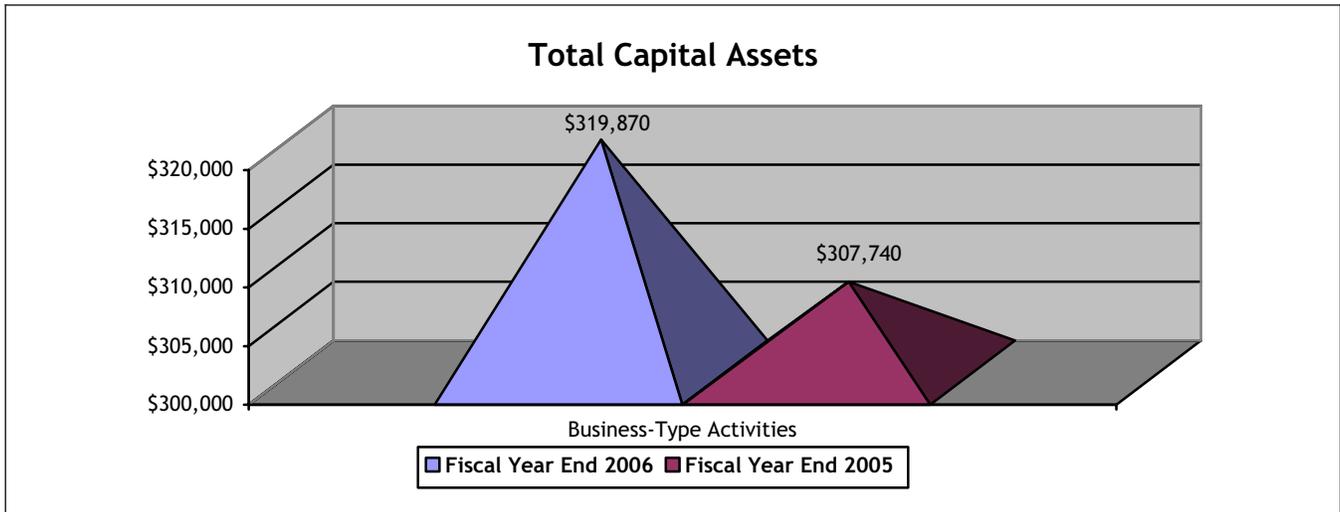


### Change in Capital Assets September 30, 2006

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 4,657,674	\$ 463,486	\$ 5,121,160
Additions	157,088	41,787	198,875
Deletions	(34,421)	(21,152)	(55,573)
Accumulated Depreciation	<u>(1,710,163)</u>	<u>(164,251)</u>	<u>(1,874,414)</u>
Ending Balance	<u>\$ 3,070,178</u>	<u>\$ 319,870</u>	<u>\$ 3,390,048</u>

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





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 \$1,663,952 in bonds, certificates, revenue bonds, and tax anticipation notes (TANS) a decrease of 2.2% 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.

City of San Antonio's Outstanding Debt September 30, 2006 and 2005			
	Governmental Activities		
	2006	2005	
Bonds Payable:			
General Obligation Bonds	\$ 623,075	\$ 658,450	
Tax-Exempt Certificate of Obligation	183,455	194,675	
Taxable Certificates of Obligation	6,170	6,850	
Tax Anticipation Notes	37,600		
Revenue Bonds	551,767	556,152	
Total	\$ 1,402,067	\$ 1,416,127	
	Business-Type Activities		
	2006	2005	
Bonds Payable:			
General Obligation Bonds	\$ -	\$ 12,115	
Revenue Bonds	261,885	272,100	
Total	\$ 261,885	\$ 284,215	

On September 30, 2006, outstanding bonds, certificates and tax notes debt totaled \$1,402,067 for governmental activities. In 2006, the City issued additional indebtedness for a total of \$70,690. The \$70,690 was composed of \$33,090 in general obligation forward refunding bonds and \$37,600 in tax notes. The general obligation forward refunding bonds were utilized to refund a portion of the City's outstanding tax supported debt and pay issuance costs. Additionally, in July 2006 the City issued \$37,600 in tax notes that were utilized for: (1) constructing public safety improvements, including construction of new fire stations and renovating and improving existing fire stations and the Services Facility; (2) constructing drainage improvements, sidewalk improvements, bridge improvements, street improvements and drainage incidental thereto; (3) constructing improvements and renovations to existing municipal facilities or other public facilities, including the Plaza de Armas Building, Records Storage Facility, and Pearsall Landfill; (4) acquiring, constructing, renovating and improving the City's library system; (5) acquiring, constructing, and renovating park facilities, including Brackenridge Park, LaVillita Assembly Hall Complex, and the Normoyle Community Center; (6) acquiring land for park facilities; (7) constructing utility system and other infrastructure improvements at Kelly USA; (8) constructing and equipping certain downtown public restroom facilities; and (9) constructing public health and safety improvements, including acquisition, design and construction of Emergency Operations Center, Animal Care Facility and Medical Center Area Senior Multi-Services and Health Center.

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

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

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year ended 2006 was \$56,750,907, which provides a debt ceiling of \$5,675,091.

**Currently Known Facts**

The City issued numerous debt issuances after fiscal year end. In September 2006, a \$72,620 Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2006, was issued and was delivered in October 2006. In November 2006, the City issued a \$170,785 General Improvement and Refunding Bonds, Series 2006 and a \$17,850 Airport System Revenue Refunding Bonds, Series 2006. In May 2007, the City approved the issuance of \$60,000 in Tax Notes, Series 2007. Additionally in May 2007, the City held an election on \$550,000 in general obligation bonds, which were approved by the voters. For more information on these issuances, please see Note 17, Subsequent Events.

In May 2007, the City approved new collective bargaining agreements with the International Association of Fire Fighters Local 624 and with the San Antonio Police Officer's Association, the amounts of \$44,400 and \$43,500, respectively. The terms of these contracts run through September 30, 2009. For more information on these contracts, please see Note 17, Subsequent Events.

**Requests for Information**

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

City of San Antonio, Texas



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*Basic Financial Statements*

**CITY OF SAN ANTONIO, TEXAS**

**Statement of Net Assets**

As of September 30, 2006

(In Thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 25,183	\$ 1,532	\$ 26,715	\$ 127,541
Investments	291,137	20,208	311,345	267,139
Receivables, Net	103,317	8,711	112,028	209,774
Due from:				
Fiduciary Funds	600		600	
Other Governmental Agencies, Net	3,373		3,373	2,429
Internal Balances	6,297	(6,297)		
Materials and Supplies, at Cost	5,954	730	6,684	154,393
Prepaid Expenses	1,209	17	1,226	57,252
Deposits	38		38	
Restricted Assets:				
Cash and Cash Equivalents	116,830	19,620	136,450	66,414
Investments	452,039	194,838	646,877	1,408,887
Receivables	46,389		46,389	
Accrued Interest	4,202	2,191	6,393	7,187
Deposits	261		261	
Due from:				
Other Governmental Agencies	2,276		2,276	
Capital Assets:				
Non Depreciable	1,541,669	117,308	1,658,977	986,053
Depreciable, Net	1,528,509	202,562	1,731,071	6,516,108
Assets Held for Resale				2,760
Prepaid Rent Long-Term - Leaseback				496,392
Unamortized Debt Expense	21,474	4,245	25,719	41,777
<b>Total Assets</b>	<u>4,150,757</u>	<u>565,665</u>	<u>4,716,422</u>	<u>10,344,106</u>
<b>Liabilities:</b>				
Accounts Payable and Other Current Liabilities	102,506	19,314	121,820	320,589
Unearned Revenues	12,654	435	13,089	2,498
Accrued Interest		3,422	3,422	165,850
Due to:				
Other Governmental Agencies	802		802	1,066
Restricted Liabilities:				
Accounts Payable - Other	48,048		48,048	13,712
Unearned Revenue	11,738		11,738	
Accrued Interest	10,626		10,626	
Due to:				
Other Governmental Agencies	3,203		3,203	
Noncurrent Liabilities:				
Due within One Year	137,069	11,414	148,483	1,050,336
Due in More Than One Year	1,538,111	255,376	1,793,487	4,387,234
<b>Total Liabilities</b>	<u>1,864,757</u>	<u>289,961</u>	<u>2,154,718</u>	<u>5,941,285</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	1,998,751	240,764	2,239,515	3,153,148
Restricted for:				
Debt Service	91,740	27,700	119,440	23,920
Equipment Renewal and Replacement Conservation				669,066
Perpetual Care:				180,389
Expendable	3,102		3,102	
Nonexpendable	10,182		10,182	
Unrestricted	182,225	7,240	189,465	376,298
<b>Total Net Assets</b>	<u>\$ 2,286,000</u>	<u>\$ 275,704</u>	<u>\$ 2,561,704</u>	<u>\$ 4,402,821</u>

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

CITY OF SAN ANTONIO, TEXAS

Statement of Activities

Year Ended September 30, 2006

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 62,230	\$ 66,575	\$ 867	\$ 7
Public Safety	455,341	9,320	8,347	1,958
Public Works	201,941	37,472	3,864	
Sanitation	3,112			260
Health Services	87,283	15,852	40,108	46
Culture and Recreation	90,521	18,947	6,057	
Convention and Tourism	81,098	19,659		
Conservation	146			
Urban Redevelopment and Housing	16,821	126	19,479	
Welfare	134,554	341	111,888	
Economic Development Opportunity	58,388	3,135	4,494	
Interest on Long-Term Debt	65,960			
<b>Total Governmental Activities</b>	<b>1,257,395</b>	<b>171,427</b>	<b>195,104</b>	<b>2,271</b>
<b>Business-Type Activities:</b>				
Airport System	53,821	49,997		7,710
Parking Facilities	9,191	10,273		
Environmental Services	61,318	60,090		
<b>Total Business-Type Activities</b>	<b>124,330</b>	<b>120,360</b>		<b>7,710</b>
<b>Total Primary Government</b>	<b>\$ 1,381,725</b>	<b>\$ 291,787</b>	<b>\$ 195,104</b>	<b>\$ 9,981</b>
<b>Component Units:</b>				
San Antonio Water System	\$ 300,128	\$ 328,170	\$	\$ 81,409
CPS Energy	1,699,090	1,682,719		68,090
Other Component Units	55,323	16,757		64,854
<b>Total Component Units</b>	<b>\$ 2,054,541</b>	<b>\$ 2,027,646</b>	<b>\$</b>	<b>\$ 214,353</b>

**General Revenues:**

Taxes:

- Property Taxes
- General Sales and Use Taxes
- Selective Sales and Use Taxes
- Gross Receipts Business Taxes
- Occupancy Taxes
- Penalties and Interest on Delinquent Taxes

Revenues from Utilities

Investment Earnings

Miscellaneous

Gain on Sale of Capital Assets

Special Items

Transfers, net

**Total General Revenues, Special Items, and Transfers**

**Change in Net Assets**

Net Assets - Beginning of Fiscal Year

Prior Period Adjustment

**Net Assets - End of Fiscal Year**

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

CITY OF SAN ANTONIO, TEXAS

Statement of Activities

Year Ended September 30, 2006

(In Thousands)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
PRIMARY GOVERNMENT			COMPONENT UNITS
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ 5,219	\$ -	\$ 5,219	\$ -
(435,716)		(435,716)	
(160,605)		(160,605)	
(2,852)		(2,852)	
(31,277)		(31,277)	
(65,517)		(65,517)	
(61,439)		(61,439)	
(146)		(146)	
2,784		2,784	
(22,325)		(22,325)	
(50,759)		(50,759)	
(65,960)		(65,960)	
(888,593)		(888,593)	
	3,886	3,886	
	1,082	1,082	
	(1,228)	(1,228)	
	3,740	3,740	
(888,593)	3,740	(884,853)	
			109,451
			51,719
			26,288
			187,458
276,728		276,728	
210,141		210,141	
4,932		4,932	
30,415		30,415	
58,678		58,678	
3,851		3,851	
256,541		256,541	
38,385	10,023	48,408	69,862
14,881	10,958	25,839	6,448
2,427	64	2,491	3,525
	10,870	10,870	(3,584)
1,021	(1,021)		
898,000	30,894	928,894	76,251
9,407	34,634	44,041	263,709
2,276,593	241,070	2,517,663	4,155,753
			(16,641)
\$ 2,286,000	\$ 275,704	\$ 2,561,704	\$ 4,402,821

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

**Balance Sheet**  
**Governmental Funds**  
**As of September 30, 2006**

(In Thousands)

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	CONVENTION CENTER HOTEL FINANCE CORPORATION	CATEGORICAL GRANT-IN AID	NONMAJOR GOVERNMENTAL FUNDS	
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 6,500	\$ -	\$ -	\$ -	\$ 13,178	\$ 19,678
Investments	72,846				149,072	221,918
Receivables	100,329				50,576	150,905
Allowance for Uncollectibles	(24,006)				(26,601)	(50,607)
Prepaid Expenditures	190					190
Due from:						
Other Funds	33,736				3,738	37,474
Other Governmental Agencies	1,547				1,782	3,329
Materials and Supplies, at Cost	3,045				1,402	4,447
Restricted Assets:						
Cash and Cash Equivalents		14,141	15,489	181	87,019	116,830
Investments		76,311	143,655	87	231,986	452,039
Receivables		6,807	439	24,686	18,659	50,591
Deposits					261	261
Due from:						
Other Funds		791		238	5,928	6,957
Other Governmental Agencies				50	2,226	2,276
<b>Total Assets</b>	<u>\$ 194,187</u>	<u>\$ 98,050</u>	<u>\$ 159,583</u>	<u>\$ 25,242</u>	<u>\$ 539,226</u>	<u>\$ 1,016,288</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities:</b>						
Vouchers Payable	\$ 3,996	\$ -	\$ -	\$ -	\$ 10,947	\$ 14,943
Accounts Payable - Other	4,967				6,520	11,487
Accrued Payroll	9,706				2,248	11,954
Accrued Leave Payable	5,618				1,366	6,984
Unearned Revenues	6,743				5,908	12,651
Due to:						
Other Funds	1,654				10,754	12,408
Other Governmental Agencies	27				64	91
Restricted Liabilities:						
Vouchers Payable			4,064	4,515	2,744	11,323
Accounts Payable - Other			2,429	3,256	30,208	35,893
Accrued Payroll				703	129	832
Unearned Revenues		5,607		5,703	7,316	18,626
Due to:						
Other Funds				21,747	8,243	29,990
Other Governmental Agencies				147	3,056	3,203
<b>Total Liabilities</b>	<u>32,711</u>	<u>5,607</u>	<u>6,493</u>	<u>36,071</u>	<u>89,503</u>	<u>170,385</u>
<b>Fund Balances:</b>						
Reserved:						
Reserved for Encumbrances	8,631		3,697		165,688	178,016
Reserved for Material and Supplies	3,045				1,402	4,447
Reserved for Prepaid Expenditures	190					190
Reserved for Debt Service		92,443				92,443
Unreserved:						
Designated: Major Funds	47,087					47,087
Designated: Special Revenue Funds					2,518	2,518
Designated: Permanent Funds					3,102	3,102
Undesignated: Major Funds	102,523					102,523
Undesignated: Special Revenue Funds				(10,829)	177,287	166,458
Undesignated: Capital Projects Funds			149,393		89,553	238,946
Undesignated: Permanent Funds					10,173	10,173
<b>Total Fund Balances</b>	<u>161,476</u>	<u>92,443</u>	<u>153,090</u>	<u>(10,829)</u>	<u>449,723</u>	<u>845,903</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 194,187</u>	<u>\$ 98,050</u>	<u>\$ 159,583</u>	<u>\$ 25,242</u>	<u>\$ 539,226</u>	<u>\$ 1,016,288</u>

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

**Reconciliation of the Balance Sheet to the Statement of Net Assets**

**Governmental Activities**

**As of September 30, 2006**

(In Thousands)

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

<b>Fund Balances - Total Governmental Funds</b>	\$	845,903
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
<b>Governmental Capital Assets:</b>		
Land	1,289,520	
Construction in Progress	252,149	
Buildings	633,904	
Improvements	145,533	
Infrastructure	2,151,113	
Machinery and Equipment	177,873	
Less: Accumulated Depreciation	<u>(1,630,475)</u>	
<b>Total Governmental Capital Assets</b>		3,019,617
<p>Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are not reported in the governmental funds (See Note 14).</p>		
		8,750
<p>Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are reported with governmental activities in the Statement of Net Assets.</p>		
		65,611
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds (See Note 14).</p>		
Governmental Bonds Payable	(1,417,507)	
Premium on Bonds	(48,189)	
Deferred Amount on Refunding	8,598	
Leases Payable	(9,436)	
Amounts Received from Notes and Loans	(58,005)	
Other Payables	(8,003)	
Unamortized Debt Expense	21,474	
Accrued Interest	(10,626)	
Arbitrage Rebate	(401)	
Compensated Absences	<u>(131,786)</u>	
		<u>(1,653,881)</u>
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>2,286,000</u></b>

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

CITY OF SAN ANTONIO, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2006

(In Thousands)

	MAJOR FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	CONVENTION CENTER HOTEL FINANCE CORPORATION	CATEGORICAL GRANT-IN AID	NONMAJOR GOVERNMENTAL FUNDS	
<b>Revenues:</b>						
Taxes:						
Property Taxes	\$ 183,566	\$ 103,816	\$ -	\$ -	\$ 1,966	\$ 289,348
General Sales and Use Taxes	177,806				32,335	210,141
Selective Sales and Use Taxes	4,932					4,932
Gross Receipts Business Taxes	30,823					30,823
Occupancy Taxes					58,672	58,672
Penalties and Interest on Delinquent Taxes	2,233	1,204			26	3,463
Licenses and Permits	19,765					19,765
Intergovernmental	3,446			152,361	36,478	192,285
Revenues from Utilities	256,368					256,368
Charges for Services	35,277				85,264	120,541
Fines and Forfeits	10,948					10,948
Miscellaneous	8,426	272		2,540	16,067	27,305
Contributions			19,871			19,871
Investment Earnings	5,404	4,751	5,626		20,049	35,830
In-Kind Contributions				15,617		15,617
<b>Total Revenues</b>	<b>738,994</b>	<b>110,043</b>	<b>25,497</b>	<b>170,518</b>	<b>250,857</b>	<b>1,295,909</b>
<b>Expenditures:</b>						
Current:						
General Government	66,956			995	12,721	80,672
Public Safety	427,598			9,571	3,062	440,231
Public Works	10,769			10,522	98,406	119,697
Health Services	12,033			17,640	56,585	86,258
Sanitation	2,857			280		3,137
Welfare	21,739			115,369	603	137,711
Culture and Recreation	71,496			2,398	13,242	87,136
Convention and Tourism			35,251		52,258	87,509
Urban Redevelopment and Housing				1,509	16,029	17,538
Economic Development and Opportunity	3,973			267	7,438	11,678
Capital Projects					115,229	115,229
Debt Service:						
Principal Retirement		61,865				61,865
Interest		61,406	10,442			71,848
Bond Escrow Agent		5				5
Issuance Costs		429				429
<b>Total Expenditures</b>	<b>617,421</b>	<b>123,705</b>	<b>45,693</b>	<b>158,551</b>	<b>375,573</b>	<b>1,320,943</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>121,573</b>	<b>(13,662)</b>	<b>(20,196)</b>	<b>11,967</b>	<b>(124,716)</b>	<b>(25,034)</b>
<b>Other Financing Sources (Uses)</b>						
Long-Term Debt Issued		33,090			37,600	70,690
Payments to Refunded Bond Escrow Agent		(34,927)				(34,927)
Amounts from Notes and Loans					63,218	63,218
Premium on Long-Term Debt		2,251				2,251
Transfers In	11,467	20,564		6,766	189,244	228,041
Transfers Out	(89,977)			(25,628)	(115,685)	(231,290)
<b>Total Other Financing Sources (Uses)</b>	<b>(78,510)</b>	<b>20,978</b>		<b>(18,862)</b>	<b>174,377</b>	<b>97,983</b>
<b>Net Change in Fund Balances</b>	<b>43,063</b>	<b>7,316</b>	<b>(20,196)</b>	<b>(6,895)</b>	<b>49,661</b>	<b>72,949</b>
Fund Balances, October 1	118,413	85,127	173,286	(3,934)	400,062	772,954
<b>Fund Balances, September 30</b>	<b>\$ 161,476</b>	<b>\$ 92,443</b>	<b>\$ 153,090</b>	<b>\$ (10,829)</b>	<b>\$ 449,723</b>	<b>\$ 845,903</b>

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended September 30, 2006**

(In Thousands)

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	72,949
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.</p>		
Expenditures for Capital Assets	137,144	
Less: Current Year Deletions	(24,142)	
Less: Current Year Depreciation	(116,261)	(3,259)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(15,208)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments (See Note 14).</p>		
Bond and Loan Amounts	(136,159)	
Other Long-Term Liabilities	(20,118)	
Payments to Escrow Agent	34,927	
Amortization of Bond Premiums and Deferred Charges, Net	(3,057)	
Principal Payments	61,865	(62,542)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (See Note 14).</p>		
		2,597
<p>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.</p>		
		14,870
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>9,407</b>

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

Statement of Net Assets

Proprietary Funds

As of September 30, 2006

(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING SYSTEM	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 1,116	\$ 374	\$ 42	\$ 1,532	\$ 5,505
Investments	14,100	5,574	534	20,208	69,219
Receivables:					
Other Accounts	3,482	83	150	3,715	1,869
Less: Allowance for Uncollectibles	(859)	(53)		(912)	(149)
Accrued Interest	172	52	1	225	733
Accrued Revenue	833		4,850	5,683	1
Due from Other Funds	1,068	85	48	1,201	1,013
Due from Other Governmental Agencies					67
Less: Allowance for Uncollectibles					(23)
Materials and Supplies, at Cost	511	208	11	730	1,507
Prepaid Expenses	17			17	1,019
Deposits					38
<b>Total Current Assets</b>	<u>20,440</u>	<u>6,323</u>	<u>5,636</u>	<u>32,399</u>	<u>80,799</u>
<b>Noncurrent Assets:</b>					
<b>Restricted Assets:</b>					
Debt Service Accounts:					
Cash and Cash Equivalents	5,600	1,524		7,124	
Investments	22,730	480		23,210	
Receivables - Accrued Interest	270	10		280	
Due from Other Funds	130			130	
Construction Accounts:					
Cash and Cash Equivalents	9,235		31	9,266	
Investments	118,414	7,644	390	126,448	
Receivables - Accrued Interest	1,330	81	39	1,450	
Due from Other Funds					
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	3,032	137	38	3,207	
Investments	42,696	1,714	476	44,886	
Receivables - Accrued Interest	391	19	5	415	
Other Restricted Accounts:					
Cash and Cash Equivalents	23			23	
Investments	294			294	
Receivables - Accrued Interest	46			46	
Due from Other Funds	56			56	
<b>Total Restricted Assets</b>	<u>204,247</u>	<u>11,609</u>	<u>979</u>	<u>216,835</u>	
<b>Capital Assets:</b>					
Land	2,970	8,125	893	11,988	
Buildings	144,248	30,136	46	174,430	178
Improvements	170,860	2,095	3,622	176,577	530
Machinery and Equipment	11,359	579	3,868	15,806	129,541
Construction in Progress	103,986	1,334		105,320	
<b>Total Capital Assets</b>	<u>433,423</u>	<u>42,269</u>	<u>8,429</u>	<u>484,121</u>	<u>130,249</u>
Less: Accumulated Depreciation	<u>149,350</u>	<u>11,094</u>	<u>3,807</u>	<u>164,251</u>	<u>79,688</u>
<b>Net Capital Assets</b>	<u>284,073</u>	<u>31,175</u>	<u>4,622</u>	<u>319,870</u>	<u>50,561</u>
Unamortized Debt Expense	<u>3,708</u>	<u>537</u>		<u>4,245</u>	
<b>Total Noncurrent Assets</b>	<u>492,028</u>	<u>43,321</u>	<u>5,601</u>	<u>540,950</u>	<u>50,561</u>
<b>Total Assets</b>	<u>\$ 512,468</u>	<u>\$ 49,644</u>	<u>\$ 11,237</u>	<u>\$ 573,349</u>	<u>\$ 131,360</u>

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

CITY OF SAN ANTONIO, TEXAS

Statement of Net Assets

Proprietary Funds

As of September 30, 2006

(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING SYSTEM	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
<b>Payable from Current Assets:</b>					
Vouchers Payable	\$ 528	\$ 41	\$ 1,637	\$ 2,206	\$ 7,345
Accounts Payable-Other	9,039	102	2,163	11,304	55,774
Accrued Payroll	563	114	651	1,328	1,003
Accrued Leave Payable	236	32	258	526	439
Unearned Revenues	425	10		435	1,300
Accrued Interest			1	1	
Lease Purchase					293
Due to Other Funds					2,494
<b>Total Payable from Current Assets</b>	<u>10,791</u>	<u>299</u>	<u>4,710</u>	<u>15,800</u>	<u>68,648</u>
<b>Payable from Restricted Assets:</b>					
Vouchers Payable	4,392	82	2	4,476	
Accrued Bond and Certificate Interest	3,205	216		3,421	
Current Portion of Bonds and Certificates	9,605	620		10,225	
Due to Other Funds	1,254	85		1,339	
Lease Purchase			115	115	
Other Payables	198	7	343	548	
<b>Payable from Restricted Assets</b>	<u>18,654</u>	<u>1,010</u>	<u>460</u>	<u>20,124</u>	
<b>Total Current Liabilities</b>	<u>29,445</u>	<u>1,309</u>	<u>5,170</u>	<u>35,924</u>	<u>68,648</u>
<b>Noncurrent Liabilities:</b>					
Revenue Bonds, Net of Current Portion	228,885	22,775		251,660	
Unamortized Premium/Discount					
on New Series	3,464	349		3,813	
Less: Deferred Amount on Refunding	(2,987)	(403)		(3,390)	
Accrued Leave Payable	1,182	158	1,292	2,632	2,197
Lease Purchase					538
Due to Other Governmental Agencies					711
Other Payables			661	661	
<b>Total Noncurrent Liabilities</b>	<u>230,544</u>	<u>22,879</u>	<u>1,953</u>	<u>255,376</u>	<u>3,446</u>
<b>Total Liabilities</b>	<u>259,989</u>	<u>24,188</u>	<u>7,123</u>	<u>291,300</u>	<u>72,094</u>
<b>Net Assets:</b>					
Invested In Capital Assets, Net of Related Debt	218,101	18,041	4,622	240,764	44,323
Restricted:					
Debt Service	25,911	1,789		27,700	
Unrestricted	8,467	5,626	(508)	13,585	14,943
<b>Total Net Assets</b>	<u>\$ 252,479</u>	<u>\$ 25,456</u>	<u>\$ 4,114</u>	<u>\$ 282,049</u>	<u>\$ 59,266</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(6,345)	
				<u>\$ 275,704</u>	
			<b>Net Assets of Business-Type Activities</b>	<u>\$ 275,704</u>	

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

**CITY OF SAN ANTONIO, TEXAS**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**Proprietary Funds**

Year Ended September 30, 2006

(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING SYSTEM	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
<b>Operating Revenues:</b>					
Charges for Services	\$ 49,997	\$ 10,273	\$ 60,090	\$ 120,360	\$ 201,372
<b>Total Operating Revenues</b>	<u>49,997</u>	<u>10,273</u>	<u>60,090</u>	<u>120,360</u>	<u>201,372</u>
<b>Operating Expenses:</b>					
Personal Services	19,347	4,218	25,100	48,665	34,743
Contractual Services	4,094	346	19,796	24,236	14,973
Commodities	1,346	227	3,699	5,272	4,813
Materials					20,089
Claims					93,267
Other	5,196	1,113	12,295	18,604	17,695
Depreciation	7,635	860	424	8,919	13,042
<b>Total Operating Expenses</b>	<u>37,618</u>	<u>6,764</u>	<u>61,314</u>	<u>105,696</u>	<u>198,622</u>
<b>Operating Income (Loss)</b>	<u>12,379</u>	<u>3,509</u>	<u>(1,224)</u>	<u>14,664</u>	<u>2,750</u>
<b>Nonoperating Revenues (Expenses):</b>					
Interest	9,045	798	180	10,023	2,728
Other Nonoperating Revenue	10,369		589	10,958	2,927
Gain on Sale of Capital Assets	61		3	64	2,427
Interest and Debt Expense	(12,747)	(1,247)	(13)	(14,007)	(37)
Other Nonoperating Expense	(3,590)	(1,232)		(4,822)	
<b>Total Nonoperating Revenues (Expenses)</b>	<u>3,138</u>	<u>(1,681)</u>	<u>759</u>	<u>2,216</u>	<u>8,045</u>
Change in Net Assets before Contributions and Transfers	<u>15,517</u>	<u>1,828</u>	<u>(465)</u>	<u>16,880</u>	<u>10,795</u>
Capital Contributions	7,710			7,710	
Indebtedness Assumed by Governmental Activities		10,870		10,870	
<b>Transfers In (Out)</b>					
Transfers In		452	1,701	2,153	7,074
Transfers Out	(191)	(1,417)	(1,566)	(3,174)	(2,804)
<b>Total Transfers</b>	<u>(191)</u>	<u>(965)</u>	<u>135</u>	<u>(1,021)</u>	<u>4,270</u>
<b>Change In Net Assets</b>	<u>23,036</u>	<u>11,733</u>	<u>(330)</u>	<u>34,439</u>	<u>15,065</u>
Net Assets - October 1	<u>229,443</u>	<u>13,723</u>	<u>4,444</u>		<u>44,201</u>
<b>Net Assets - September 30</b>	<u>\$ 252,479</u>	<u>\$ 25,456</u>	<u>\$ 4,114</u>		<u>\$ 59,266</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				195	
<b>Change in Net Assets of Business-Type Activities</b>				<u>\$ 34,634</u>	

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

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2006**  
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			NONMAJOR ENTERPRISE FUND-		TOTALS	INTERNAL SERVICE FUNDS	GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING SYSTEM	ENVIRONMENTAL SERVICES	ENVIRONMENTAL SERVICES	TOTALS			
<b>Cash Flows from Operating Activities:</b>								
Cash Received from Customers	\$ 48,736	\$ 10,367	\$ 59,267		\$ 118,370	\$ 201,675		
Cash Payments to Suppliers for Goods and Services	(7,718)	(1,712)	(35,303)		(44,733)	(144,188)		
Cash Payments to Employees for Service	(18,895)	(4,121)	(24,407)		(47,423)	(33,377)		
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>22,123</b>	<b>4,534</b>	<b>(443)</b>		<b>26,214</b>	<b>24,110</b>		
<b>Cash Flows from Noncapital Financing Activities:</b>								
Other Nonoperating Revenues	10,369		589		10,958	2,927		
Transfers In from Other Funds		452	1,701		2,153	7,074		
Transfers Out to Other Funds	(191)	(1,417)	(1,566)		(3,174)	(2,804)		
Due to Other Funds	(4,223)	(13,609)	(409)		(18,241)	(10,783)		
Due from Other Funds	6,451	13,519	371		20,341	12,617		
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>12,406</b>	<b>(1,055)</b>	<b>686</b>		<b>12,037</b>	<b>9,031</b>		
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Acquisitions and Construction of Capital Assets	(14,210)	(43)	(124)		(14,377)	(17,921)		
Principal Payments on Long-Term Debt	(9,615)	(600)	(148)		(10,363)	(96)		
Interest Paid on Long-Term Debt	(12,853)	(1,338)	(13)		(14,204)	(226)		
Principal Payments on Notes						(37)		
Interest Paid on Notes	61		3		64	2,427		
Proceeds from Sale of Assets	(36,617)	(1,981)	(282)		(38,880)	(15,853)		
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(61)</b>	<b>(1,981)</b>	<b>(282)</b>		<b>(38,880)</b>	<b>(15,853)</b>		
<b>Cash Flows from Investing Activities:</b>								
Purchases of Investment Securities	(419,314)	(32,162)	(2,907)		(454,383)	(18,876)		
Maturity of Investment Securities	411,924	28,547	2,585		443,056	2,386		
Investment Earnings	8,115	741	180		9,036			
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>725</b>	<b>(2,874)</b>	<b>(142)</b>		<b>(2,291)</b>	<b>(16,490)</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,363)</b>	<b>(1,376)</b>	<b>(181)</b>		<b>(2,920)</b>	<b>798</b>		
Cash and Cash Equivalents, October 1	20,369	3,411	292		24,072	4,707		
<b>Cash and Cash Equivalents, September 30</b>	<b>\$ 19,006</b>	<b>\$ 2,035</b>	<b>\$ 111</b>		<b>\$ 21,152</b>	<b>\$ 5,505</b>		

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

**Statement of Cash Flows**  
**Proprietary Funds**  
 Year Ended September 30, 2006  
 (In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTALS	GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING SYSTEM	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	INTERNAL SERVICE FUNDS		
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$ 12,379	\$ 3,509	\$ (1,224)	\$ 14,664	\$ 2,750	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	7,635	860	424	8,919	13,042	
Changes in Assets and Liabilities:						
(Increase) Decrease in Other Accounts Receivable	(1,464)	31	(133)	(1,566)	(902)	
(Increase) Decrease in Allowance for Uncollectibles	419	53	(690)	472	(96)	
(Increase) Decrease in Accrued Revenues	(45)			(735)	2	
Decrease in Due from Other Governmental Agencies					692	
(Increase) Decrease in Materials and Supplies	(11)	1	(2)	(12)	539	
(Increase) In Prepaid Expenses					(290)	
Decrease in Deposits					243	
Increase (Decrease) in Vouchers Payable	131	(18)	468	581	3,379	
Increase (Decrease) in Accounts Payable Other	2,798	(9)	21	2,810	2,778	
Increase (Decrease) in Accrued Payroll	76	5	5	86	(41)	
Increase in Accrued Leave Payable	376	92	688	1,156	1,407	
Increase (Decrease) in Unearned Revenue	(171)	10		(161)	607	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 22,123</b>	<b>\$ 4,534</b>	<b>\$ (443)</b>	<b>\$ 26,214</b>	<b>\$ 24,110</b>	
<b>Noncash Investing, Capital and Financing Activities:</b>						
Indebtedness Assumed by Governmental Activities	\$ -	\$ 10,870	\$ -	\$ 10,870	\$ -	

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, 2006

(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 191,295	\$ 13	\$ 7,296
Security Lending Collateral	226,748		
<b>Investments, at Fair Value:</b>			
U.S. Government and Agency Issues	147,148		1,257
Corporate Bonds	140,558		
Preferred and Common Stock	69,129		
Other	1,493,148	20	
<b>Total Investments, at Fair Value</b>	<b>1,849,983</b>	<b>20</b>	<b>1,257</b>
<b>Receivables:</b>			
Other Accounts	6,295		556
Accrued Interest	6,894		11
Accrued Revenue	1,659		
Prepayments	12		
<b>Total Current Assets</b>	<b>2,282,886</b>	<b>33</b>	<b>9,120</b>
<b>Capital Assets:</b>			
Computer Equipment	76		
Buildings	681		
<b>Total Capital Assets</b>	<b>757</b>		
Less: Accumulated Depreciation	366		
<b>Net Capital Assets</b>	<b>391</b>		
<b>Total Assets</b>	<b>2,283,277</b>	<b>33</b>	<b>\$ 9,120</b>
<b>Liabilities:</b>			
Vouchers Payable	2,465		-
Accounts Payable - Other	8,562		8,520
Accrued Payroll	107		
Due to Other Funds			600
Unearned Revenue	308		
Securities Lending	226,748		
<b>Total Liabilities</b>	<b>238,190</b>		<b>\$ 9,120</b>
<b>Net Assets:</b>			
Held in Trust for Pension Benefits and Other Purposes	<b>\$ 2,045,087</b>	<b>\$ 33</b>	

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

**CITY OF SAN ANTONIO, TEXAS**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

Year Ended September 30, 2006

(In Thousands)

	<b>FIRE AND POLICE PENSION AND HEALTH CARE FUNDS</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b>Additions:</b>		
<b>Contributions:</b>		
Employer	\$ 72,202	\$ -
Employee	26,369	
Other Contributions		1
<b>Total Contributions</b>	98,571	1
<b>Investment Earnings:</b>		
Net Increase in Fair Value of Investments	148,990	
Real Estate Income, Net	9,325	
Interest and Dividends	37,187	1
Securities Lending	9,507	
Other Income	1,481	
<b>Total Investment Earnings</b>	206,490	1
Less Investment Expenses:		
Investment Management Fees and Custodian Fees	(11,791)	
Securities Lending Expenses:		
Borrower Rebates	(8,956)	
Lending Fees	(193)	
<b>Net Investment Income</b>	185,550	1
<b>Total Additions</b>	284,121	2
<b>Deductions:</b>		
Benefits	90,069	
Refunds of Contributions	371	
Administrative Expense	1,655	
Salaries, Wage, and Employee Benefits	564	
<b>Total Deductions</b>	92,659	
<b>Change in Net Assets</b>	191,462	2
Net Assets - October 1	1,853,625	31
<b>Net Assets - September 30</b>	\$ 2,045,087	\$ 33

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

Statement of Net Assets

Component Units

As of September 30, 2006

(In Thousands)

	SAN ANTONIO WATER SYSTEM	CPS ENERGY	NONMAJOR COMPONENT UNITS	TOTAL
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 11,891	\$ 96,548	\$ 19,102	\$ 127,541
Investments	115,716	145,993	5,430	267,139
Receivables:				
Notes			11,764	11,764
Other Accounts	40,530	117,071	3,316	160,917
Accrued Interest	880	36,091	122	37,093
Materials and Supplies, at Cost	4,786	149,545	62	154,393
Due from Other Governmental Agencies			2,429	2,429
Prepaid Expenses	2,111	55,057	84	57,252
<b>Total Current Assets</b>	<b>175,914</b>	<b>600,305</b>	<b>42,309</b>	<b>818,528</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Debt Service Accounts:				
Cash and Cash Equivalents	39	685		724
Investments	24,219	2,895		27,114
Receivables-Accrued Interest		2		2
Construction Accounts:				
Cash and Cash Equivalents	5,328	1		5,329
Investments	171,509	103,174		274,683
Receivables-Accrued Interest		881		881
Repair and Replacement Account:				
Cash and Cash Equivalents		11,338		11,338
Investments		650,525		650,525
Receivables - Accrued Interest		4,147		4,147
Conservation Accounts:				
Investments	2,409			2,409
Other Restricted Accounts:				
Cash and Cash Equivalents		41,806	7,217	49,023
Investments	6,211	447,945		454,156
Receivables - Accrued Interest		2,157		2,157
<b>Total Restricted Assets</b>	<b>209,715</b>	<b>1,265,556</b>	<b>7,217</b>	<b>1,482,488</b>
<b>Capital Assets:</b>				
Land	108,869	58,651	12,586	180,106
Infrastructure			46,033	46,033
Buildings			197,207	197,207
Utility Plant in Service	2,497,609	7,373,168		9,870,777
Machinery and Equipment	109,764		2,693	112,457
Construction in Progress	483,201	296,946	13,201	793,348
Utility Property Leased		18,785		18,785
Nuclear Fuel, Net		485,055		485,055
Nonutility Property - Land		12,599		12,599
<b>Total Capital Assets</b>	<b>3,199,443</b>	<b>8,245,204</b>	<b>271,720</b>	<b>11,716,367</b>
Less: Accumulated Depreciation	861,163	3,302,568	50,475	4,214,206
<b>Net Capital Assets</b>	<b>2,338,280</b>	<b>4,942,636</b>	<b>221,245</b>	<b>7,502,161</b>
Assets Held for Resale	2,760			2,760
Prepaid Rent Long-Term - Leaseback		496,392		496,392
Unamortized Debt Expense	13,761	28,016		41,777
<b>Total Noncurrent Assets</b>	<b>2,564,516</b>	<b>6,732,600</b>	<b>228,462</b>	<b>9,525,578</b>
<b>Total Assets</b>	<b>\$ 2,740,430</b>	<b>\$ 7,332,905</b>	<b>\$ 270,771</b>	<b>\$ 10,344,106</b>

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

## Statement of Net Assets

## Component Units

As of September 30, 2006

(In Thousands)

	SAN ANTONIO WATER SYSTEM	CPS ENERGY	NONMAJOR COMPONENT UNITS	TOTAL
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
<b>Payable from Current Assets:</b>				
Accounts Payable and Other Current Liabilities	\$ 33,540	\$ 256,176	\$ 26,963	\$ 316,679
Sewer Service Collections Payable	276			276
Unearned Revenues			2,498	2,498
Notes Payable	425		3,209	3,634
Due to Other Governmental Agencies			1,066	1,066
<b>Total Payable from Current Assets</b>	<b>34,241</b>	<b>256,176</b>	<b>33,736</b>	<b>324,153</b>
<b>Payable from Restricted Assets:</b>				
Accrued Bond and Certificate Interest	8,280			8,280
Current Portion of Bonds and Certificates	22,415	135,155		157,570
Other Payables	13,712			13,712
<b>Total Payable from Restricted Assets:</b>	<b>44,407</b>	<b>135,155</b>		<b>179,562</b>
<b>Total Current Liabilities</b>	<b>78,648</b>	<b>391,331</b>	<b>33,736</b>	<b>503,715</b>
<b>Noncurrent Liabilities:</b>				
Revenue Bonds, Net of Current Portion	1,351,510	2,832,730		4,184,240
Commercial Paper	98,000	150,000		248,000
Unamortized Premium on New Series Bonds	14,139	102,164		116,303
Plus: Unamortized Discount on New Series Bonds	(13,768)			(13,768)
Deferred Amount on Refunding	(26,243)	(121,298)		(147,541)
Long-Term Lease/Notes Payable	1,027	565,893	63,800	630,720
Other Payables	2,015	417,546	55	419,616
<b>Total Noncurrent Liabilities</b>	<b>1,426,680</b>	<b>3,947,035</b>	<b>63,855</b>	<b>5,437,570</b>
<b>Total Liabilities</b>	<b>1,505,328</b>	<b>4,338,366</b>	<b>97,591</b>	<b>5,941,285</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	1,057,178	1,949,167	146,803	3,153,148
Restricted for Renewal and Replacement		666,010	3,056	669,066
Restricted for Debt Service	15,978	3,582	4,360	23,920
Restricted for Conservation	2,409	177,980		180,389
Unrestricted	159,537	197,800	18,961	376,298
<b>Total Net Assets</b>	<b>\$ 1,235,102</b>	<b>\$ 2,994,539</b>	<b>\$ 173,180</b>	<b>\$ 4,402,821</b>

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

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



CITY OF SAN ANTONIO, TEXAS

Statement of Activities  
 Component Units  
 Year Ended September 30, 2006  
 (In Thousands)

	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			TOTALS
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO WATER SYSTEM	CPS ENERGY	
San Antonio Water System	\$ 300,128	\$ 328,170	\$ 81,409	\$ 109,451	\$ -	\$ 109,451
CPS Energy	1,699,090	1,682,719	68,090		51,719	51,719
Nonmajor Component Units	55,323	16,757	64,854			26,288
<b>Total</b>	<b>\$ 2,054,541</b>	<b>\$ 2,027,646</b>	<b>\$ 214,353</b>	<b>109,451</b>	<b>51,719</b>	<b>187,458</b>
<b>General Revenues:</b>						
Investment Earnings				11,168	57,219	1,475
Miscellaneous						6,448
Gain on Disposal of Capital Assets						3,525
Special Items				(3,584)		(3,584)
<b>Total General Revenues and Special Items</b>				<b>7,584</b>	<b>57,219</b>	<b>11,448</b>
<b>Change in Net Assets</b>				<b>117,035</b>	<b>108,938</b>	<b>37,736</b>
Net Assets - Beginning of Fiscal Year				1,127,844	2,885,601	142,308
Prior Period Adjustment				(9,777)		(6,864)
<b>Net Assets - End of Fiscal Year</b>				<b>\$ 1,235,102</b>	<b>\$ 2,994,539</b>	<b>\$ 173,180</b>

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

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



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Comprehensive Annual Financial Report  
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Year Ended September 30, 2006

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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, and accordingly, the definition of the financial reporting entity is based on accountability.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable (blended), and (c) component units, 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 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 only 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

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, 2006, 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.

**Note 1 Summary of Significant Accounting Policies (Continued)**

**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 is such that the financial statements are blended in with those of the City.

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

**San Antonio Health Facilities  
Development Corporation**

P.O. Box 830504  
San Antonio, Texas 78283-0504  
Contact: Robert Peche  
Telephone No. (210) 207-8040

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

**San Antonio Industrial  
Development Authority**

P.O. Box 830504  
San Antonio, Texas 78283-0504  
Contact: Robert Peche  
Telephone No. (210) 207-8040

The City of San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100 dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as, an industrial development corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects, 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 the City of San Antonio.

**San Antonio Fire and Police  
Pension Fund**

311 Roosevelt  
San Antonio, Texas 78210-2700  
Contact: Warren Schott  
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 three City Council members. The City and Pension Fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state 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.

**San Antonio Texas Municipal  
Facilities Corporation**

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

The City of 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 the City of San Antonio.

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Blended Component Units (Continued)**

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

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 three City Council members, and is funded primarily by contributions from the City and contributions made by active employees and retirees on behalf of their dependents. The City, uniform active employee and retiree contribution rates are established pursuant to the Fire and Police collective bargaining agreements.

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

The City of San Antonio Texas Starbright Industrial Development Corporation (TSIDC) 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 TSIDC is governed by a board of directors, which is comprised of the City Council of the City of San Antonio.

**San Antonio Texas Convention  
Center Hotel Finance  
Corporation**  
100 Military Plaza  
4<sup>th</sup> Floor, City Hall  
San Antonio, Texas 78205-2425  
Contact: Robert Peche  
Telephone No. (210) 207-8040

The City of San Antonio, Texas Convention Center Hotel Finance Corporation (TCCHFC) 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 TCCHFC is governed by a board of directors, which is comprised of the City Council of the City of San Antonio.

**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 Statement No. 14 and Statement No. 39, for inclusion in the reporting entity, and accordingly are included; however, are such that the financial statements are discretely presented alongside, but not blended with those of the City.

**CPS Energy**  
P.O. Box 1771  
San Antonio, Texas 78296-1771  
Contact: Richard E. Williamson  
Telephone No. (210) 353-2397

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 and the Mayor of the City as an ex-officio member. In 2006, City Public Service changed its name to CPS Energy. The user rates for services and charges and the issuance bonds are approved by the City Council.

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**Note 1 Summary of Significant Accounting Policies (Continued)**

**Discretely Presented Component Units (Continued)**

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

On February 13, 1992, the City Council determined it was in the best interests of the citizens of San Antonio and the customers served by the water and wastewater utilities to consolidate all water systems, agencies, and activities into one institution. It was determined that the best mechanism for effecting the consolidation of all water systems, agencies, and activities into a single institution was through a refunding of all the then outstanding water and sewer bonds. The consolidation was consummated on May 19, 1992, with the creation of the San Antonio Water System (SAWS) that included the former City Water Board, Alamo Water Conservation and Re-use District, and the City's Sewer and Stormwater system. It was further determined by the City Council that the interests of the citizens, and the customers would best be served by placing authority for management and control of SAWS, as consolidated, in a board of trustees. This board of trustees includes the City's Mayor as an ex-officio member, along with six members appointed by the City Council for four-year staggered terms. The user rates for user charges and bond issuance authorizations are approved by the City Council.

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

The City of San Antonio Higher Education Authority (SAHEA) 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, all to be done on behalf of the City and its duly constituted authority and instrumentality. In 2001, the SAHEA changed its name to San Antonio Education Facilities Corporation (SAEFC). The act authorizes the SAEFC to issue revenue bonds for these purposes on behalf of the City, but the bonds are not obligations of the City. SAEFC is governed by an eleven-member board of directors appointed by the City Council for two-year terms. Board members are subject to removal by the City Council for cause, or at will, and the City reserves the right to terminate and dissolve the SAEFC at any time.

**San Antonio Development  
Agency**  
P. O. Box 831386  
San Antonio, Texas 78283-1386  
Contact: David D. Garza  
Telephone No. (210) 207-5850

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

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

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 governs the BDA for two-year terms and will oversee the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City has the ability to impose its will on this organization as the City Council has the power to remove board members by adopting a resolution.

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Discretely Presented Component Units (Continued)**

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

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

**Port Authority of San Antonio  
dba Port San Antonio**  
143 Billy Mitchell Blvd., Ste 6  
San Antonio, Texas 78226-1816  
Contact: Bruce Miller  
Telephone No. (210) 362-7800

The 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 and was established for the purpose of monitoring the proposed closing of Kelly; conducting comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly; reviewing all options relative to the most appropriate uses of Kelly and the surrounding area; formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly and submitting such plan to the appropriate agency or agencies of the federal government; and implementing such plan as it relates to Kelly and the surrounding area. The Port is governed by an eleven-member board of directors, appointed by the City Council. The City Council also has the ability to remove appointed members of the organization's governing board at will. The Port is authorized to issue bonds to finance any project as permitted by state laws, but said bonds are not obligations of the City.

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**Note 1 Summary of Significant Accounting Policies (Continued)****Discretely Presented Component Units (Continued)**

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

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

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.

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

**Related Organizations**

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

**Basic Financial Statements - GASB Statement No. 34**

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

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

## Note 1 Summary of Significant Accounting Policies (Continued)

### Basic Financial Statements - GASB Statement No. 34 (Continued)

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

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

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

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

### Fund Accounting

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

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

## Note 1 Summary of Significant Accounting Policies (Continued)

### Fund Accounting (Continued)

- 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 proprietary type funds.
- The City of San Antonio Texas Convention Center Hotel Finance Corporation Fund accounts for the selling of debt to finance the Convention Center Hotel building project.
- The Categorical Grant-In-Aid fund accounts for the receipt and disbursement of all federal and state grants, except for Community Development Block Grants and HOME Investment Partnership Grants.

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

- The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System operations is provided by user fees.
- The Parking System accounts for the operations of the City's parking facilities. Financing for the Parking System operations is provided by user fees.

### Governmental Funds

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

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

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

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

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

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

### Proprietary Funds

**Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the 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 the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, and other internal service programs are accounted for in these funds.

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## Note 1 Summary of Significant Accounting Policies (Continued)

### Fund Accounting (Continued)

#### Fiduciary Funds

**Trust and Agency Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include Pension Trust and Retiree Health Care Trust, which account for resources for pension fund and health care benefits for the City's firefighters and police officers. The Private Purpose Trust Funds include an assistance fund and a scholarship fund for City employees, as well as reporting on funds restricted for the City's literacy programs. The Agency Funds account for the City's sales tax to be remitted to the state, various fees for other governmental entities, unclaimed property, and holds various deposits. Pension Trust, Retiree Health Care Trust, and Private Purpose Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### Measurement Focus and Basis of Accounting

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Assets and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City recognizes revenue from property taxes in the period for which they were levied. Property taxes receivable includes, taxes due and amounts expected to be collected within 60 days after the period-end, along with related interests 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 into three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Further descriptions of these three categories follow. They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by transactions with outside parties who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those funds to specific programs. Investment earnings that are legally restricted to specific programs are also reported as program revenues.

- 1) Charges for services are revenues generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, vacant lot clean up, golf course fees, and food establishment licenses. Fines and forfeitures are also reported under charges for services.
- 2) Operating grants and contributions are those revenues that are restricted in the way they may be spent, either for operations of a particular program or to purchase a capital asset for a particular program.
- 3) Capital grants and contributions are also restricted revenues; the funds may only be spent to purchase capital assets for specified programs.

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. Revenues are recognized in the accounting period in which they become available and measurable. For this purpose, the City considers revenues, other than grants, to be available if the revenues are collected within sixty days after year-end. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by the provider are met. Grant funds received in advance and delinquent property taxes are recorded as unearned revenue until earned and available.

## Note 1 Summary of Significant Accounting Policies (Continued)

### Measurement Focus and Basis of Accounting (Continued)

Gross receipts and sales taxes are considered available when in the hands of intermediary collecting governments, and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are recognized in the accounting period in which the fund liability is incurred; however, compensated absences, debt service expenditures, claims and judgments, and arbitrage rebates are recorded only when the liability is matured.

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

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

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

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

CPS Energy's operating revenue includes receipts from energy sales and miscellaneous revenue related to the electric and gas systems operations. Miscellaneous revenue includes late payment fees, rental income, jobbing and contract work, and ancillary services. Operating expenses include those expenses that result from the ongoing operations of the electric and gas systems. Nonoperating revenues consist primarily of investment income, including the changes in fair value of investments. The amortization of net gains from the lease-leaseback of J.K. Spruce Unit 1 and the sale of water rights in prior years are also included.

## **Note 1 Summary of Significant Accounting Policies (Continued)**

### **Measurement Focus and Basis of Accounting (Continued)**

Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating when they are not directly identified with the electric or gas systems. These amounts for fiscal year 2006 were recorded net of expenses of \$1,700 that were incurred to support the applicable activities.

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

### **Current Year GASB Statement Implementations**

In fiscal year 2006, the City implemented the following GASB Statements:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for the service utility of an asset that has declined significantly and unexpectedly. For more information, please refer to Note 4, Capital Assets.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA Statement 1. This statement addresses new standards to improve the understandability and usefulness of the information that state and local governments present in the statistical section.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement assists governments in determining when net assets have been restricted to a particular use by the passage of enabling legislation, and specifies how those net assets should be reported in the financial statements when there are changes in the circumstances surrounding such legislation. As of September 30, 2006, the City had no fund net assets restricted by enabling legislation.

GASB Statement No. 47, *Accounting for Termination Benefits*. This statement requires employers to disclose termination benefit arrangements, the cost of the termination benefits, and significant assumptions and methods used to determine termination benefit liabilities. Statement 47 is effective for financial statements for periods beginning after June 15, 2005. The City offered an early retirement incentive to employees which took effect in May 2006. Calculations were based on the City's cost for an amount equivalent to 50% of the retiree's premium. As of September 30, 2006, the costs for these incentives have been analyzed and are considered immaterial for financial reporting purposes.

### **Future GASB Statement Implementations**

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

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## **Note 1 Summary of Significant Accounting Policies (Continued)**

### **Future GASB Statement Implementations (Continued)**

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

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

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, establishes criteria that governments will use to determine if a certain transaction should be regarded as a sale or a collateralized borrowing, requires enhanced disclosures pertaining to future revenues that have been pledged or sold, provides guidance on sales of receivables and future revenues within the same financial reporting entity, and provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues. The requirements for this statement are effective for fiscal periods beginning after December 15, 2006.

The City has not fully determined the effect that implementation of Statements No. 43, No. 45, No. 47, and No. 48 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 Investment Policy. City cash is required to be deposited in FDIC-insured banks located within the state of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. As of September 30, 2006, the City's investment portfolio did not contain any derivative products, nor was it leveraged in any way, except as noted in the Fire and Police Pension Fund and Fire and Police Retiree Health Care 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 Fire and Police Pension Plan and the Fire and Police Retiree Health Care Fund report investments at fair value, in accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The City's policy with respect to money market investments, which had a remaining maturity of one year or less at the time of purchase, is to report those investments at amortized cost, which approximates fair value. Amortization of premium or accretion of discount is recorded over the term of the investments.

For purposes of the statement of cash flows, the City, CPS Energy, and SAWS consider all highly liquid investments with an original maturity of approximately ninety 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. With the implementation of GASB Statement No. 34, the City has established capitalization thresholds for infrastructure and machinery and equipment, which includes computer equipment. All infrastructure assets are reported in the financial statements and the estimated useful lives and capitalization thresholds applied are as follows:

<u>Assets</u>	<u>Useful Life (Years)</u>	<u>Capitalization Threshold</u>
Buildings	15-40	\$ 100
Improvement (Other than buildings)	20-40	100
Machinery and Equipment	2-20	5
Furniture and Office Equipment	5-10	5
Infrastructure	15-100	25

**CPS Energy**

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

CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property, using specifically identified service lives for each asset type. In 2003, a depreciation study was conducted to determine if existing depreciation rates remained applicable to the depreciable property groups. New rates were applied beginning in 2003. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was approximately 3.3% for 2006.

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

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Capital Assets And Depreciation (Continued)**

**CPS Energy (Continued)**

The estimated useful lives of capital assets are as follows:

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

**San Antonio Water System (SAWS)**

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

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

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

**General Bonded Debt Service**

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

**Compensated Absences**

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

**Note 1 Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Continued)**

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

**Insurance**

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

The City is insured for property and casualty liability. As of the fiscal year 2006, Great American Insurance Company insured the City's property, while the State National Insurance Company provided excess liability coverage. Related liabilities are accrued based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported prior to the end of the fiscal year.

The City also provides employee health, workers' compensation, and unemployment benefits under its self-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 for employees that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third-party administrators. In addition, the City has excess workers' compensation coverage through the State National Insurance Company, as of September 30, 2006. The City records all workers' compensation loss contingencies, including claims incurred but not reported.

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

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

**Fund Equity**

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

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## Note 1 Summary of Significant Accounting Policies (Continued)

### Revenue Recognition

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

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

### 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 2006, general government expenditures were reduced by \$6,956, resulting in increased expenditures in other governmental functions and in business-type activities in the amounts of \$4,306 and \$2,650, respectively.

### Nuclear Decommissioning

CPS Energy, together with the other owners of the STP, filed with the Nuclear Regulatory Commission (NRC) a certificate of financial assurance for the decommissioning of the nuclear power plant. The certificate assures that CPS Energy will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1999, the owners conducted a review of decommissioning costs. The results estimated CPS Energy's share of decommissioning costs at approximately \$311,000 in 1998 dollars. In 2004, the owners conducted an additional review of decommissioning, and results showed that CPS Energy's share of decommissioning costs are now approximately \$397,400 in 2004 dollars.

Although there was an increase in decommissioning base costs from the 1998 study, there was an offsetting decrease in applicable cost escalation assumptions. Therefore, CPS Energy was able to decrease its minimum annual contribution requirement from \$15,900 in fiscal year 2004 to \$6,900 in fiscal year 2005, which included the partial year affect of the updated study. Reflecting a full year's impact of the most recent study, CPS Energy's minimum annual contribution requirement was \$5,000 in fiscal year 2006.

In 1991, CPS Energy started accumulating the decommissioning funds for the 28.0% portion in an external trust, in accordance with the NRC regulations. The 28.0% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. At December 31, 2005, CPS Energy had accumulated approximately \$231,600, of funds in that 28.0% external trust. Based on the annual calculation of financial assurance required by the NRC, CPS Energy's 28.0% Decommissioning Trust balance exceeded the calculated financial assurance amount of \$76,700 at December 31, 2005.

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## **Note 1 Summary of Significant Accounting Policies (Continued)**

### **Nuclear Decommissioning (Continued)**

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 American Electric Power (AEP). This is referred to as the 12.0% Decommissioning Trust, and its assets and related liabilities are also included in CPS Energy's financial statements as a component unit.

In fiscal year 2006, AEP's remaining operational interest in STP was simultaneously acquired by Texas Genco. Additionally, the remaining portion of AEP's Decommissioning Trust was assumed by Texas Genco. These transactions occurred before Texas Genco was acquired by NRG.

Subject to Public Utility Commission of Texas (PUCT) approval as requested in the future, credits or deficiencies in the undoing of this trust will be received from or distributed to AEP's customers. As of December 31, 2005, that trust had accumulated approximately \$70,100 of funds. According to the 2004 study mentioned above, the estimated decommissioning costs for that trust are approximately \$170,300 in 2004. Based on the annual calculation of financial assurance required by the NRC, the 12.0% Decommissioning Trust balance exceeded the calculated financial assurance amount of \$32,900 at December 31, 2005.

### **Long-Term Obligations**

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

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

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

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

**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.

**Other Budget Disclosures**

Excess of expenditures, transfers, and encumbrances over appropriations occurred as shown in the table below:

<b>Excess of Expenditures, Transfers, and Encumbrances over Appropriations</b>			
<b>Fund/Expenditures</b>	<b>Appropriations</b>	<b>Expenditures, Transfers, and Encumbrances</b>	<b>Excess of Expenditures, Transfers, and Encumbrances over Appropriations</b>
<b>Special Revenue Funds:</b>			
Hotel Motel Tax Capital Improvement	\$ 10,453	\$ 12,377	\$ 1,924
Emergency Medical Services	47,686	48,746	1,060
Public Health Support Revenue	2,626	2,789	163
International Center	921	1,029	108
Animal Care Services	4,937	5,125	188
<b>Permanent Funds:</b>			
San Jose Burial Park	452	475	23

The excess expenditures over appropriations were fully offset by excess actual revenues or fund balances.

**Prior-Period Adjustments**

SAWS' prior year net assets have been restated by \$(9,777). This restatement relates to capitalized interest calculations. SAWS analyzed their capitalized interest calculations for prior years and recorded this entry to reverse prior period capitalized interest.

Brooks Development Authority restated net assets due to record long-term liability to CPS Energy and SAWS in the amount of \$(6,739), to recognize lease revenue of \$102, to record grant revenue/expenses in the amount of \$(213), and to accrue interest receivable in the amount of \$94.

San Antonio Development Agency (SADA) restated beginning net assets in the amount of \$13 due to their inclusion of a component unit, San Antonio Affordable Housing, which should have been blended in prior years.

## **Note 1 Summary of Significant Accounting Policies (Continued)**

### **Prior-Period Adjustments (Continued)**

San Antonio Housing Trust Foundation, Inc. restated their beginning net assets in the amount of \$(121), which is comprised of \$(100) correcting a 2003 debt refinancing error and \$(21) which is the cumulative difference in prior tax basis losses versus accrual basis losses.

### **Unreserved Designated Fund Balance**

The designated fund balances from the governmental funds balance sheet are composed of the following:

- The General Fund has designated unreserved fund balance for budgeted carryforwards, special projects, reserve for revenue loss and fund balance reserved for Public, Educational and Government access channel operations.
- Special Revenue funds designated fund balance consists entirely of budgeted carryforwards.
- Permanent funds designated fund balance consists of budgeted carryforwards as well as a reservation for security of a loan within the San Antonio Housing Trust fund.

## **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. In fiscal year 1999, the City executed an inter-local agreement with the Bexar County Tax Assessor/Collector's Office to provide property tax billing and collection services at the same level of service to its citizens as previously provided by the City.

In the governmental funds, property tax revenues are recognized when they become available, which means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property tax receivables, including related interest and penalty receivable, net of allowances for uncollectible amounts, represent amounts the City believes will ultimately be collected. Property tax receivables, net of allowances for uncollectible amounts, are offset by unearned revenues. The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable valuation (please note amounts are not reflected in thousands). The tax rate approved by City ordinance for the year ended September 30, 2006, was \$0.57854 per \$100 taxable valuation, which means that the City has a tax margin of \$1.92146 per \$100 taxable valuation (please note amounts are not reflected in thousands). This could raise an additional \$958,212 per year based on the net taxable valuation of \$49,868,955 before the limit is reached.

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**Note 3 Cash and Cash Equivalents and Investments**

**Summary of Cash and Cash Equivalents and Investments**

A summary of cash and cash equivalents and investments for the primary government (City), Fire and Police Pension Fund, Fire and Police Retiree Health Care 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 <sup>1</sup>	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS <sup>2</sup> Energy	SAWS <sup>3</sup>
Unrestricted:					
Cash and Cash Equivalents	\$ 26,715	\$ 170,049	\$ 21,246	\$ 96,548	\$ 11,891
Security Lending Collateral		199,901	26,847		
Investments	311,345	1,704,387	145,596	145,993	115,716
Total Unrestricted	<u>338,060</u>	<u>2,074,337</u>	<u>193,689</u>	<u>242,541</u>	<u>127,607</u>
Restricted:					
Cash and Cash Equivalents	143,759			53,830	5,367
Investments	648,154			1,204,539	204,348
Total Restricted	<u>791,913</u>	<u>-</u>	<u>-</u>	<u>1,258,369</u>	<u>209,715</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 1,129,973</u>	<u>\$ 2,074,337</u>	<u>\$ 193,689</u>	<u>\$ 1,500,910</u>	<u>\$ 337,322</u>

<sup>1</sup> The following amounts were held by the City in a fiduciary capacity and are excluded from the primary Statement of Net Assets: cash and cash equivalents of \$7,309 and investments of \$1,277.

<sup>2</sup> For the fiscal year ended January 31, 2006.

<sup>3</sup> For the fiscal year ended December 31, 2005.

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	\$ 16,482	\$ -	\$ -	\$ 10,731	\$ 8,472
Investments with Original Maturities of Less than Ninety Days	153,102		20,912	138,870	8,547
Cash with Pension/Retiree Health Care Fiscal Agents		170,049	334		
Cash with Other Financial Agents	12			639	
Petty Cash Funds	173			138	
Cash on Hand	705				239
Total Cash and Cash Equivalents	<u>\$ 170,474</u>	<u>\$ 170,049</u>	<u>\$ 21,246</u>	<u>\$ 150,378</u>	<u>\$ 17,258</u>

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 Funds	\$ 968,946	\$ 147,148	\$ 26,237	\$ 1,198,716	\$ 328,611
Repurchase Agreements	143,655				
Corporate Bonds		140,558		34,675	
Foreign Bonds				9,125	
Preferred Stock		1,155			
Common Stock		969,752	67,974	237,150	
Real Estate Investment Trusts (REIT)		151,360	13,780	8,436	
Mutual Funds - Invest in Common Stock			4,099		
Hedge Fund of Funds		176,436	44,622		
International Equities				1,300	
Alternate Investment		117,978	9,796		
Total Investments	<u>1,112,601</u>	<u>1,704,387</u>	<u>166,508</u>	<u>1,489,402</u>	<u>328,611</u>
Less: Investments with original maturities of Less than Ninety Days Included in Cash and Cash Equivalents					
	(153,102)		(20,912)	(138,870)	(8,547)
Total	<u>\$ 959,499</u>	<u>\$ 1,704,387</u>	<u>\$ 145,596</u>	<u>\$ 1,350,532</u>	<u>\$ 320,064</u>

**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**Primary Government (City)**

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

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

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

The City's investment portfolio is managed in accordance with its own Investment Policy and the Texas Public Funds Investment Act, as amended. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, and repurchase agreements. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than ninety days. Each fund's pro rata share of these investments with original maturities greater than ninety days is combined with similar 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, 2006.

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 decrease in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was \$130 for the year ended September 30, 2006. 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.

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**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**Primary Government (City) (Continued)**

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 <sup>1</sup> Amount	Fair <sup>1</sup> Value	Allocation <sup>2</sup>	Rating <sup>3</sup>	WAM
U.S. Government Agency Securities	\$ 438,619	\$ 438,492	39.4%	AAA	0.35 years
U.S. Treasuries	434,646	434,643	39.1%	AAA	0.24 years
Money Market Mutual Fund	95,811	95,811	8.6%	AAA	N/A
Repurchase Agreement	143,655	143,655	12.9%	N/A	N/A
Total City Investments	\$ 1,112,731	\$ 1,112,601	100.0%		

<sup>1</sup> The Carrying Amount and Fair Value include investments for the Starbright Industrial Development Corporation, Municipal Facilities Corporation, and Convention Center Hotel Finance Corporation, which total \$160,426.

<sup>2</sup> The allocation is based on fair value

<sup>3</sup> Standard & Poors

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

**Custodial Credit Risk (Investments)** - The City's investment securities are held at the City's depository bank's third-party custodian, the Bank of New York, in the City's name. The City does not address custodial credit risk in its investment policy.

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

**Credit Risk** - As of September 30, 2006, the City's investment portfolio, with the exception of the repurchase agreement and the money market mutual fund investments, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank, were rated Aaa by Moody's Investors Services and AAA by Standard & Poor's. The investments in the money market funds were rated Aaa by Moody's Investor Service and AAA by Standard & Poor's, and all repurchase agreements were over 100.0% collateralized with U.S. government agency securities. The City manages its exposure to credit risk by limiting its fixed income investments to a rating of A or better.

**Concentration of Credit Risk** - Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to credit risk through diversification. As of September 30, 2006, the U.S. government agency securities allocation was as follows: Federal Home Loan Mortgage Corporation 21.0%, Federal National Mortgage Association 18.1%, and Federal Home Loan Bank 0.4%.

**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**Fire and Police Pension Fund**

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund board of trustees. Investments of the Pension Fund are reported at fair value and include corporate bonds; common stock; preferred stock; U.S. Treasury securities; U.S. government agency securities; notes, mortgages, hedge funds and contracts; and real estate. Equity and fixed income securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Notes, mortgages, and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the trade date. Investments that do not have an established market are reported at estimated fair value. The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash and investment are \$2,074,337. A summary of the Pension Funds cash, cash equivalents, and investments can be found at the beginning of Note 3.

**Custodial Credit Risk (Deposits)** - Cash and short-term investments include demand deposit accounts, equity in pooled cash of the City, and short-term U.S. government and other investments. As of September 30, 2006, cash in demand deposit accounts and the pooled cash of the City were fully collateralized.

**Custodial Credit Risk (Investments)** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of September 30, 2006, the Pension Fund had investment in foreign currency in the amount of \$239 that were uninsured and uncollateralized.

**Credit Risk** - Using Standard and Poor's rating system for fixed income securities as of September 30, 2006, 54.0% of the Pension Fund's bonds were rated AAA, 1.0% were rated AA, 6.0% were rated A, 1.0% were rated BBB, 16.0% were rated BB, 12.0% were rated B, 2.0% were rated CCC, 1.0% were rated below a D, and 7.0% were not rated.

**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, 2006 amount to \$278,351 and have a weighted-average maturity (WAM) of 7.96 years. Securities that are subject to interest rate risk are shown in the following table with exception of the Ashmore Emerging Markets Debt Fund (a commingled fund) which reports its interest rate risk in average duration for the portfolio. The average duration for the Ashmore Emerging Markets Debt Fund as of September 30, 2006 was 6.7 years, and the fair value of Pension Funds investment in this portfolio was \$13,753.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted-Avg. Maturity (Years)</u>
Corporate Bonds	\$ 56,101	7.78
Government Agencies	3,908	5.59
Government Bonds	102,568	9.87
Short-Term Bills and Notes	4,399	0.12
Government Mortgage-Backed Securities	84,457	5.21
Wellington Emerging Market Debt	<u>26,918</u>	11.20
Total Interest Rate Sensitive Securities	<u>\$ 278,351</u>	7.96

**Note 3 Cash and Cash Equivalents and Investments (Continued)****Fire and Police Pension Fund (Continued)**

**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, 2006 amounted to \$365,913 in cash, \$83,706 in bonds and \$23,670 in common stock. Detailed as follows:

Country	Cash	Bonds	Common Stock	Total
Argentine Peso	\$ -	\$ 250	\$ -	\$ 250
Australian Dollar	7,216	12,112	(7,461)	11,867
Bulgarian New Lev	33			33
Bermuda Dollar	56			56
Brazilian Real	11,237	3,866		15,103
Canadian Dollar	342	5,184	4,259	9,785
Swiss Franc	32,453	54	118	32,625
Chinese Renminbi	4,564	3		4,567
Colombian Peso		296		296
Czech Republic Krona	369			369
Danish Krone	1,099			1,099
Egyptian Pound	48	256		304
European Union	90,763	13,797	(12,654)	91,906
British Pound	60,344	4,783	24	65,151
Hong Kong Dollar	13,139		25	13,164
Hungarian Forint	753			753
Indonesian Rupiah	120	2,544		2,664
Israeli New Shekel	27			27
Indian Rupee	1,661			1,661
Japanese Yen	54,608		36,220	90,828
South Korean Won	25,882			25,882
Kazakhstan Tenge	38			38
Lithuanian Litas	16			16
Mexican Peso	1,524	5,787		7,311
Malaysian Ringgit	3,477	2,309		5,786
Norwegian Krone	1,959		2	1,961
New Zealand Dollar	106	4,030		4,136
Nigerian Naira		285		285
Philippine Peso	482	69		551
Polish Zloty	7,799	8,571	233	16,603
Romanian Leu	660			660
Russian Ruble	8,339	359		8,698
Swedish Krona	5,474	7,552		13,026
Singapore Dollar	2,031	7,752	15	9,798
Thai Baht	1,646	34	2,889	4,569
Turkey New Lira	5,504	195		5,699
Taiwan Dollar	18,870			18,870
Ukrainian Hyvnia	25			25
Uraguay Peso		140		140
Venezuelan Bolivar	325			325
South African	2,924	3,478		6,402
	<u>\$ 365,913</u>	<u>\$ 83,706</u>	<u>\$ 23,670</u>	<u>\$ 473,289</u>

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**Note 3 Cash and Cash Equivalents and Investments (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 are 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 when due, and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity of 30 days at September 30, 2006.

As of September 30, 2006, the Pension Fund had lending arrangements outstanding with a total market value of \$194,200, which were fully collateralized with cash and securities. Of this amount, cash collateral of \$199,901 is recorded in the accompanying Statement of Plan Fiduciary Net Assets. Net income for the year ended September 30, 2006 under the securities lending arrangement was \$358.

**Derivatives and Structured Investments** - The Pension Fund has only limited involvement with derivative and other structured financial instruments (as defined in GASB Technical Bulletin No. 94-1) and does not use them for trading purposes. The Pension Fund's investment philosophy in bond portfolios has centered on using derivatives and other structured financial instruments only when comparable cash alternatives are not available. Specifically, the Pension Fund has used the following basic guidelines when entering into such transactions: (1) small allocations, (2) no use of leverage, (3) price floors, (4) short maturities to mitigate potential problems with liquidity, and (5) attention to credit risk of the issuer. The fair value of structured financial instruments held for the Pension Fund at September 30, 2006 was approximately \$62,769.

**Fire and Police Retiree Health Care Fund**

The Fire and Police Retiree Health Care Fund (Health Care Fund) board of trustees administers investments of the Fire and Police Retiree Health Care Fund, a blended component unit. Investments are reported at fair value and short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments in hedge funds, real estate investment trusts, and alternative investments are held in the form of nonmarketable limited partnership investments. These investments are subject to the terms of the respective partnerships' governing documents, which may limit the Health Care Fund's withdrawal to specified times and conditions and restrict the transferability of the Health Care Fund's interest. The fair valuation of these investments is based on net assets values set by the partnerships. These net assets values may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material.

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

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**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**Fire and Police Retiree Health Care Fund (Continued)**

Investments authorized by the Health Care Fund’s Investment Policy include U.S. equities, including common stocks, securities convertible into common stock, and open or closed end mutual funds; international equity; certain fixed income assets and alternative investments, including real estate, absolute return hedge funds, and timber. The cash portion of the Health Care Fund will be invested in a short-term investment fund administered by the custodian bank, a money market mutual fund, or in individual permissible securities. The fair value of the Health Care Fund’s cash and investments at September 30, 2006 is \$193,689. A summary of the Health Care Funds cash, cash equivalents, and investments can be found at the beginning of note 3.

**Custodial Credit Risk (Deposits)** - The Health Care Fund’s deposits held with the custodial bank are insured up to \$100 by federal deposit insurance. Deposit balances over \$100 are not insured and are uncollateralized. There are no state regulations, however, which require the fund to maintain collateral for demand deposits not covered by federal deposit insurance. The bank balance of the Health Care Fund, which is exposed to custodial credit risk as of September 30, 2006, is \$596. The Health Care Fund does not have deposit or investment policies related to custodial credit risk as of September 30, 2006. The Health Care Fund is aware of these risks and monitors such risks as part of its day-to-day operations and through its daily dealings with the custodian bank.

**Custodial Credit Risk (Investments)** - The Health Care Fund’s investment securities, stocks, and bonds, are held at Frost National Bank’s third-party custodian, Bank of New York. All securities held for the Health Care Fund at the Bank of New York are in Frost National Bank’s name, and Frost National Bank tracks these securities as being held for the benefit of the Health Care Fund. Since the securities are not registered in the name of the Health Care Fund, are held by a counterparty, and are not insured, they are considered to be exposed to custodial credit risk. These investments are reported as follows, by investment type, as of September 30, 2006:

Common Stock	\$ 67,974
Mutual Fund	4,099
Money Market Mutual Fund	20,912

**Credit Risk** - According to the Investment Policy of the Health Care Fund the average credit quality rating for the fixed-income portfolio will be at least A. Ninety percent of the securities must be rated BBB-/Baa3 or higher by a nationally recognized rating agency at the time of purchase. For split-rated securities, the higher rating will be used in determining compliance with these guidelines. Credit quality ratings for investments with credit risk were AAA for the money market mutual fund.

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

**Interest Rate Risk** - The Health Care Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Health Care Fund is aware of this risk and has chosen to rely on the expert advice of professional money managers to manage its exposure to interest rate changes. The money market mutual fund had a fair value of \$20,912 at year-end and is payable on demand.

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**Note 3 Cash and Cash Equivalents and Investments (Continued)****Fire and Police Retiree Health Care Fund (Continued)**

**Securities Lending** - Securities Lending assets are reported at fair value. The Investment Policy of the Health Care Fund and state statutes allow for securities lending transactions. The Health Care Fund entered into an agreement with its custodial bank in June 2003 to lend the Health Care Fund's securities to one or more borrowers for a fee. It is the policy of the Health Care Fund and the custodian bank to require that collateral equal 100.0% of the loaned security's market value plus accrued interest for domestic government or agency securities loaned, and 102.0% of the loaned security's market value plus accrued interest for approved, domestic, nongovernment, or agency securities loaned be maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. If the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Health Care Fund may suffer a loss. Management of the Health Care Fund considers the possibility of such a loss to be remote. Cash collateral is invested in money market funds at September 30, 2006.

**CPS Energy**

CPS Energy's cash deposits at January 31, 2006 were entirely insured by federal depository insurance or collateralized by banks. For deposits that were collateralized, the securities were U.S. government, government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank in CPS Energy's name. A summary of CPS Energy's cash, cash equivalents, and investment can be found at the beginning of this Note 3.

CPS Energy's cash, cash equivalents, and investments can be separated by those that are directly managed by CPS Energy, those managed through the Decommissioning Trusts, and those managed through the Employee Benefit Plans. For financial reporting purposes, cash, cash equivalents and investments managed directly by CPS Energy have been consistently measured at the end of the applicable fiscal years, as well as the results of the Decommissioning Trusts and the Employee Benefit Plans. For fiscal year 2006, consolidation practices were modified, whereby the results of the Decommissioning Trusts and the Employee Benefit Plans were included as of their separately audited calendar year-ends.

Investments managed directly by CPS Energy 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 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 PFIA was amended 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 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. Fair value is determined by using generally accepted financial reporting services and publications and approved dealers and brokers as necessary. The specific-identification method is used to determine costs in computing gain or loss on sales of securities. CPS Energy reports all investments of the Decommissioning Trusts and the Employee Benefit Plans at fair value.

Prior to the end of fiscal year 2005, CPS Energy wrote policies for its direct investments and for the 28.0% Decommissioning Trust. Conversely, an administrative committee, using applicable guidelines that management considered effective, provided oversight of the investments of the Employee Benefit Plans.

On January 31, 2005, the policies for the direct investments and the 28.0% Decommissioning Trust were amended to include specific language requirements associated with GASB Statement No. 40. Simultaneously, the guidelines of the Employee Benefit Plans were formalized in writing to include the language requirements of GASB Statement No. 40. CPS Energy fully adopted this statement in fiscal year 2005. The adoption of this guidance did not affect CPS Energy's financial position or results of operation. However, it did result in additional reporting disclosures that have been incorporated into this note.

**Note 3 Cash and Cash Equivalents and Investments (Continued)****CPS Energy (Continued)**

Since the above amendments and adoption coincided with CPS Energy's 2005 fiscal year-end, its direct investments were evaluated against the applicable amended Investment Policy. Comparatively, the GASB Statement No. 40 adoption followed the calendar year-ends of CPS Energy's component units. As a result, the 28.0% Decommissioning Trust's policy provision existing at end of the 2004 calendar year was used for applicable required disclosures. This approach was not used for the Employee Benefit Plans in fiscal year 2005. Alternatively, their investments were presented without comparison to policies, because the guidelines were not formally written and approved as of the prior calendar year-end. Even so, other applicable risk disclosures were made for the investments held by the Employee Benefits Plans.

As noted above, effective September 1, 2005, the investment policy of the Decommissioning Trusts were revised to allow for investment in additional types of securities. The policies provide 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. These investment policies continue to follow the "prudent person" concept.

In November 2005, the Oversight Committee of the Employee Benefit Plans formally adopted Statements of Investment Objectives, Policy, Guidelines, and Administrative and Review Procedures. The investment objectives of the plans are to preserve plan assets through investment diversification and the trading of high quality securities and to provide sufficient liquidity to pay plan benefits. These investment policies also follow the "prudent person" concept.

The following tables and disclosures summarize CPS Energy's total investments by direct investments, Decommissioning Trusts, and Employee Benefit Plans as well as address investment exposure to interest rate risk, credit risk, concentration of credit risk and foreign currency risk, as applicable in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The disclosure requirements of the statement do not apply to equity securities or real estate since neither is directly or immediately exposed to these risks. CPS Energy and its component units do not have custodial credit risk, as all investments are held either by an independent trustee or bank.

**CPS Energy's Direct Investments** - CPS Energy's allowable direct investments are defined by CPS Energy Board Resolution, CPS Energy Investment Policy, bond ordinances, tax-exempt commercial paper ordinance and state laws. These investments include U.S. government or government agency or U.S. government guaranteed obligations, collateralized mortgage obligations issued by the U.S. government, fully secured certificates of deposit issued by a state, national bank, or savings bank domiciled in the state of Texas, direct repurchase agreements, reverse repurchase agreements, defined bankers acceptances and commercial paper, no-load money market mutual funds, and other types of specific secured or guaranteed investments. The following narrative and preceding tables describe the interest rate risk exposure by investment type, using the weighted-average maturity (WAM) method, credit risk, and concentration of credit risk of CPS Energy's Direct Investments.

2006 CPS Energy's Direct Investments					
	Carrying Amount	Fair Value	Allocation	Rating	WAM
U.S. Government Agency	\$ 921,733	\$ 921,548	91.5%	AAA	1.3 years
AIM Money Market	85,869	85,869	8.5%	AAA	N/A
Total CPS Energy Direct Investments	<u>\$ 1,007,602</u>	<u>\$ 1,007,417</u>	<u>100.0%</u>		1.3 years

**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**CPS Energy (Continued)**

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

**Credit Risk** - In accordance with its Investment Policies, CPS Energy manages exposure to credit risk by limiting its fixed-income investments to a rating of A or better. As of January 31, 2006, CPS Energy held no direct investments with a rating below.

**Concentration of Credit Risk** - In accordance with its Investment Policies, CPS Energy manages exposure to credit risk through diversification and by limiting its investment in each government-sponsored entity to 50.0% and its investment in any other nongovernment issuer to 5.0% of the total fixed income portfolio. Investments in U.S. government agencies were allocated as follows: Federal Farm Credit Banks (FFCB) 1.5%; Federal Home Loan Bank (FHLB) 43.4%; Federal Home Loan Mortgage Corporation (FHLMC) 22.9%; Federal National Mortgage Association (FNMA) 23.7%; and AIM Money Market of 8.5%.

**Foreign Currency Risk** - Since CPS Energy does not hold foreign instruments in its Direct Investments, foreign currency risk is not applicable.

**Decommissioning Trusts** - CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Trust investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project, Decommissioning Trusts, Investment Policy, the Investment Strategy Committee, the Trust Agreements, and state laws. Allowable investments for the Decommissioning Trusts include those mentioned above as directly permissible for CPS Energy, as well as equities and corporate bonds. Specifically, starting in September 2005, in accordance with the applicable amended Investment Policies, equity investment held can comprise 60.0% of total investments. These investments are subject to market risk, and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded.

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**Note 3 Cash and Cash Equivalents and Investments (Continued)****CPS Energy (Continued)**

The following table and narrative address interest rate risk exposure by investment type, using the weighted-average maturity (WAM) method, credit risk, concentration of credit risk, and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and recorded at market value.

Decommissioning Trusts					
Weighted-Average Maturity (WAM) of Investments					
	28.0% Interest		12.0% Interest		Total Market Value
	Market Value	WAM (Years)	Market Value	WAM (Years)	
U.S Treasury and Agencies:					
Notes and Bonds	\$ 64,041	3.4	\$ 7,389	2.7	\$ 71,430
Mortgage Pass-Through Securities	29,227	4.3	7,814	5.3	37,041
Asset-Backed Securities	6,125	4.7	1,348	4.2	7,473
Corporate Bonds	12,975	8.4	5,289	4.8	18,264
Municipal Bonds--Other States			4,614	5.5	4,614
Municipal Bonds--Texas			684	12.4	684
Foreign Bond Fund	843	33.2			843
Money Market Mutual Funds	22,475	N/A	1,263	N/A	23,738
Total Fixed Income Investments	<u>\$ 135,686</u>	4.5	<u>\$ 28,401</u>	4.7	<u>\$ 164,087</u>

Investments Allocated by Credit Rating					
Credit Rating	28.0% Interest		12.0% Interest		Total Market Value
	Market Value	Allocation	Market Value	Allocation	
U.S. Government Treasury	\$ 60,584	44.7%	\$ 5,902	20.8%	\$ 66,486
AAA (including A-1/P-1 CP)	59,931	44.2%	18,744	66.0%	78,675
AA	525	0.4%	822	2.9%	1,347
A	4,595	3.4%	2,933	10.3%	7,528
BBB	9,429	6.9%			9,429
Unrated Foreign Bonds	622	0.4%			622
Total	<u>\$ 135,686</u>	100.0%	<u>\$ 28,401</u>	100.0%	<u>\$ 164,087</u>

Concentration of Credit Risk					
Top Issuers	28.0% Interest		12.0% Interest		Total Market Value
	Market	Percentage of Fixed Income Portfolio	Market	Percentage of Fixed Income Portfolio	
U.S. Treasury	\$ 60,584	44.7%	\$ 5,902	20.8%	\$ 66,486
Money Market Mutual Funds	22,475	16.6%		0.0%	22,475
Federal National Mortgage	24,334	17.9%	5,497	19.4%	29,831
Federal Home Loan Mortgage	10,148	7.5%	3,805	13.4%	13,953
	<u>\$ 117,541</u>	86.7%	<u>\$ 15,204</u>	53.6%	<u>\$ 132,745</u>

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**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**CPS Energy (Continued)**

**Interest Rate Risk** - Generally, the long-term nature of the liabilities and the limited need for daily operating liquidity allows 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. One of the techniques used to mitigate this risk is by having duration limits. 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.

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. Prior to implementation of the new Investment Policy in fiscal year 2005, the WAM method was used as measurement of interest rate risk.

**Credit Risk** - The Decommissioning Trusts manages their exposure to credit risk by limiting all of their fixed income investments to a rating of BBB or better from at least two nationally recognized credit rating agencies.

**Concentration of Credit Risk** - The Decommissioning Trusts manage exposure to concentration of credit risk through diversification and by limiting their investment in each government-sponsored entity to 30.0% and their investment in any other nongovernment-sponsored issuer to 5.0% of the total fixed income portfolio.

**Foreign Currency Risk** - With the exception of dedicated foreign equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are U.S. dollar denominated; therefore, there is minimal foreign currency risk. Total foreign bonds outstanding as of January 31, 2006 were \$843.

**CPS Energy Employee Benefit Plans** - Investments in the Employee Benefit Plans are also held by an independent trustee. These investments are limited to those authorized by the plans' administrative committees, the Trust Agreements, and state laws. Equity investments can comprise 60.0% of total investments in the health plan and can comprise 65.0% of total investments in the disability and life plans. These investments are subject to market risk and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded. These investment policies follow the "prudent person" concept. CPS Energy reports Employee Benefit Plans investments at fair value. CPS Energy employee Benefit Plans consist of three separate plans. The plans include the CPS Energy of San Antonio Group Health Plan (the Health Plan), the Disability Income Plan (the Disability Plan), and the Life Insurance Plan (the Life Plan).

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**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**CPS Energy (Continued)**

The following narrative and tables describe the interest rate risk exposure by investment type using the weighted-average maturity (WAM) method, credit risk, and concentration of credit risk of CPS Energy's Employee Benefit Plans.

Weighted Average Maturity (WAM) of Investments							
	Health Plan		Disability Plan		Life Plan		Total Market Value
	Market Value	WAM (Years)	Market Value	WAM	Market Value	WAM (Years)	
U.S. Treasuries and Agencies:							
Notes and Bonds	\$ 8,776	6.4	\$ 474	6.0	\$ 3,840	6.7	\$ 13,090
Collateralized Mortgage Obligations	5,842	7.7	267	4.3	3,522	7.1	9,631
Commercial Mortgage-Backed Securities	3,118	3.2	108	3.8	1,550	2.7	4,776
Mortgage Pass-through Securities	1,303	5.2	51	4.0	218	5.3	1,572
Asset-Backed Securities	1,505	1.5	80	1.5	835	1.1	2,420
Corporate Bonds	4,734	5.3	280	3.7	2,644	5.3	7,658
High-Yield Corporate Bonds	6,051	4.4					6,051
Foreign Bond Fund	6,047	4.5			2,235	4.5	8,282
Cash and Money Market Mutual Funds	14,845	n/a	269	N/A	2,233	N/A	17,347
Total Employee Benefit Plans	<u>\$ 52,221</u>	<u>3.8</u>	<u>\$ 1,529</u>	<u>3.8</u>	<u>\$ 17,077</u>	<u>4.7</u>	<u>\$ 70,827</u>

Investments Allocated by Credit Rating							
Credit Rating	Health Plan		Disability Plan		Life Plan		Total Market Value
	Market Value	Allocation	Market Value	Allocation	Market Value	Allocation	
U.S. Government	\$ 4,196	8.0%	\$ 320	20.9%	\$ 1,479	8.7%	\$ 5,995
AAA (including A-1/P-1 CP)	31,180	59.7%	929	60.8%	11,009	64.4%	43,118
AA	892	1.7%	81	5.3%	579	3.4%	1,552
A	3,526	6.8%	82	5.3%	1,658	9.7%	5,266
BBB	373	0.7%	67	4.4%	17	0.1%	457
Less than BBB	6,007	11.5%	50	3.3%	100	0.6%	6,157
Subtotal	46,174	88.4%	1,529	100.0%	14,842	86.9%	62,545
Navarro Investments, L.L.C.:							
AAA (including A-1/P-1 CP)	5,482	10.5%			2,026	11.9%	7,508
AA	565	1.1%			209	1.2%	774
Total Navarro Investments, L.L.C.	6,047	11.6%			2,235	13.1%	8,282
Total Employee Benefit Plans	<u>\$ 52,221</u>	<u>100.0%</u>	<u>\$ 1,529</u>	<u>100.0%</u>	<u>\$ 17,077</u>	<u>100.0%</u>	<u>\$ 70,827</u>

Concentration of Credit Risk							
	Health Plan		Disability Plan		Life Plan		Total Market Value
	Market Value	Percentage of Fixed-Income Portfolio	Market Value	Percentage of Fixed Income Portfolio	Market Value	Percentage of Fixed Income Portfolio	
<b>Top Issuers</b>							
Money Market Mutual Funds	\$ 14,845	28.4%	\$ 269	17.6%	\$ 2,234	13.1%	\$ 17,348
Federal National Mortgage Association	6,332	12.1%	157	10.3%	2,909	17.0%	9,398
Foreign Bond Fund-							
Navarro Investments, L.L.C.	6,047	11.6%			2,235	13.1%	8,282
Federal Home Loan Mortgage Corporation	5,922	11.3%	320	20.9%	3,052	17.9%	9,294
	<u>\$ 33,146</u>	<u>63.4%</u>	<u>\$ 746</u>	<u>48.8%</u>	<u>\$ 10,430</u>	<u>61.1%</u>	<u>\$ 44,322</u>

**Note 3 Cash and Cash Equivalents and Investments (Continued)**

**CPS Energy (Continued)**

**Interest Rate Risk** - In accordance with its historical guidelines and investment policy, the administrative committee manages exposure to fair value losses resulting from rising interest rates by limiting the effective duration of each manager's portfolio to +/- 1.5 years of the effective duration of the specified fixed income index used as a benchmark for the investment manager's portfolio. In addition, the duration of the aggregate fixed-income portfolio of the trust should not deviate from the duration of the specified fixed-income index used as a benchmark for the aggregate portfolio by more than +/-1.5 years.

Effective duration is defined as the present value 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. It 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.

**Credit Risk** - In accordance with its historical guidelines and investment policy, the administrative committee manages exposure to credit risk by limiting high grade, domestic debt managers to not more than 7.5% of their total portfolio in below BBB rated investments. At December 31, 2005, investments rated below BBB represented 0.4% of the high grade portfolio. The investment policy also authorizes the administrative committee to retain investment managers to manage "high-yield" debt securities. The maximum allocation to high-yield securities is 7.5% of total investments, which at December 31, 2005 equated to 19.2% of total fixed income investments.

As noted above, even though at the end of calendar year 2005 the Health Plan held approximately 11.6% of its fixed income investments in funds that were not rated by a rating agency, the majority of the underlying securities were rated. The weighted average rating for those securities was calculated to be "AAA".

**Concentration of Credit Risk** - In accordance with historical guidelines and investment policy, the administrative committee has established maximum holdings of other than federal government issuers, so that in the event of failure of any one issuer, it would not affect the entire investment portfolio. Further, the administrative committee manages exposure to credit risk through diversification and by limiting the amount that may be invested in any one corporate bond issuer to 5.0% of the market value of an investment manager's fixed income portfolio. There is no limit to what may be invested in government-guaranteed or government agency debt issues other than the government agency debt may not exceed 50.0% by any one issuer. There were no corporate bonds exceeding these limits at December 31, 2005.

**Foreign Currency Risk** - The Health Plan and the Life Plan have \$6,047 and \$2,235, respectively, invested in the Navarro Investments L.L.C Foreign Bond Fund at December 31, 2005. The historical guidelines and the investment policy place a 7.5% of total investment portfolio (fixed income and equities) limit on the amount that may be invested in foreign currency-denominated securities. The foreign currency risk is further mitigated by the investment guidelines in the Funds.

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**Note 3 Cash and Cash Equivalents and Investments (Continued)****San Antonio Water System (SAWS)**

The investment policy of SAWS, a major discretely presented component unit, is governed by state statute, local ordinance, and their own respective written investment policy. SAWS is permitted by City Ordinance No. 75686 to invest in direct obligations of the 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 state and national banks domiciled in the state of Texas, defined bankers' acceptances and commercial paper, collateralized direct repurchase agreements, reverse repurchase agreements, no-load money market mutual funds; investment pools, and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk, 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, SAWS reports money market investments with a remaining maturity at time of purchase of one year or less at reported 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 at JP Morgan Chase/Bank One N.A., SAWS' general depository bank. The general depository agreement does not require that SAWS maintain an average monthly balance. As required by state laws, all deposits are fully collateralized and/or are covered by federal depository insurance. The collateral pledged is being held by the Federal Reserve Bank of New York under SAWS' name on December 31, 2005; as such, SAWS incurs no custodial risk. As of December 31, 2005, the bank balance of demand and savings account was \$12,871, and the reported amount was \$8,711, which includes \$239 of cash on hand.

**Custodial Credit Risk (Investment)** - All investments, with the exception of those held in escrow, are in securities of the U.S. Treasury or agencies of the United States, and are held in safekeeping by the general depository bank, JP Morgan Chase/ Bank One N.A., registered as accounts of SAWS. Funds held in escrow are money market funds managed by Wachovia Bank and JP Morgan Chase/Bank One and are invested in U.S. Treasury obligations. Investments are classified as current and non-current based on the maturity dates as of the end of the fiscal year. As of December 31, 2005, SAWS had the following investments and maturities:

Investment Type	Investments Maturities (in Days)				Fair Value	Reported
	Less than 90	91 to 180	181 to 365	Greater Than 365		
U.S. Treasury Bills	\$ 37,817	\$ 33,310	\$ -	\$ -	\$ 71,127	\$ 71,158
U.S. Treasury Notes	19,879	8,955			28,834	28,847
U.S. Agency Discount Notes	101,000	65,943			166,943	167,079
U.S. Agency Coupon Notes	24,049	10,786	9,858	5,734	50,427	50,453
Money Market Funds:						
Wachovia Bank	8,080				8,080	8,080
JP Morgan Chase/Bank One	2,994				2,994	2,994
	<u>\$ 193,819</u>	<u>\$ 118,994</u>	<u>\$ 9,858</u>	<u>\$ 5,734</u>	<u>\$ 328,405</u>	<u>\$ 328,611</u>
Percentage of Portfolio	59%	36%	3%	2%	100%	

**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, 98.0% of SAWS' investment portfolio is invested in maturities less than one year.

**Credit Risk** - SAWS' investment in government-sponsored entities such as Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank were rated Aaa by Moody's Investor Service and AAA by Standard & Poor's and Fitch's Ratings. The investments in money market funds were rated Aaa by Moody's Investor Service and AAA by Standard and Poor's.

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## **Note 3 Cash and Cash Equivalents and Investments (Continued)**

### **San Antonio Water System (SAWS) (Continued)**

**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 it can invest 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, 2005, SAWS has invested more than 5.0% of its investments in government-sponsored entities, in the form of discount or coupon notes. The percentage invested in each issuer as a percent of the total portfolio is as follows: 11.2% in Federal Home Loan Bank Notes, 27.5% in Federal National Mortgage Association Notes, and 27.2% in Federal Home Loan Mortgage Corporation Notes.

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

On October 26, 2001, with the demutualization of Principal Financial Group, Inc., SAWS received compensation for the membership interest for the life insurance provided as a benefit for employees and retirees. The demutualization compensation consisted of a distribution of 134,652 shares of Principal Financial Group, Inc. common stock. On the date of issuance, the stock was priced at \$23.35 per share, for a total value to SAWS of \$3,144. Upon the identification of these securities, these two stock transactions were recorded on the SAWS' financial records as of December 31, 2004. Given the appreciation in these securities subsequent to the demutualization, in accordance with GASB Statement No. 31, an unrealized gain was recorded in the amount of \$2,369 for Principal Financial Group, Inc. and \$198 for Metlife, Inc. In 2005, SAWS sold its stock for \$5,609 and realized a gain on the sale of \$2,357.

## **Note 4 Capital Assets**

### **Primary Government (City)**

In November 2003, the 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. The adoption of this standard resulted in a reduction in capital assets in the amount of \$4,029 for governmental activities. There was no financial statement impact for the City's business-type activities.

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**Note 4 Capital Assets (Continued)**

**Primary Government (City) (Continued)**

Capital asset activity for governmental activities, to include Internal Service Funds, for the year ended September 30, 2006, is as follows:

<b>Capital Assets - Governmental Activities</b>					
<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Non-Depreciable Assets:</b>					
Land	\$ 1,268,142	\$ 19,235	\$ -	\$ 2,143	\$ 1,289,520
Construction in Progress	614,763	103,534	(21,291)	(444,857)	252,149
Total Non-Depreciable Assets	<u>1,882,905</u>	<u>122,769</u>	<u>(21,291)</u>	<u>(442,714)</u>	<u>1,541,669</u>
<b>Depreciable Assets:</b>					
Buildings	396,837		(1,546)	238,791	634,082
Improvements	107,033	48		38,982	146,063
Infrastructure	2,054,838			96,275	2,151,113
Machinery and Equipment	216,061	34,271	(11,584)	68,666	307,414
Total Depreciable Assets	<u>2,774,769</u>	<u>34,319</u>	<u>(13,130)</u>	<u>442,714</u>	<u>3,238,672</u>
<b>Accumulated Depreciation:</b>					
Buildings	(168,553)	(37,284)	153		(205,684)
Improvements	(41,454)	(5,682)			(47,136)
Infrastructure	(1,258,636)	(58,186)			(1,316,822)
Machinery and Equipment	(120,472)	(28,151)	8,102		(140,521)
Total Accumulated Depreciation	<u>(1,589,115)</u>	<u>(129,303)</u>	<u>8,255</u>		<u>(1,710,163)</u>
Total Depreciable Assets, net	<u>1,185,654</u>	<u>(94,984)</u>	<u>(4,875)</u>	<u>442,714</u>	<u>1,528,509</u>
Total Capital Assets, net	<u>\$ 3,068,559</u>	<u>\$ 27,785</u>	<u>\$ (26,166)</u>	<u>\$ -</u>	<u>\$ 3,070,178</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 13,443
Public Safety	4,804
Public Works	61,072
Health Services	308
Welfare	1,111
Culture and Recreation	5,307
Convention and Tourism	30,202
Economic Development	14

Depreciation on Capital Assets Held by the City's Internal Service

Funds are Charged to Various Functions Based on Asset Usage	13,042
Total Depreciation Expense for Governmental Activities	<u>\$ 129,303</u>

<sup>1</sup> The capital assets of Internal Service Funds are included in governmental activities. In fiscal year 2006, Internal Service Funds capital assets increased by \$19,944, and decreased by \$9,934, resulting in an ending balance of \$130,249. Depreciation expense of \$13,042 resulted in an ending accumulated depreciation balance of \$79,688, to arrive at net book value of \$50,561.

**Note 4 Capital Assets (Continued)**

**Primary Government (City) (Continued)**

The City capitalizes interest incurred on construction projects, in accordance with Statement of Accounting Standards No. 62, *Special Reports*, issued by the Financial Accounting Standards Board. In fiscal year 2006, the City capitalized construction period interest for the Aviation Fund in the amount of \$392. Capital asset activity for business-type activities for the year ended September 30, 2006, is as follows:

Capital Assets - Business-Type Activities				
	Beginning			Ending
	Balance	Increases	Decreases	Balance
<b>Non Depreciable Assets:</b>				
Land:				
Aviation Fund	\$ 2,970	\$ -	\$ -	\$ 2,970
Parking Fund	8,125			8,125
Nonmajor Fund	893			893
Total	11,988			11,988
Construction in Progress:				
Aviation Fund	98,382	23,429	(17,825)	103,986
Parking Fund	3,329		(1,995)	1,334
Nonmajor Fund	598		(598)	
Total	102,309	23,429	(20,418)	105,320
<b>Total Non Depreciable Assets</b>	<b>114,297</b>	<b>23,429</b>	<b>(20,418)</b>	<b>117,308</b>
<b>Depreciable Assets:</b>				
Buildings:				
Aviation Fund	144,248			144,248
Parking Fund	29,192	1,194	(250)	30,136
Nonmajor Fund	46			46
Total	173,486	1,194	(250)	174,430
Improvements:				
Aviation Fund	156,110	14,750		170,860
Parking Fund	1,283	812		2,095
Nonmajor Fund	3,025	597		3,622
Total	160,418	16,159		176,577
Machinery and Equipment:				
Aviation Fund	10,866	906	(413)	11,359
Parking Fund	579			579
Nonmajor Fund	3,840	99	(71)	3,868
Total	15,285	1,005	(484)	15,806
<b>Total Depreciable Assets</b>	<b>349,189</b>	<b>18,358</b>	<b>(734)</b>	<b>366,813</b>
<b>Accumulated Depreciation:</b>				
Buildings:				
Aviation Fund	(58,060)	(3,428)		(61,488)
Parking Fund	(9,148)	(734)		(9,882)
Nonmajor Fund	(229)	(1)		(230)
Total	(67,437)	(4,163)		(71,600)
Improvements:				
Aviation Fund	(75,439)	(3,340)		(78,779)
Parking Fund	(519)	(121)		(640)
Nonmajor Fund	(421)	(153)		(574)
Total	(76,379)	(3,614)		(79,993)
Machinery and Equipment:				
Aviation Fund	(8,557)	(866)	340	(9,083)
Parking Fund	(569)	(3)		(572)
Nonmajor Fund	(2,804)	(270)	71	(3,003)
Total	(11,930)	(1,139)	411	(12,658)
<b>Total Accumulated Depreciation</b>	<b>(155,746)</b>	<b>(8,916)</b>	<b>411</b>	<b>(164,251)</b>
<b>Total Depreciable Assets, Net</b>	<b>193,443</b>	<b>9,442</b>	<b>(323)</b>	<b>202,562</b>
<b>Total Capital Assets, Net</b>	<b>\$ 307,740</b>	<b>\$ 32,871</b>	<b>\$ (20,741)</b>	<b>\$ 319,870</b>

**Note 4 Capital Assets (Continued)****CPS Energy**

CPS Energy's plant-in service includes seven power plants, which are solely owned and operated by CPS Energy. In total, the plants have 19 generating units—3 of which are coal-fired and 16 of which are gas-fired. The list of plants and relative generating units are J.T. Deely with 2 units, J.K. Spruce with 1 units, Arthur von Rosenberg with 1 unit, O.W. Sommers with 2 units, V.H. Braunig with 3 units, W.B. Tuttle with 4 units, of which two units are fully depreciated and are currently not available for use, and Leon Creek with 6 units, of which 4 units fully depreciated and not currently available for use.

Plant-in-Service also includes CPS Energy's 40.0% interest in South Texas Project (STP). Other notable capital assets in electric and gas plant include a fleet of rail cars, a transmission network for the movement of electric power from the generating stations, and electric and gas distribution systems. Included in general plant are the Energy Management Center (EMC), the main office complex, the customer service centers, the construction and service centers, the Villita Assembly Building, and a fleet of automobiles, trucks, and work equipment.

Impairments - an internal company-wide review of capital assets, in accordance with GASB Statement No. 42, indicated that CPS Energy had no impaired capital assets for fiscal year 2006.

CPS Energy capitalizes interest incurred on construction projects in accordance with Statement of Accounting Standard No. 62 issued by the Financial Accounting Standards Board. CPS Energy capitalized construction period interest in the amount of \$4,669. Capital asset activity for CPS Energy is as follows:

<b>Capital Assets - CPS Energy</b>				
	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
<b>Nondepreciable Assets:</b>				
Land	\$ 56,482	\$ 2,169	\$ -	\$ 58,651
Nonutility property-land	12,599			12,599
Construction in Progress	180,594	335,977	(219,625)	296,946
<b>Total Nondepreciable Assets</b>	<b>249,675</b>	<b>338,146</b>	<b>(219,625)</b>	<b>368,196</b>
<b>Depreciable Capital Assets:</b>				
Utility Plant in Service	7,005,400	396,847	(29,079)	7,373,168
Utility Property Leased	18,785			18,785
Nuclear Fuel	319,186	165,869		485,055
<b>Total Depreciable Assets</b>	<b>7,343,371</b>	<b>562,716</b>	<b>(29,079)</b>	<b>7,877,008</b>
<b>Accumulated Depreciation:</b>				
Utility Plant in Service	(2,662,919)	(246,410)	32,682	(2,876,647)
Utility Property Leased	(336)			(336)
Nuclear Fuel	(283,797)	(141,788)		(425,585)
<b>Total Accumulated Depreciation</b>	<b>(2,947,052)</b>	<b>(388,198)</b>	<b>32,682</b>	<b>(3,302,568)</b>
<b>Total Depreciable Assets, Net</b>	<b>4,396,319</b>	<b>174,518</b>	<b>3,603</b>	<b>4,574,440</b>
<b>Total Capital Assets, Net</b>	<b>\$ 4,645,994</b>	<b>\$ 512,664</b>	<b>\$ (216,022)</b>	<b>\$ 4,942,636</b>

Cash flow information-cash paid for additions, net removal costs and nuclear fuel was \$559,938, and noncash AFUDC was \$4,669, for a total of \$564,607. Included in Decreases was \$6,715 in removal cost, offset by \$3,112 in salvage sales. Depreciation, depletion and amortization totaled \$267,965. The \$120,233 under fuel and its amortization as acquired through the additional 12.0% purchase of STP. The increases in Utility Plant & Service also included the 12.0% STP acquisition, as well as new substations and distribution infrastructure. The STP acquisition is included in the Utility plant in service additions/increases column. Included in utility plant in service plant was the Mission Road generation plant (MRP) that had an acquisition value of \$12,500. MRP was taken out of service on October 1, 2003 after being fully depreciated.

**Note 4 Capital Assets (Continued)****CPS Energy (Continued)**

STP is a two-unit nuclear power plant located in Matagorda County, Texas. STP is maintained and operated by the STP Nuclear Operating Company (a non-profit Texas Corporation) and is financed and controlled by the owners—CPS Energy, Texas Genco, and the City of Austin. Also, see Note 10, CPS Energy South Texas Project (STP). To achieve the 40.0% interest in STP, CPS Energy exercised its right of first refusal to acquire an additional 12.0% (300 megawatts) share from AEP, the prior owner. The purchase was completed May 19, 2005 and increased CPS Energy's proportionate share of STP from 28.0% to 40.0%. As of January 31, 2006, CPS Energy's capital investment in STP is as follows:

<b>STP Capital Investment, Net</b>	
STP Costs:	
Construction in Progress	\$ 21,261
Land	5,701
Electric and General Plant	2,371,419
Nuclear Fuel	485,055
Total STP Costs	<u>2,883,436</u>
Accumulated Depreciation:	
Electric and General Plant	(954,403)
Nuclear Fuel	(425,585)
Total Accumulated Depreciation	<u>(1,379,988)</u>
STP Capital assets, net:	
Construction in Progress	21,261
Land	5,701
Electric and General Plant	1,417,016
Nuclear Fuel	59,470
Total STP Capital Assets, Net	<u>\$ 1,503,448</u>
Total CPS Energy Capital Assets, Net	<u>\$ 4,942,636</u>
STP Capital Investment as a	
Percent of Total CPS Energy	
Capital Assets, Net	30.4%

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**Note 4 Capital Assets (Continued)****San Antonio Water System (SAWS)**

SAWS capitalized interest incurred on revenue bonds and commercial paper debt totaled \$61,479 during the twelve months ended December 31, 2005, of which \$16,300 was capitalized as part of the cost of SAWS' utility plant additions. In accordance with Statement of Accounting Standard No. 62, issued by the FASB, SAWS capitalized construction period interest in the amount of \$16,300. Capital asset activity for SAWS is as follows:

<b>Capital Assets - San Antonio Water System</b>				
	<b>(Restated)</b>			
<b>San Antonio Water System:</b>	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
<b>Nondepreciable Assets:</b>				
Land	\$ 63,537	\$ 9,968	\$ (683)	\$ 72,822
Acquisition of Water Rights	18,802	17,245		36,047
Construction in Progress	499,585	219,821	(236,205)	483,201
Total Nondepreciable Assets	<u>581,924</u>	<u>247,034</u>	<u>(236,888)</u>	<u>592,070</u>
<b>Depreciable Assets:</b>				
Utility Plant in Service	2,293,502	212,441	(8,334)	2,497,609
Machinery and Equipment	103,052	8,536	(1,824)	109,764
Total Depreciable Assets	<u>2,396,554</u>	<u>220,977</u>	<u>(10,158)</u>	<u>2,607,373</u>
<b>Accumulated Depreciation:</b>				
Utility Plant in Service	(735,555)	(59,465)	3,571	(791,449)
Machinery and Equipment	(62,902)	(8,492)	1,680	(69,714)
Total Accumulated Depreciation	<u>(798,457)</u>	<u>(67,957)</u>	<u>5,251</u>	<u>(861,163)</u>
Total Depreciable Assets, Net	<u>1,598,097</u>	<u>153,020</u>	<u>(4,907)</u>	<u>1,746,210</u>
Total Capital Assets, Net	<u>\$ 2,180,021</u>	<u>\$ 400,054</u>	<u>\$ (241,795)</u>	<u>\$ 2,338,280</u>

Beginning balances have been restated per SAWS' December 31, 2005 CAFR.

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**Note 5 Receivables and Payables****Disaggregation of Receivables**

Net receivables at September 30, 2006 is as follows:

	Accounts	Taxes	Notes and Loans	Accrued Interest	Other	Total Net Receivables
<u>Governmental Activities:</u>						
General Government	\$ 35,769	\$ 55,792	\$ -	\$ 5,773	\$ 625	\$ 97,959
Public Safety	2,326			84		2,410
Public Works	4,096			901		4,997
Health Services	8,060			6		8,066
Environmental Protection and Control	96					96
Culture and Recreation	4,078			555		4,633
Convention and Tourism	6,549			470		7,019
Urban Redevelopment and Housing	11,933		2,156	41		14,130
Welfare	10,618		3,162	26		13,806
Economic Development Opportunity	724			68		792
Total Governmental Activities	<u>\$ 84,249</u>	<u>\$ 55,792</u>	<u>\$ 5,318</u>	<u>\$ 7,924</u>	<u>\$ 625</u>	<u>\$ 153,908</u>
<u>Business-Type Activities:</u>						
Airport System	\$ 3,456	\$ -	\$ -	\$ 2,209	\$ -	\$ 5,665
Parking Facilities	30			162		192
Nonmajor Fund	5,000			45		5,045
Total Business-Type Activities	<u>\$ 8,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,416</u>	<u>\$ -</u>	<u>\$ 10,902</u>

The receivable balances for General Government, Public Health Services, Culture and Recreation, and Convention and Tourism have been reduced by the estimated allowance for doubtful accounts of \$18,176, \$26,493, \$29, \$79, respectively, and General Government taxes of \$5,979. The receivable balance for business-type activities has been reduced by the estimated allowance for doubtful accounts of \$912.

The only receivables not expected to be collected within one year are \$4,696 of notes and loans receivables in Welfare and Economic Development.

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**Note 5 Receivables and Payables (Continued)**

**Disaggregation of Payables**

Payables at September 30, 2006 are as follows:

	<u>Accounts</u>	<u>Accrued Payroll</u>	<u>Total Payables</u>
Governmental Activities:			
General Government	\$ 90,275	\$ 10,034	\$ 100,309
Public Safety	5,271	1,049	6,320
Public Works	20,145	175	20,320
Sanitation	47		47
Health Services	2,672	817	3,489
Culture and Recreation	3,784	946	4,730
Convention and Tourism	4,929	553	5,482
Urban Redevelopment and Housing	3,134	13	3,147
Welfare	6,208	135	6,343
Economic Development Opportunity	300	67	367
Total Governmental Activities	<u>\$ 136,765</u>	<u>\$ 13,789</u>	<u>\$ 150,554</u>
Business-Type Activities:			
Airport System	\$ 13,959	\$ 563	\$ 14,522
Parking Facilities	225	114	339
Nonmajor Fund	3,802	651	4,453
Total Business-Type Activities	<u>\$ 17,986</u>	<u>\$ 1,328</u>	<u>\$ 19,314</u>

**Interfund Receivable and Payable Balances**

As of September 30, 2006, 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 \$33,736 due from other funds in the General Fund, \$32,364 is a result of overdraws of pooled cash. All amounts are expected to be paid within one year. See table on next page.

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**Note 5 Receivables and Payables (Continued)****Interfund Receivable and Payable Balances (Continued)**

The following is a summary of interfund receivables and payables for the City as of September 30, 2006:

Summary Table of Interfund Receivables and Payables As of September 30, 2006		
	Due From Other Funds	Due To Other Funds
General Fund:		
Fiduciary Funds	\$ 600	\$ -
Categorical Grant-In-Aid	19,216	120
Internal Service Funds	1,886	
Nonmajor Governmental Funds	12,034	1,534
Total General Fund	<u>33,736</u>	<u>1,654</u>
Debt Service Funds:		
Nonmajor Governmental Funds	791	
Total Debt Service Funds	<u>791</u>	
Airport System Fund:		
Airport Operating Fund from the Airport I&C Fund	1,068	
Airport Debt Service Fund from the Airport PFC Fund	130	
Airport PFC Fund from Airport PFC I & C Fund	56	
Airport PFC I & C Fund to Airport PFC Fund		56
Airport PFC Fund to the Airport Debt Service Fund		130
Airport I&C Fund to the Airport Operating Fund		1,068
Total Airport System Fund	<u>1,254</u>	<u>1,254</u>
Parking Fund:		
Parking Operating from Parking Construction	85	
Parking Construction to Parking Operating		85
Total Parking Fund	<u>85</u>	<u>85</u>
Categorical Grant-In-Aid:		
General Fund	120	19,216
Internal Service Funds	8	513
Nonmajor Governmental Funds	110	2,018
Total Categorical Grant-In-Aid	<u>238</u>	<u>21,747</u>
Fiduciary Funds:		
General Fund		600
Total Fiduciary Funds		<u>600</u>
Internal Service Funds:		
General Fund		1,886
Categorical Grant-In-Aid	513	8
Nonmajor Governmental Funds		100
Internal Service Funds	500	500
Total Internal Service Funds	<u>1,013</u>	<u>2,494</u>
Nonmajor Governmental Funds:		
General Fund	1,534	12,034
Categorical Grant-In-Aid	2,018	110
Debt Service Fund		791
Internal Service Funds	100	
Nonmajor Enterprise Fund		48
Nonmajor Governmental Funds	6,014	6,014
Total Nonmajor Governmental Funds	<u>9,666</u>	<u>18,997</u>
Nonmajor Enterprise Fund:		
Nonmajor Governmental Funds	48	
Total Nonmajor Enterprise Fund	<u>48</u>	
Total	<u>\$ 46,831</u>	<u>\$ 46,831</u>

## Note 6 Long-Term Debt

### Primary Government (City)

#### Governmental Activity Long-Term Debt

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 2006. On December 2, 2004, the City issued \$33,090 in General Improvement Forward Refunding Bonds, Series 2006 with a forward delivery date of May 9, 2006. These Obligations were issued to refund certain tax-supported debt for interest cost savings and are payable from ad valorem taxes and from certain revenue generating operations.

The net proceeds from the sale of the General Improvement Forward Refunding Bonds Series 2006, which included an original premium of \$2,251, were applied, together with a cash contribution from the City, to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2006 refunding, the City will realize a total reduction of \$1,932 in debt service payments. Through this transaction, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,027. The Series 2006 General Improvement Forward Refunding Bonds are retired serially in the years 2009 through 2016, and bear interest rates ranging from 3.7% to 5.5%.

In July 2006, the City issued \$37,600 of Tax Anticipation Notes (TANs), Series 2006. Delivery of proceeds from the TANs occurred on July 11, 2006. The TANs are payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the limitations prescribed by state laws. The TANs Series 2006 will retire in the year 2009 and bears an interest rate of 3.9%.

Proceeds of the TANs, Series 2006 will be used for constructing public safety improvements; constructing street, drainage, sidewalk, and bridge improvements; constructing improvements and renovations to municipal facilities; improving the library system; acquiring, constructing, and renovating park facilities; constructing infrastructure improvements; and constructing public health and safety improvements.

On February 5, 2003, Toyota Motor Manufacturing North America, Inc. selected the City for its sixth North American assembly plant. Subsequently, on May 22, 2003, the City established the Starbright Industrial Development Corporation (IDC) to act on behalf of the City and approved the "Starbright Agreement", which outlined the City's commitments to Toyota. These commitments included the acquisition of land for the Toyota plant through the Starbright IDC, reimbursement up to \$10,000 for site improvements, and reimbursement up to \$3,000 for a training facility.

The City of San Antonio, Starbright Industrial Development Corporation Contract Revenue Bonds, Series 2003, were issued in June 2003 to finance acquisition and conveyance of the land to Toyota and site improvements. As of September 30, 2006, the amount of bonds outstanding was \$24,685, and this amount is reflected in the Governmental Activity Long-Term debt table. Under the terms of the Starbright Agreement, \$8,003 of the City's total commitment remains an obligation to be paid to Toyota. As such, this amount is reflected as an "Other Payable" in the long-term obligations table as of September 30, 2006.

In September 2004, City Council authorized the submission of a \$57,000 HUD 108 loan application to the Department of Housing and Urban Development (HUD), which was received August 2006. Proceeds of the loan will be utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. The amount of \$57,000 is reflected as a "Notes Payable" in the Governmental and Business-Type Activities Long-Term Debt table.

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**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Governmental Activity Long-Term Debt (Continued)**

The City's general obligation, certificates of obligation, and TANs include a pledge of ad valorem taxes. Hotel occupancy taxes are pledged to the repayment of the Convention Center Expansion Revenue Bonds and municipal drainage revenue is pledged to the Municipal Drainage Bonds. The Municipal Facilities Corporation Lease Revenue Bonds (One Stop) include a pledge of lease payments derived through the One Stop's lease agreement with the City. The Hotel Empowerment Zone Bonds include a pledge of revenues derived from hotel's operations and the Starbright Industrial Development Corporation Revenue Bonds include a pledge of the City's payment from CPS Energy.

**Prior Years' Defeased Debt**

In prior years, the City advance refunded, prior to maturity, certain general obligation bonds, revenue bonds and certificates of obligation. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow funds in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payments 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 liabilities of the City; therefore, they are not included in the City's financial statements. On September 30, 2006, \$102,070 of previously defeased bonds were outstanding.

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**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, 2006 for governmental activity debt:

Governmental Activity Long-Term Debt							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2005	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2006
<b>General Obligation Bonds</b>							
1988 Refunding	\$ 132,978	2006	7.250-7.400	\$ 1,735	\$ -	\$ 1,735	\$ -
1996A Refunding	82,235	2016	4.800-6.000	46,240		38,120	8,120
1996B Refunding	6,030	2008	6.700	2,150		675	1,475
1998 Refunding	30,855	2018	4.500-5.000	17,390		955	16,435
1998 Forward Refunding	53,950	2008	5.500-6.000	17,795		2,790	15,005
1998A Refunding	47,955	2019	4.000-5.250	30,280		3,250	27,030
1999	12,000	2011	5.500	3,140		450	2,690
2000	27,565	2020	4.500-5.000	18,575		1,085	17,490
2000A	15,615	2021	5.250-5.375	7,635		545	7,090
2001	84,945	2022	3.000-5.250	48,210		700	47,510
2002 Forward Refunding	239,910	2013	5.000-5.250	178,340		20,980	157,360
2002	55,850	2023	3.000-5.500	49,540		2,750	46,790
2003	40,905	2014	2.750-5.000	32,015		3,090	28,925
2003A	55,710	2016	3.500-5.000	55,665		2,125	53,540
2004	33,570	2024	2.375-4.750	33,570			33,570
2004 Refunding <sup>2</sup>	13,245	2016	1.875-4.650		12,115	1,330	10,785
2005	116,170	2025	3.500-5.250	116,170			116,170
2006 Refunding	33,900	2016	3.700-5.500		33,090		33,090
Subtotal	<u>\$ 1,083,388</u>			<u>\$ 658,450</u>	<u>\$ 45,205</u>	<u>\$80,580</u>	<u>\$ 623,075</u>
<b>Tax -Exempt Certificates of Obligation</b>							
Series 1996A	\$ 12,515	2006	4.650-4.750	\$ 575	\$ -	\$ 575	\$ -
Series 1998	4,315	2018	4.700-5.000	1,755		380	1,375
Series 1998A	36,535	2019	4.000-5.250	15,940		1,825	14,115
Series 1999	4,230	2011	5.750	1,110		160	950
Series 2000	8,490	2020	4.500-5.000	5,720		335	5,385
Series 2000A	8,810	2021	5.250-5.375	4,305		305	4,000
Series 2000C	6,415	2020	5.000-5.500	6,065		260	5,805
Series 2001	65,195	2014	4.000-5.250	53,680		5,030	48,650
Series 2002	69,930	2023	3.000-5.500	65,905		1,780	64,125
Series 2004	29,525	2024	2.000-5.000	29,085		570	28,515
Series 2005	10,535	2025	4.000-5.250	10,535			10,535
Subtotal	<u>\$ 256,495</u>			<u>\$ 194,675</u>	<u>\$ -</u>	<u>\$11,220</u>	<u>\$ 183,455</u>
Subtotal Page 1	<u>\$ 1,339,883</u>			<u>\$ 853,125</u>	<u>\$ 45,205</u>	<u>\$91,800</u>	<u>\$ 806,530</u>

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**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Governmental Activity Long-Term Debt (Continued)**

Governmental Activity Long-Term Debt (Continued)							
Issue	Original Amount	Final		Balance	Additions	Deletions	Balance
		Principal Payment	Interest Rates (%)	Outstanding October 1, 2005	During Year	During Year	Outstanding September 30, 2006
Subtotal Page 1	\$ 1,339,883			\$ 853,125	\$ 45,205	\$ 91,800	\$ 806,530
<u>Taxable Certificates of Obligation</u>							
Series 1996	\$ 6,160	2009	6.550-6.050	\$ 1,300	\$ -	\$ 300	\$ 1,000
Series 1996B	7,375	2008	6.800	1,040		325	715
Series 2000B	1,755	2021	7.450-7.550	1,610		55	1,555
Series 2005A	2,900	2007	4.610	2,900			2,900
Subtotal	\$ 18,190			\$ 6,850	\$ -	\$ 680	\$ 6,170
<u>Tax Anticipation Notes</u>							
Series 2006	\$ 37,600	2009	3.927	\$ -	\$ 37,600	\$ -	\$ 37,600
Subtotal	\$ 37,600			\$ -	\$ 37,600	\$ -	\$ 37,600
<u>Revenue Bonds<sup>1</sup></u>							
Series 1996 Occupancy Tax	\$ 182,012	2026	5.100-6.020	\$ 86,897	\$ -	\$ -	\$ 86,897
2003 Drainage	44,150	2028	3.500-5.000	42,050		1,100	40,950
2005 Drainage	61,060	2030	3.500-5.250	61,060		1,310	59,750
Series 2001 Municipal Facility	14,465	2020	3.800-5.200	12,300		600	11,700
Convention Series 2004A	10,390	2029	5.000	10,390			10,390
Convention Series 2004B	111,425	2020	2.000-5.000	110,625		1,375	109,250
Hotel 2005A	129,930	2039	5.000	129,930			129,930
Hotel 2005B	78,215	2028	4.500-5.310	78,215			78,215
Starbright Industrial Dev Corp	24,685	2033	2.180-5.110	24,685			24,685
Subtotal	\$ 656,332			\$ 556,152	\$ -	\$ 4,385	\$ 551,767
TOTAL	\$ 2,052,005			\$ 1,416,127	\$ 82,805	\$ 96,865	\$ 1,402,067

<sup>1</sup> A portion of the Hotel/ Motel Occupancy Tax Revenue Bonds Series 1996 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS will accrete from date of delivery and will be payable only at maturity or redemption. Interest accreted through fiscal year 2006 has resulted in an increase of \$15,440 in revenue bonds payable. This increase is reflected on the combined Statement of Net Assets but is not shown in this above table.

<sup>2</sup> As of October 1, 2005, the Parking Fund General Improvement Refunding Bond was reclassified to governmental debt. This balance is reflected in this table.

**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Governmental Activity Long-Term Debt (Continued)**

**Annual Requirements**

The annual requirements to amortize all general obligation bonds, certificates of obligation, tax anticipation notes, and all revenue bonds outstanding as of September 30, 2006 is as follows:

Year Ending September 30,	Principal and Interest Requirements								Total Annual Requirements
	General Obligation Bonds		Certificates of Obligation		Tax Anticipation Notes		Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 50,975	\$ 30,904	\$ 17,085	\$ 8,953	\$ -	\$ 1,189	\$ 5,930	\$ 26,824	\$ 141,860
2008	54,500	28,362	16,370	8,112		1,477	6,665	26,621	142,107
2009	55,720	25,359	16,445	7,333	37,600	1,477	9,505	24,200	177,639
2010	59,350	22,900	15,340	6,609			12,630	23,880	140,709
2011	62,615	19,953	15,965	5,876			9,832	23,427	137,668
2012-2016	185,835	62,447	60,085	17,678			54,693	111,949	492,687
2017-2021	116,755	23,745	33,635	7,827			91,627	98,212	371,801
2022-2026	37,325	2,407	14,700	1,049			125,215	71,740	252,436
2027-2031							107,395	42,456	149,851
2032-2035							85,755	20,933	106,688
2036-2039							42,520	4,331	46,851
Total	\$ 623,075	\$ 216,077	\$ 189,625	\$ 63,437	\$ 37,600	\$ 4,143	\$ 551,767	\$ 474,573 <sup>1</sup>	\$ 2,160,297

Total Principal and Interest Payable within One Year						
Principal	\$ 50,975		\$ 17,085		\$ 5,930	\$ 73,990
Interest	30,904		8,953		1,189	67,870
Total	\$ 81,879		\$ 26,038		\$ 1,189	\$ 141,860

<sup>1</sup> A portion of the Hotel Motel Occupancy Tax Revenue Bonds (Series 1996) was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from the date of delivery and will be payable only at maturity or redemption. Interest accreted through fiscal year 2006 has resulted in an increase of \$15,440 in revenue bonds payable. The increase is reflected on the Combined Statement of Net Assets but is not in this table.

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**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Governmental Activity Long-Term Debt (Continued)**

Authorized But Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued	Bonds Authorized But Unissued
01-26-80 <sup>1</sup>	Drainage and Flood Control	\$ 21,637	\$ 17,413	\$ 4,224
01-26-80 <sup>1</sup>	Fire Protection	4,257	2,125	2,132
01-26-80 <sup>1</sup>	Libraries	4,978	3,926	1,052
01-26-80 <sup>1</sup>	Street, Bridge, and Related Improvements	43,287	34,035	9,252
05-07-94	Street Improvements	25,600	25,600	
05-07-94	Drainage Improvements	34,400	34,400	
05-07-94	Parks and Recreation	41,600	41,600	
05-01-99	Streets and Pedestrian Improvements	41,300	41,300	
05-01-99	Drainage	19,000	19,000	
05-01-99	Flood Control	12,200	12,200	
05-01-99	Parks and Recreation	24,200	24,200	
05-01-99	Library System	13,200	13,200	
05-01-99	Public Safety	30,300	30,300	
11-04-03 <sup>2</sup>	Street and Pedestrian	29,398	18,828	10,570
11-04-03 <sup>2</sup>	Drainage	18,913	15,492	3,421
11-04-03 <sup>2</sup>	Parks & Recreation	27,224	24,522	2,702
11-04-03 <sup>2</sup>	Library System	3,965	3,065	900
11-04-03 <sup>2</sup>	Public Health and Safety	35,500	14,422	21,078 <sup>3</sup>
Total		\$ 430,959	\$ 375,628	\$ 55,331

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

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

<sup>3</sup> Includes \$9,654 which was included in the issuance of the Tax Anticipation Notes Series 2006, which the City will count general obligation authorization.

**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 2006 was \$56,750,907, which provides a debt ceiling of \$5,675,091. The total outstanding debt that is secured by an ad valorem tax pledge is \$850,300.

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

**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Governmental Activity Long-Term Debt (Continued)**

**Leases**

The City leases property and equipment from others. Leased property having elements of ownership are recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when matured in the governmental fund financial statements. Total expenditures for operating leases for the fiscal year ended September 30, 2006 were approximately \$3,200.

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

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

Machinery and Equipment	\$ 27,899
Less: Accumulated Depreciation	(9,136)
Total	<u>\$ 18,763</u>

As of September 30, 2006, the City (excluding discretely presented component units) had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities, as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30:			
2007	\$ 3,157	\$ 1,768	\$ 4,925
2008	2,904	1,278	4,182
2009	2,104	1,261	3,365
2010	1,894	1,063	2,957
2011	1,011	746	1,757
2012-2016		3,477	3,477
2017-2021		3,311	3,311
2022-2026		365	365
Future Minimum Lease Payments	11,070	<u>\$ 13,269</u>	<u>\$ 24,339</u>
Less: Interest	(803)		
Present Value of Future Minimum Lease Payments	10,267		
Less: Current Portion	(2,822)		
Capital Leases, Net of Current Portion	<u>\$ 7,445</u>		

**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Business-Type Activity Long-Term Debt**

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

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

**Parking System** - The Parking System operation includes the ownership and operation of parking facilities, parking lots, parking meters, and retail/office space. Certain long-term debt is allocated to the Parking System on a pro rata basis from proceeds received from the issuance of general obligation and certificate of obligation debt and is paid from revenues derived from the operation of the Parking System. This allocated debt is additionally secured by an ad valorem tax pledge. As of October 1, 2005, the General Obligation Series 2004A Bonds were allocated back to governmental long-term debt and are paid from ad valorem taxes. Additionally, long-term debt for the Parking System includes revenue bonds, which are payable from and secured by a first lien on and a pledge of the gross revenues derived from the ownership and operation of the City's Parking System.

**Capitalized Interest Costs** - Interest costs incurred on revenue bonds, general obligation bonds, and other borrowings totaled \$14,386. For fiscal year 2006, the amounts of \$392 were capitalized for the Airport System as part of the cost of additions to the Airport System.

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**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Business-Type Activity Long-Term Debt (Continued)**

The following table is a summary of changes in revenue bonds and general obligation bonds for the fiscal year ended September 30, 2006.

Business-Type Long-Term Debt							
Issues	Original Amount	Final Principal Payment	Interest Rates (%)	Balance	Additions During Year	Deletions During Year	Balance
				Outstanding October 1, 2005			Outstanding September 30, 2006
<b>Airport System</b>							
Revenue Bonds:							
Series 1996	\$ 38,000	2014	5.700-5.750	\$ 17,975	\$ -	\$ 250	\$ 17,725
Series 2001	17,795	2016	5.375	17,795			17,795
Series 2002	92,470	2027	5.000-5.750	91,375		1,155	90,220
Series 2002 PFC	37,575	2027	4.000-5.750	35,150		880	34,270
Series 2003 Refunding	50,230	2013	5.500-6.000	42,280		4,315	37,965
Series 2003A	8,175	2006	2.000-2.250	2,190		2,190	
Series 2003B	3,255	2009	2.300-3.000	3,255			3,255
Series 2005 PFC	38,085	2030	3.375-5.250	38,085		825	37,260
Subtotal	<u>\$ 285,585</u>			<u>\$ 248,105</u>	<u>\$ -</u>	<u>\$ 9,615</u>	<u>\$ 238,490</u>
<b>Parking System</b>							
Revenue Bonds:							
Series 2000	\$ 24,845	2024	5.000-5.750	\$ 23,995	\$ -	\$ 600	\$ 23,395
General Obligation Bonds:							
Series 2004A Refunding <sup>1</sup>	13,245	2016	1.400-4.650	12,115		12,115	
Subtotal	<u>\$ 38,090</u>			<u>\$ 36,110</u>	<u>\$ -</u>	<u>\$ 12,715</u>	<u>\$ 23,395</u>
Total	<u>\$ 323,675</u>			<u>\$ 284,215</u>	<u>\$ -</u>	<u>\$ 22,330</u>	<u>\$ 261,885</u>

<sup>1</sup> As of October 1, 2005, Parking System's General Improvement Forward Refunding Bond, Series 2004A was reclassified to governmental debt. This balance is now reflected in governmental long-term activities debt table.

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**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 revenue bonds outstanding at September 30, 2006, are as follows:

Business-Type Long-Term Debt												
Year Ending	Airport System			Parking System								
	Sept. 30:	Principal	Interest	Total	Principal	Interest	Total					
2007	\$	9,605	\$	12,819	\$	22,424	\$	620	\$	1,295	\$	1,915
2008		10,155		12,342		22,497		660		1,264		1,924
2009		11,595		11,831		23,426		850		1,230		2,080
2010		12,210		11,237		23,447		350		1,187		1,537
2011		13,400		10,548		23,948		575		1,169		1,744
2012-2016		69,890		40,854		110,744		6,180		5,075		11,255
2017-2021		40,000		25,045		65,045		8,105		3,173		11,278
2022-2026		52,110		13,252		65,362		6,055		710		6,765
2027-2030		19,525		1,657		21,182						
Total	\$	238,490	\$	139,585	\$	378,075	\$	23,395	\$	15,103	\$	38,498

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**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

**Business-Type Activity Long-Term Debt (Continued)**

**Leases**

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

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

Machinery and Equipment	\$ 709
Less: Accumulated Depreciation	(494)
Total	<u>\$ 215</u>

As of September 30, 2006, the City (excluding discretely presented component units) had future minimum payments under capital leases with a remaining term in excess of one year for business-type activities as follows:

	Capital Leases
Fiscal Year Ending September 30, 2007	<u>\$ 117</u>
Future Minimum Lease Payments	117
Less: Interest	(2)
Present Value of Future Minimum Lease Payments	115
Less: Current Portion	(115)
Capital Leases, net of current portion	<u>\$ -</u>

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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			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 658,450	\$ 45,205	\$ 80,580	\$ 623,075	\$ 50,975
Tax-Exempt Certificates of Obligation	194,675		11,220	183,455	13,455
Taxable Certificates of Obligation	6,850		680	6,170	3,630
Tax Anticipation Notes		37,600		37,600	
Revenue Bonds	556,152		4,385	551,767	5,930
	<u>1,416,127</u>	<u>82,805</u>	<u>96,865</u>	<u>1,402,067</u>	<u>73,990</u>
Unamortized (Discount)/Premium	49,799	2,241	3,851	48,189	3,985
Deferred Amount on Refunding	(13,839)	(1,396)	(6,637)	(8,598)	(1,335)
Total Bonds Payable	<u>1,452,087</u>	<u>83,650</u>	<u>94,079</u>	<u>1,441,658</u>	<u>76,640</u>
Other Payables:					
Accrued Arbitrage Rebate Payable	1,688		1,287	401	
Capital Leases	7,232	6,218	3,183	10,267	2,822
Compensated Absences	128,653	65,559	52,806	141,406	52,238
Notes Payable	1,369	57,000	364	58,005	1,985
Other Payables		8,003		8,003	3,384
Total Other Payables	<u>138,942</u>	<u>136,780</u>	<u>57,640</u>	<u>218,082</u>	<u>60,429</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,591,029</u>	<u>\$ 220,430</u>	<u>\$ 151,719</u>	<u>\$ 1,659,740</u>	<u>\$ 137,069</u>
<b>Business-Type Activities:</b>					
Bond Payable:					
General Obligation Bonds	\$ 12,115	\$ -	\$ 12,115	\$ -	\$ -
Revenue Bonds	272,100		10,215	261,885	10,225
	<u>284,215</u>		<u>22,330</u>	<u>261,885</u>	<u>10,225</u>
Unamortized (Discount)/Premium	3,012		(801)	3,813	
Deferred Amount on Refunding	(5,053)		(1,663)	(3,390)	
Total Bonds Payable	<u>282,174</u>		<u>19,866</u>	<u>262,308</u>	<u>10,225</u>
Other Payables:					
Aviation	1,565	176	1,573	168	168
Parking	7			7	7
Nonmajor Fund	1,030		26	1,004	343
Total Other Payables	<u>2,602</u>	<u>176</u>	<u>1,599</u>	<u>1,179</u>	<u>518</u>
Accrued Arbitrage Rebate Payable		30		30	30
Capital Leases Nonmajor Fund	263		148	115	115
Compensated Absences	2,002	2,997	1,841	3,158	526
Total Other Payables	<u>4,867</u>	<u>3,203</u>	<u>3,588</u>	<u>4,482</u>	<u>1,189</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 287,041</u>	<u>\$ 3,203</u>	<u>\$ 23,454</u>	<u>\$ 266,790</u>	<u>\$ 11,414</u>

The accreted interest through fiscal year 2006 has resulted in an increase of \$15,440 in Hotel-Motel Tax Revenue Bonds Payable in governmental activities. The accreted interest in the amount of \$15,440 is reflected on the Statement of Net Assets, but is not reflected in this table.

**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

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

**Compensated Absences**

The following is a summary of compensated absences for the year ended September 30, 2006:

Governmental Activities					
Fund Type	Short-Term	Short-Term	Total		
	Available	Remaining	Short-Term	Long-Term	Total
Governmental Funds	\$ 6,984	\$ 44,815	\$ 51,799	\$ 86,971	\$ 138,770
Internal Service Funds		439	439	2,197	2,636
Total Governmental Activities	\$ 6,984	\$ 45,254	\$ 52,238	\$ 89,168	\$ 141,406

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

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport	\$ 236	\$ 1,182	\$ 1,418
Parking	32	158	190
Nonmajor Fund	258	1,292	1,550
Total Business-Type Activities	\$ 526	\$ 2,632	\$ 3,158

**Conduit Debt Obligations**

The City facilitates the issuance of bonds to enable the San Antonio Industrial Development Authority, Health Facilities Development Corporation, and the Education Facilities Corporation (formerly known as Higher Education Authority), component units of the City, to provide financial assistance to various entities for the acquisition, construction, and/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, 2006, the aggregate principal amount payable are as follows: five series of Education Facility Revenue Bonds in the amount of \$59,670 outstanding; two series of Health Facilities Development Bonds in the amount of \$10,700 outstanding; two series of Industrial Revenue Bonds in the amount of \$12,250 outstanding; and one series of Empowerment Zone Development Revenue Bonds in the amount of \$21,900 outstanding.

The City also facilitates the issuance of tax-exempt revenue bonds to enable the San Antonio Housing Finance Corporation to provide financing of residential developments for persons of low and moderate income. The bonds are secured by the property financed and are payable solely from, and secured by, a pledge of rental receipts. As of September 30, 2006, 28 series of tax-exempt revenue bonds were outstanding, with an aggregate principal amount payable of \$234,657 and an aggregate principal amount issued of \$221,480.

**Note 6 Long-Term Debt (Continued)**

**Primary Government (City) (Continued)**

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

**Conduit Debt Obligations (Continued)**

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Facilities Airport Revenue Bonds, Series 1995 and Special Airport Facilities Revenue Refunding Bonds, Series 1999. The bonds are payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to be made when due the principal, premium, interest on, and purchase price of the bonds. The aggregate principal amount payable for the Special Facilities Airport Revenue Bonds, Series 1995 and for the Special Airport Facilities Revenue Refunding Bonds, Series 1999 at September 30, 2006 was \$0 and \$3,800, respectively.

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

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 the Port revenues and property and is payable solely from payments received by the Port. As of September 30, 2006, the aggregate amount of the outstanding loan totaled \$16,695.

**CPS Energy**

As of January 31, 2006, the bond ordinances for new series bonds issued on and after February 1, 1994 contained among others, the following provisions:

Funds in CPS Energy's general account shall be pledged and appropriated to be used in the following priority: (a) for maintenance and operating expenses of CPS Energy, (b) for payments of the new series bonds, (c) for the payment of prior lien bonds, including junior lien obligations, (d) payment of the notes and the credit agreement (as defined in the ordinance authorizing commercial paper), (e) payment of an inferior lien obligations issued, which are inferior in lien to the new series bonds, the prior lien bonds, and the notes and credit agreement, (f) for an amount equal to 6.0% of the gross revenues of CPS Energy to be deposited in the repair and replacement account, (g) for cash payments and benefits to the City, not to exceed 14.0% of the gross revenues of CPS Energy, and (h) any remaining net revenues in the general account to the repair and replacement account.

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. The percentage of gross revenues of CPS Energy to be paid over or credited to the General Fund of the City each fiscal year shall be determined (within the 14.0% limitation) by the governing body of the City. The net revenues of CPS Energy are pledged to the payment of principal and interest on the new series bonds. All new series bonds and the interest thereon shall have a first lien upon the net revenues of CPS Energy.

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**Note 6 Long-Term Debt (Continued)****CPS Energy (Continued)**

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 the Systems to the City and all other consumers that shall be reasonable and nondiscriminatory and that will produce income and revenues sufficient to pay:

- (a) all maintenance and operating expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502 of the Texas Government Code, as amended;
- (b) the interest on and principal of all parity bonds, as defined in the new series bonds 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;
- (c) the interest on and principal of the prior lien bonds, including the junior lien obligations and any additional junior lien obligations hereafter issued (all as defined in the new series bond ordinances); as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the junior lien obligations and any additional junior lien obligations;
- (d) to the extent the same are reasonably anticipated to be paid with available revenues (as defined in the ordinance authorizing the commercial paper), the interest on and principal of all notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
- (e) any legal debt or obligation of the Systems as and when the same shall become due.

**Revenue Bonds**

A summary of revenue bonds is as follows:

CPS Energy Revenue Bonds		
Bond Series	Weighted Average Interest Rate on Outstanding Bonds	January 31, 2006
Tax Exempt New Series Bonds, 1994A-2005A; 2007-2025	4.8%	\$ 2,429,645
Taxable New Series		
Taxable New Series Bonds, 1998-2000; 2007-2021	6.7%	131,240
Total		<u>2,560,885</u>
Tax-exempt Variable Rate Series Bonds, 2003-2004, 2004-2033	4.9%	407,000
Total Revenue Bonds Outstanding		<u>2,967,885</u>
Less: Current Maturities of Bonds		135,155
Total Revenue Bonds, Net of Current Maturities		<u><u>\$ 2,832,730</u></u>

The table on the beginning of the next page includes senior lien and junior lien bonds. Interest on the senior lien bonds is based upon the stated coupon rates of each series of bonds outstanding. 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, 2005, the 2004 Junior Lien Bonds were remarketed for a two-year term at an interest rate of approximately 3.6%. This interest rate will remain in effect until the next interest reset date of December 1, 2007. The total interest amounts for all revenue bonds outstanding included a blended interest rate of approximately 3.3% for the 2003 and 2004 Junior Lien Bonds.

**Note 6 Long-Term Debt (Continued)****CPS Energy (Continued)****Revenue Bonds (Continued)**

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

CPS Energy			
Principal and Interest Requirements			
Year	Principal	Interest	Total
2007	\$ 135,155	\$ 144,921	\$ 280,076
2008	142,155	137,941	280,096
2009	148,570	130,701	279,271
2010	154,790	123,019	277,809
2011	163,180	114,862	278,042
2012-2016	783,095	438,984	1,222,079
2017-2021	632,010	257,964	889,974
2022-2026	480,430	117,172	597,602
2027-2031	228,500	46,097	274,597
2032-2033	100,000	4,890	104,890
Totals	<u>\$ 2,967,885</u>	<u>\$ 1,516,551</u>	<u>\$ 4,484,436</u>

In November 2004, CPS Energy issued \$160,000 of variable rate junior lien revenue bonds. The bonds were issued at par value with an initial one-year borrowing rate of 2.2%. The proceeds were used toward the purchase of an electric plant and to pay bond issuance costs. On December 1, 2005, CPS Energy opted to redeem \$3,000 of the 2004 Junior Lien Revenue Bond's principal and then remarket the remaining \$157,000 of the bonds for a two-year interest rate of approximately 3.6% per annum. The interest rate term mode for the junior lien 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 the City. Following such a conversion, the Junior Lien Revenue Bonds, or portion thereof, will bear interest at the corresponding daily rate, weekly rate, auction rate, commercial paper rate, term rate or fixed rate.

In April 2005, CPS Energy issued \$535,300 of tax-exempt New Series 2005 Bonds. Included were par amounts of \$294,600 of revenue refunding bonds and \$240,700 of revenue bonds. The true interest cost of these bonds was approximately 4.5%. CPS Energy received net proceeds of \$250,000 from the issuance of the revenue bonds. Proceeds will be used to partially fund transmission, electric distribution, information technology and communication, and general property construction. Refunding of higher cost outstanding bonds resulted in net present value debt service savings of \$19,700, or approximately 6.7% of the par amount of the refunded bonds. This transaction resulted in a loss for accounting purposes of \$14,300, which has been deferred and will be amortized over the shorter life of either the refunded or refunding bonds.

In October 2005, CPS Energy issued \$197,300 of tax-exempt New Series 2005A Bonds. The true interest cost of these bonds was approximately 4.6%. CPS Energy received net proceeds of \$201,500 from the issuance of the bonds. Of this amount, \$200,000 was used to retire commercial paper, with the remaining used to pay costs and expenses relating to the issuance of the bonds.

**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	Additions During Year	Decreases During Year	Balance
				Outstanding February 1, 2005			Outstanding January 31, 2006
<b>Revenue and Refunding Bonds</b>							
1992 Tax-Exempt	\$ 700,805	2006	6.048	\$ 36,875	\$ -	\$ 36,875	\$ -
1994-A Tax-Exempt	684,700	2012	5.008	68,965			68,965
1994-C Tax-Exempt	56,000	2006	5.008	42,710		42,710	
1995 Tax-Exempt	125,000	2007	5.500	11,300		5,500	5,800
1997 Tax-Exempt	350,000	2020	5.738	169,715		165,630	4,085
1997 Tax-Exempt	311,170	2014	5.509	102,715		360	102,355
1998A Tax-Exempt	785,515	2021	4.918	582,965		32,925	550,040
1998B Taxable	99,615	2020	6.343	89,870		2,055	87,815
2000A Tax-Exempt	170,770	2010	5.374	15,795		4,625	11,170
2000B Taxable	50,425	2021	7.403	45,010		1,585	43,425
2001 Tax-Exempt	115,280	2011	3.843	106,430			106,430
2002 Tax-Exempt	436,090	2017	4.055	436,090			436,090
2002 Tax-Exempt	140,615	2020	4.751	140,615		130,090	10,525
2003 Tax-Exempt Junior Lien	250,000	2033	Variable	250,000			250,000
2003A Tax-Exempt	93,935	2014	3.675	89,770		620	89,150
2003 Tax-Exempt	350,490	2013	3.081	312,400			312,400
2004 Tax-Exempt Junior Lien	160,000	2027	Variable	160,000		3,000	157,000
2005 Tax-Exempt	294,625	2020	4.381		294,625		294,625
2005 Tax-Exempt	240,675	2025	4.683		240,675		240,675
2005A Tax-Exempt	197,335	2025	4.571		197,335		197,335
				2,661,225	732,635	425,975	2,967,885
Less Bond Current Maturities				127,255	7,900		135,155
Less Bond Discount/(Premium)				(89,149)	(34,438)	21,423	(102,164)
Less Bond Acquisition Costs				134,227	9,714	(22,643)	121,298
Revenue Bonds, Net				2,488,892	749,459	424,755	2,813,596
Tax-Exempt Commercial Paper (TECP)				350,000		200,000	150,000
Long-term Debt, Net				\$ 2,838,892	\$ 749,459	\$ 624,755	\$ 2,963,596

**San Antonio Water System (SAWS)**

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

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

**Note 6 Long-Term Debt (Continued)****San Antonio Water System (SAWS) (Continued)**

**Funds Flow** - City Ordinance No. 75686 requires that gross revenues of SAWS be applied in sequence to (1) current maintenance and operating expenses, including a two-month reserve based upon the budgeted amount of maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of senior lien obligations; (3) reserve fund requirements of senior lien obligations; (4) interest and sinking fund and reserve fund requirements of junior lien obligations; (5) interest and sinking fund and reserve fund requirements of subordinate lien obligations; (6) payment of amounts required on inferior lien obligations; and (7) transfers to the City's General Fund and to the renewal and replacement fund.

**Reuse Contract** - SAWS has a contract with CPS Energy, the City-owned electricity and gas utility, for the provision of reuse water. The revenues derived from the contract have been restricted in use to only reuse activities, are excluded from the calculation of gross revenues, and are not included in any transfers to the City's General Fund.

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

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

**Revenue Bonds** - On December 15, 2005, SAWS issued \$298,220 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005. The proceeds from the sale of the bonds were used to (i) advance refund the \$70,200 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 1999; (ii) refund \$227,000 in outstanding commercial paper notes; and (iii) pay the cost of issuing the bonds. The bonds are secured together with other outstanding senior lien obligations solely by a lien on and pledge of net revenues. The advance refunding reduced SAWS' total debt service payments over the next 20 years by approximately \$7,900 and SAWS obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$5,900.

Senior Lien Water System Revenue Bonds, comprising of Series 1996, Series 1997, Series 2001, Series 2002, Series 2002-A, Series 2004, and Series 2005, outstanding in the amounts of \$1,041 at December 31, 2005 are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining an operating reserve for operating and maintenance expenses.

Junior Lien Water System Revenue Bonds, comprising of Series 1999, Series 1999-A, Series 2001, Series 2001-A, Series 2002, Series 2002-A, Series 2003, Series 2004, and Series 2004-A, outstanding in the amount of \$214,090 at December 31, 2005 are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining an operating reserve for operating and maintenance expenses and debt service on senior lien debt.

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**Note 6 Long-Term Debt (Continued)**

**San Antonio Water System (SAWS) (Continued)**

**Revenue Bonds (Continued)**

Subordinate Lien Water System Revenue Bonds comprising of Series 2003-A and 2003-B, outstanding in the amount of \$118,435 at December 31, 2005 are collateralized by a subordinate lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining an operating reserve for operating and maintenance expenses and debt service on senior lien and junior lien debt. Revenue bonds currently outstanding are as follows:

San Antonio Water System		
Purpose	Interest Rates	Amount
Build, Improve, Extend, Enlarge, and Repair the System	0.10 - 6.25%	\$ 1,373,925

The following summarizes transactions of the revenue bonds for the year ended December 31, 2005:

	Beginning Balance Jan. 1, 2005	Additions	Reductions	Ending Balance Dec. 31, 2005	Due Within One Year
Bonds Payable	\$ 1,162,410	\$ 298,220	\$ 86,705	\$ 1,373,925	\$ 22,415
Deferred Amounts For Issuance (Discounts)/Premiums/(Losses)	(28,031)	3,143	5,302	25,872	
<b>Total Bonds Payable, Net</b>	<b>\$ 1,134,379</b>	<b>\$ 295,077</b>	<b>\$ 81,403</b>	<b>\$ 1,348,053</b>	<b>\$ 22,415</b>

Annual debt service requirements are shown as follows:

San Antonio Water System Annual Debt Service Requirements Revenue Bonds						
Year Ended December 31,	Subordinate Lien Revenue and Refunding Bonds		Junior Lien Revenue and Refunding Bonds		Senior Lien Revenue and Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 2,170	\$ 4,951	\$ 5,100	\$ 7,247	\$ 15,145	\$ 52,748
2007	2,275	4,860	7,850	7,044	14,755	51,931
2008	2,375	4,765	8,085	6,796	18,705	51,045
2009	2,485	4,665	10,285	6,520	19,585	50,047
2010	2,600	4,561	12,555	6,186	20,065	49,024
2011-2015	14,880	21,076	69,455	24,550	110,435	229,078
2016-2020	18,590	17,669	74,690	11,186	144,450	195,778
2021-2025	23,235	13,414	26,070	1,504	233,570	147,103
2026-2030	29,035	8,094			200,335	83,998
2031-2035	20,790	1,764			71,145	58,069
2036-2040					193,210	24,802
<b>Total</b>	<b>\$ 118,435</b>	<b>\$ 85,819</b>	<b>\$ 214,090</b>	<b>\$ 71,033</b>	<b>\$1,041,400</b>	<b>\$ 993,623</b>

**Note 6 Long-Term Debt (Continued)**

**San Antonio Water System (SAWS) (Continued)**

**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 Capital Improvement Program and to refund certain outstanding commercial paper notes. The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower expected interest rate cost to SAWS than traditional long-term fixed rate bonds.

**Terms** - The terms, including the counterparty credit ratings of the outstanding swap, as of December 31, 2005, are included in the following table. SAWS' swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500. The swap was structured to match the principal amortization structure and dates of the Series 2003 Bonds. The counterparty to the swap is Bear Stearns Financial Products, Inc. (Bear Stearns) with the index for the variable rate leg of the swap being the Bond Market Association (BMA) Municipal Swap Index.

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P /Fitch	Variable Rate Received	Fixed Rate Paid	Market Value at December 31, 2005
Series 2003	May 1, 2033	Bear Stearns	Aaa/ AAA/ AAA	BMA	4.18%	\$ (2,615)

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

**Fair Value** - The swap had a negative fair value as of December 31, 2005 of \$2,615. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipated future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

**Credit Risk** - As of December 31, 2005, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Bear Stearns, was rated AAA by Fitch's Ratings and Standard & Poor's and Aaa by Moody's Investor Service as of December 31, 2005. The swap agreement contains a collateral agreement with the counterparty. Collateralization of the fair value of the swap is required should Bear Stearns credit rating fall below the applicable thresholds in the agreement.

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

**Termination Risk** - SAWS may terminate for any reason. Bear Stearns may terminate a swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured, and Bears Stearns cannot terminate as long as the insurer does not fail to perform. If the swap should be terminated, the Series 2003 Bonds would no longer carry synthetic fixed interest rates. 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.

**Note 6 Long-Term Debt (Continued)**

**San Antonio Water System (SAWS) (Continued)**

**Swap Payments and Associated Debt** - As of December 31, 2005, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

<b>Pay-Fixed, Receive-Variable Interest Rate Swap: Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments</b>				
<u>Year</u>	<u>Variable Rate Bonds</u>		<u>Interest Rate</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Swap, Net</u>	
2006	\$ 2,170	\$ 4,141	\$ 784	\$ 7,095
2007	2,275	4,062	769	7,106
2008	2,375	3,979	753	7,107
2009	2,485	3,892	737	7,114
2010	2,600	3,802	719	7,121
2011-2015	14,880	17,498	3,312	35,690
2016-2020	18,590	14,526	2,749	35,865
2021-2025	23,235	10,812	2,046	36,093
2026-2030	29,035	6,169	1,168	36,372
2031-2033	20,790	1,003	190	21,983
Total	<u>\$ 118,435</u>	<u>\$ 69,884</u>	<u>\$ 13,227</u>	<u>\$ 201,546</u>

**Capitalized Interest Costs** - Interest costs incurred on revenue bonds and commercial paper debt totaled \$61,479 during the 12 months ended December 31, 2005, of which \$16,300 was capitalized as part of the cost of SAWS' utility plant additions.

**Note Payable** - During fiscal year 2000, a contract was entered into between SAWS and CPS Energy whereby SAWS acquired water rights from certain CPS Energy properties. A note was signed for 116 payments of \$40 at an interest rate of 7.5%. The liability as of December 31, 2005 is included in the Statement of Net Assets for both the current portion of \$390 and long-term amount of \$990. The annual principal and interest requirements are as follows:

<b>San Antonio Water System Principal and Interest Requirements</b>			
<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Requirements</u>
2006	\$ 390	\$ 90	\$ 480
2007	420	60	480
2008	452	28	480
2009	118	2	120
Total	<u>\$ 1,380</u>	<u>\$ 180</u>	<u>\$ 1,560</u>

**Note 7 Commercial Paper Programs and Other Borrowings**

**Primary Government (City)**

**Revolving Line of Credit**

The City used a revolving line of credit for the Housing Asset Recovery Program. The line of credit was used to preserve housing stock and to revitalize neighborhoods by renovating and rehabilitating property owned by the City that is acquired through various programs (i.e. flood buyouts, facilities expansion, etc.). The line of credit was paid in November 2005.

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

**CPS Energy**

**Commercial Paper**

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

The TECP has been classified as long-term in accordance with the refinancing terms under a revolving credit agreement with a consortium of banks, which supports the commercial paper. Under the terms of the agreement, CPS Energy may borrow up to an aggregate amount not to exceed \$350,000 for the purpose of paying principal due under the TECP. The credit agreement is currently extended until November 1, 2010, and may be renewed for additional periods.

On October 27, 2005, CPS Energy issued \$197,300 of New Series 2005A Revenue Refunding Bonds to redeem \$200,000 of the outstanding TECP. The TECP balance outstanding was \$150,000 at January 31, 2006.

As of January 31, 2006, there have been no borrowings under the credit agreement. The TECP is secured by the net revenues of the Systems. Such pledge of net revenues is subordinate and inferior to the pledge securing payment of existing new series bonds and junior lien obligations.

As of January 31, 2006, a summary of TECP is as follows:

TECP Outstanding	\$	150,000
Weighted Average Interest Rate of Outstanding TECP, Approximate		3.10%
Average Life of Outstanding TECP (Approximate Number of Days)		96

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**Note 7 Commercial Paper Programs and Other Borrowings (Continued)**

**San Antonio Water System (SAWS)**

**Commercial Paper**

SAWS maintains a Tax Exempt Commercial Paper (TECP) that is used to provide funds for the interim financing of a portion of capital improvements to the System.

On November 17, 2005, the City Council approved the expansion of the TECP from \$350,000 to \$500,000. The increase in the TECP provides interim financing capacity for the increased level of future expenditures on water resource projects. Notes payable under the TECP cannot exceed maturities of 270 days and scheduled maturities of the short-term borrowing under the TECP may not extend past June 28, 2041.

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

To further support the issuance of the TECP, the City entered into the agreements with the following participants:

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

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

Commercial paper notes of \$98,000 are outstanding as of December 31, 2005. The proceeds of the notes have been used solely for financing of capital improvements of SAWS. The TECP notes have been classified as long-term in accordance with the refinancing terms of the revolving credit agreement and because management intends to continue the remarketing of the TECP notes to maintain a portion of its debt in variable rates. Interest rates on the notes outstanding at year-end range from 2.72% to 3.17%, and maturities range from 65 to 155 days. The outstanding notes at December 31, 2005 had an average rate of 3.02% and averaged 81 days to maturity.

The following summarizes transactions of the TECP Program for the year ended December 31, 2005.

	Beginning Balance			Ending Balance	Due within
	January 1, 2005	Additions	Reductions	December 31, 2005	One Year
Tax-Exempt Commercial Paper Notes	\$ 238,400	\$ 86,600	\$ 227,000	\$ 98,000	\$ -

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**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	Employee Contribution	Employer Contribution	Total Contribution
City	Fire and Police Pension Fund	Single Employer Defined Benefit Plan	\$ 208,480	\$ 25,801	\$ 51,614	\$ 77,415
	Texas Municipal Retirement System (TMRS)	Nontraditional Hybrid Defined Benefit Agent Plan	\$ 220,536	\$ 13,232	\$ 27,077	\$ 40,309
Component Units:						
SAWS	<sup>1</sup> Texas Municipal Retirement System (TMRS)	Nontraditional Defined Benefit Agent Plan	Not Available	\$ 1,917	\$ 2,101	\$ 4,018
	<sup>2</sup> PMLIC Contract	Single Employer Defined Benefit Plan	\$ 59,476	\$ -	\$ 3,689	\$ 3,689
CPS Energy	<sup>3</sup> CPS All Employees Plan	Single Employer Defined Benefit Plan	\$ 198,441	\$ 9,570	\$ 7,131	\$ 16,701

<sup>1</sup> Plan year ended December 31, 2005

<sup>2</sup> Plan year ended December 31, 2005

<sup>3</sup> Fiscal year ended January 31, 2006

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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 City provides retirement benefits for all eligible full-time firefighters and police officers through the Pension Fund. Employees who terminate, having 5 to 20 years of service, may apply to receive a refund of their original contribution. Employees retiring who have served and contributed for 20 years or more shall, upon application to the board of trustees (the Board) of the Pension Fund, receive a retirement pension based on the average of the employee's total salary, excluding overtime pay, for the highest 3 years of pay of the last 5 years of service. The retirement annuity for employees retiring after September 30, 2003 is computed at the rate of 2.3% of this average for each of the first 20 years of service, plus 4.5% of the member's average total salary for each of the next 7 years, plus 3.0% of the member's average total salary for each of the next 3 years of service, plus 0.5% of the member's average total salary for each of the next 4 years of service, with fractional years of service prorated based on full months served as a contributing member. In applying the computation for a year, the year is considered to begin on the first day a contribution is made. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.5% of the member's average total salary.

An employee with 20 years and one month of actual service credit may, at the time of retirement, elect a Backward Deferred Retirement Option Plan (Back DROP). The Back DROP election results in a lump sum payment equal to the number of full months of service elected by an employee that does not exceed the lesser of the number of months of service credit the employee had in excess of 20 years or 36 months and a reduced annuity payment.

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

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

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

Another important provision of the Pension Fund is the Cost of Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers - U.S. City Average (CPI) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971 received an increase equal to 100.0% of the increase in the CPI. Members whose retirement, disability, or death occurred after August 30, 1971 but before October 1, 1993 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, 1993 receive an increase equal to 75.0% of the increase in the CPI.

## **Note 8 Pension and Retirement Plans (Continued)**

### **Primary Government (City) (Continued)**

#### **Fire and Police Pension Plan (Continued)**

Contribution requirements of plan members and the City are established and may be amended by state statute. In the current year, the City contributed 24.6% of covered payroll, and employees contributed 12.3% of covered payroll. The employer's required contribution of \$51,614 and the employee's required contribution of \$25,801 were made to the Pension Fund (see summary of contribution information at the beginning of Note 8). New firefighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements.

The Pension Fund's annual required contribution for fiscal year 2006 was determined as part of the October 1, 2005 actuarial valuation, using the entry-age actuarial cost method. Significant assumptions included (a) 8.0% investment rate of return and (b) projected annual salary increase of 4.25%. 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 amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period is 13.25 years with no assumption of a payroll growth rate.

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

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

#### **Texas Municipal Retirement System (TMRS)**

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

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.

## **Note 8 Pension and Retirement Plans (Continued)**

### **Primary Government (City) (Continued)**

#### **Texas Municipal Retirement System (TMRS) (Continued)**

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 is currently 12.5%, 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. 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 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 unfunded actuarial liability over the remainder of the plan's 25 year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased unfunded actuarial liability is being amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is amortized over a constant 25 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.

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

#### **San Antonio Water System (SAWS)**

SAWS' retirement program includes benefits provided by the Texas Municipal Retirement System, San Antonio Water System Retirement Plan, the San Antonio Water System Deferred Compensation Plan, and Social Security.

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

1. Twenty years of credited service regardless of age, or
2. Five years of credited service and at least age 60.

The normal retirement benefit is based upon two factors, average compensation and years of credited service. "Average compensation" is defined as the monthly average of total compensation received for the 3 consecutive years ending December 31 out of the latest 10 compensation years prior to normal retirement date which gives the highest average.

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## **Note 8 Pension and Retirement Plans (Continued)**

### **San Antonio Water System (SAWS) (Continued)**

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

1. 1.2% of the average compensation, times years of credited service not in excess of 25 years, plus
2. 0.8% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 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. The following information related to the Texas Municipal Retirement System and San Antonio Water System Retirement Plan has been prepared as of December 31, 2004 and January 1, 2005, respectively.

### **Texas Municipal Retirement System (TMRS)**

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the SAWS-financed monetary credits, with interest. At the date the plan began, SAWS granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100.0%, 150.0%, and 200.0%) of the employee's accumulated contributions. In addition, SAWS may grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount that, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and SAWS' matching 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 SAWS-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 service, or with 20 years of service regardless of age. A member is vested after five years. The plan provisions and contribution requirements are adopted by SAWS within the options available in the state statutes governing TMRS and within the actuarial constraints contained also in the statutes.

Contribution requirements are actuarially determined by TMRS' actuary (see summary of TMRS' Actuarial Assumptions and Methods at the end of Note 8). The contribution rate for the employees is 3.0% of salary, and SAWS' matching rate approximates 100.0% of the employee rate, both as adopted by the SAWS. Under the state law governing TMRS, SAWS' contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to SAWS' matching percentage, which are the obligation of SAWS as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the obligation of SAWS to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 20 amortization period.

**Note 8 Pension and Retirement Plans (Continued)**

**San Antonio Water System (SAWS) (Continued)**

**Texas Municipal Retirement System (TMRS) (Continued)**

When SAWS periodically adopts updated service credits and increases the annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25 year period. Currently, the unfunded actuarial liability is to be amortized over the 25 year period. The unit credit actuarial cost method is used for determining SAWS' contribution rate.

Contributions are made monthly by both the employees and SAWS. Since SAWS needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

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

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer defined benefit pension plan that serves as a supplement to TMRS and Social Security benefits. SAWSRP is governed by SAWS, which may amend plan provisions and is responsible for the management of plan assets. SAWS has delegated the authority to manage certain plan assets to Principal Life Insurance Company. SAWS' covered payroll at January 1, 2005 under this contract was \$59,476.

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

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 5	0.0%
5 or more	100.0%

An employee is automatically 100.0% vested upon attainment of age 65 or upon becoming totally and permanently disabled. Benefits for retired employees are fully guaranteed at retirement. The pension plans unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities or pay administrative expenses charged by Principal Life Insurance Company (PMLIC). 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.

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

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

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## **Note 8 Pension and Retirement Plans (Continued)**

### **San Antonio Water System (SAWS) (Continued)**

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

In subsequent years, the frozen initial liability is reduced by employer deposits to the plan in excess of employer normal cost and interest requirements. This reduced amount is known as the "unfunded frozen initial liability." Contribution requirements are established and may be amended by SAWS. Active members are not required to contribute to SAWSRP. Any obligation with respect to the pension plan shall be paid by SAWS. The actuarial valuation, which was performed for the plan year ended December 31, 2004, reflects an unfunded frozen initial liability of \$10,592.

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 Principal Life Insurance Company, Pension Diversified Retirement Services, Des Moines, Iowa 50392-0001 or by calling (515) 247-5111.

#### **San Antonio Water System Deferred Compensation Plan (SAWSDCP)**

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. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service and to those employees who are ages 55 or older with at least 10 years of benefit service. Retirement benefits are based on length of service and compensation, and benefits are reduced for retirement before age 55 with 25 years or more of benefit service, or age 62 with less than 25 years of service.

The Plan and contribution requirements are sponsored by and may be amended by CPS Energy. Funding levels are established through annual actuarial evaluations and recommendations of an administrative/investment committee, using both employee and employer contributions. Participating employees contribute 5.0% of their total compensation and are fully vested after completing seven years of credited service or at age 40.

Employee contributions commence with the effective date of participation and continue until attaining normal or early retirement age, completion of 44 years of benefit service, or termination of employment. 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.

CPS Energy adopted one Restoration Plan effective January 1, 1998 to supplement benefits paid from the Plan due to federal tax restrictions on benefit amounts. The benefits due under the Restoration Plan have been paid annually by CPS Energy.

As calculated under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, CPS Energy's annual pension cost and net pension obligation for the fiscal year ended January 31, 2006 was \$7,162. The annual required contribution was determined as part of the January 1, 2005 actuarial valuation using (a) the five-year smoothed market method for asset valuation, (b) the projected unit credit for pension cost, and (c) the level dollar open for amortization. The remaining amortization period is 24.4 years and is calculated using the level dollar open amortization method.

**Note 8 Pension and Retirement Plans (Continued)**

**CPS Energy (Continued)**

**All Employee Plan (Continued)**

Significant actuarial assumptions used for the January 1, 2005 actuarial valuation include (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases averaging 4.1%, and (c) postretirement cost-of-living increases of 1.8%. The projected salary increases include an inflation rate of 3.5%.

The Plan assets are held in a separate trust that is annually audited and for which financial statements include historical trend information. Additional information may be obtained by writing to the Employee Benefits Division of CPS ENERGY, P.O. Box 1771, San Antonio, Texas 78296 or by calling (210) 353-2344.

**Three-Year Trend Information**

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

Three-Year Trend Information										
Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on		Annual Pension Cost (APC)	Annual Contributions In relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation at Beginning of Year	Net Pension Obligation at End of Year	Percentage of APC Contributed
			Net Pension Obligation (NPO)	Adjustment To ARC						
Fire and Police Pension Fund City of San Antonio	2004	\$ 48,038			\$ 48,038	\$ (48,038)				100.0%
	2005	49,665			49,665	(49,665)				100.0%
	2006	51,614			51,614	(51,614)				100.0%
TMRS-City of San Antonio	2004	\$ 23,062			\$ 23,062	\$ (23,062)				100.0%
	2005	25,131			25,131	(25,131)				100.0%
	2006	27,077			27,077	(27,077)				100.0%
CPS All Employee Plan <sup>1</sup>	2004	\$ 7,651			\$ 7,651	\$ (7,651)				100.0%
	2005	8,694			8,694	(8,694)				100.0%
	2006	7,162			7,162	(7,162)				100.0%
TMRS-SAWS <sup>2</sup>	2003	\$ 1,905			\$ 1,905	\$ (1,905)				100.0%
	2004	2,013			2,013	(2,013)				100.0%
	2005	2,101			2,101	(2,101)				100.0%
PMLIC-SAWS <sup>3</sup>	2003	\$ 3,324			\$ 3,324	\$ (3,324)				100.0%
	2004	3,486			3,486	(3,486)				100.0%
	2005	3,689			3,689	(3,689)				100.0%

1 Fiscal year ended January 31, 2006

2 Plan year ended December 31, 2005

3 Plan year ended December 31, 2005

**Note 8 Pension and Retirement Plans (Continued)**

**Significant TMRS Actuarial Assumptions and Methods**

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

TMRS Actuarial Assumptions and Methods	
Investment Return - City	7.0%
Investment Return - SAWS	7.0%
Inflation Rate	None
Projected Salary Increases	None
Postretirement Benefit Increases	None
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years - Open Period
Asset Valuation Method	Amortized Cost

**Location of Schedules of Funding Progress**

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

**Note 9 Postemployment Retirement Benefits**

**Primary Government (City)**

In addition to the pension benefits discussed in Note 8, the City provides all their retired employees with certain health benefits under two postemployment benefit programs. The first program is a health insurance plan, which provides benefits for all nonuniformed City retirees and for all pre-October 1, 1989 uniformed (fire and police) retirees. Currently, there are 5,935 active civilian employees who may become eligible in the future. Employees become eligible for the program when they reach eligibility for the TMRS Pension Plan, discussed in Note 8, Pension and Retirement Plans. At September 30, 2006, there were 1,417 retirees participating in the program that covers eligible expenses at 80.0% after a deductible of \$500 (single)/\$1,000 (family) for non-Medicare and \$125/\$250 for Medicare retirees. 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, shared on a targeted 67.0% City, 33.0% retiree cost allocation. Please note that the number of employees, retirees, and deductible amounts in this paragraph are not expressed in thousands. For retirees, total expenses for the year were \$12,659. For the year ended September 30, 2006, total contributions were as follows:

City	\$ 3,720
Retiree	2,696
Total	<u>\$ 6,416</u>

**Note 9 Postemployment Retirement Benefits (Continued)**

**Primary Government (City) (Continued)**

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

The benefits of this plan are financed on a prefunded basis. The City currently makes contributions on behalf of 3,393 active firefighters and police officers who may be eligible for benefits under this plan in the future. The benefits of the plan are not available until the employee has completed 20 years of service, and the plan currently provides benefits to 1,286 eligible retirees. The Health Care Fund reimburses 80.0% of the amount of eligible claims for standard medical costs and 100.0% for hospitalization costs incurred by the retiree and their eligible dependents for Prefund I (firefighters who retired on or after October 1, 1989, but before or on December 3, 1995 and police officers who retired on or after October 1, 1989 and before July 1, 1995). The Health Care Fund for Prefund II retirees (firefighters who retired on or after December 4, 1995 and police officers who retired on or after July 2, 1995) reimburses both the amount of eligible claims for standard medical costs and hospitalization costs incurred by the retiree and their eligible dependents at 80.0%.

Please note, the number of firefighters, police officers, and retirees in this section are not expressed in thousands. For the year ended September 30, 2006, total benefit payments for retired employees and eligible beneficiaries was \$13,412.

Contribution levels for fiscal year 2006 were established under the current collective bargaining agreements between the City and the Fire and Police Associations. Under the Fire Agreement, the City contributed 8.7% of base pay plus longevity, although under the agreement the City could have reduced its contribution to 8.5% of covered payroll. Firefighters contributed \$70 per month to the Health Care Fund. Pursuant to the Police Agreement, the City contributed 9.4% of base pay plus longevity and \$20 per police officer per month, and police officers contributed \$70 per month. Total contributions to the Health Care Fund are summarized in the following table:

Total Contributions to the Health Care Fund	
City	\$ 17,719
Employees and Retiree Dependent Premiums	3,437
Total Contributions	\$ 21,156

Historically, actuarial valuations have been performed periodically to determine the actuarial position of the Health Care Fund and whether the existing financing of the Health Care Fund can be reasonably expected to be adequate over a long period of time. Actuarial valuations over the past several years have indicated that contribution levels are not sufficient to amortize the unfunded liability. At the request of the board of trustees, the Health Care Fund's consulting actuaries performed an actuarial valuation dated February 20, 2006, as of October 1, 2005. The results of the actuarial valuation were that, in the opinion of the actuary, the Health Care Fund will have a long-term inadequate financing arrangement if present health benefits are left unchanged and contributions remain at current levels.

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**Note 9 Postemployment Retirement Benefits (Continued)****Primary Government (City) (Continued)**

While the results of the studies reflect that significant changes would be required in contribution levels if benefits remain unchanged, the actuarial reports also state that the Health Care Fund does not have a short-term financing problem. As of September 30, 2006, net assets available for postemployment benefits were \$165,412, while benefits payments for the fiscal year ended September 30, 2006 were \$13,412. As noted above, contribution and benefit levels are currently established pursuant to the collective bargaining agreements. The current agreement with the Fire Association expired on September 30, 2005; however, it has an evergreen clause through September 30, 2015. With respect to the agreement with the Police Association, the current agreement expired on September 30, 2006; however, it has an evergreen clause through September 30, 2016.

Subsequent to fiscal year end, the board of trustees of the Health Care Fund, Fire Association, Police Association, and the City reviewed possible amendments to the statute governing the Health Care Fund in order to address the long-term actuarial position of the Health Care Fund. The parties have agreed to seek passage of amendments to the governing legislation, which primarily include: a) approving certain changes to the benefit plans; b) providing the board of trustees the authority to make additional changes to the health benefits plan in the future; c) maintaining the City's contribution to the Health Care Fund at 9.4% of covered payroll; and d) phase-in an increase in the employee contributions from 2.0% of covered payroll to 4.7% over a five year period as well as other administrative changes. This proposed legislative package is anticipated to be considered by the Texas Legislature during the 2007 regular session. The aforementioned changes are anticipated to significantly improve the actuarial position of the Health Care Fund as well as provide the board of trustees the ability to manage the health benefit plan with consideration for the amount of funding available.

**CPS Energy**

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

These retiree costs approximated \$5,700 for 2006. CPS Energy reimbursed a percentage of the monthly premium to certain retirees and their spouses enrolled in Medicare Part B, which totaled \$414 for fiscal year 2006. Please note, the monthly premium is not stated in thousands.

Retired employees and covered dependents contributed \$2,500 for their healthcare and life insurance benefits in fiscal year 2006. There were 2,473 retirees and covered dependents eligible for healthcare and life insurance benefits. Please note, the number of retirees is not stated in thousands.

In view of the potential economic significance of these benefits, CPS Energy has reviewed the present value of the postemployment benefit obligations for current retirees. The January 1, 2005 valuations are \$91,300 for healthcare and \$25,000 for life insurance benefits. The actuarial analysis of the present value of postemployment benefit obligations for other participants fully eligible for benefits are estimated to be \$49,500 for health, \$6,400 for life insurance, and \$3,600 for disability benefits. CPS Energy began partial accrual and funding of projected future benefits in 1992. Funding totaled \$4,200 in 2006. For the employee benefit plan, the actuarial cost method used is the projected unit credit actuarial cost method. For the life insurance and disability plans, CPS Energy uses a present value method to determine the cost of benefits.

Significant actuarial assumptions used in the calculations for the January 1, 2005 actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.0% per year for the health, life, and disability plans; (b) projected salary increases for the plans ranging from 4.5% to 12.0% depending on age for base and other salaries; and (c) medical cost increases projected at 9.0% for 2005 decreasing to 6.0% in 2011 and thereafter.

## **Note 9 Postemployment Retirement Benefits (Continued)**

### **San Antonio Water System (SAWS)**

SAWS provides certain healthcare and life insurance benefits for retired employees. Substantially all full-time employees who retire from SAWS may become eligible for those benefits. On December 31, 2005, there were 488 retirees with life insurance and 465 retirees with medical coverage. Please note, the numbers of retirees are not stated in thousands.

SAWS provides medical and life insurance for retirees and recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance. Premiums for medical insurance and life insurance amounted to \$4,735 and \$92, respectively, for January 1, 2005 through December 31, 2005. Medical benefits are provided to retiree and active employees through a self-insured health plan administered by Blue Cross Blue Shield of Texas. Those and similar benefits for active employees are provided through insurance companies.

## **Note 10 CPS Energy South Texas Project (STP)**

### **Joint Operations**

CPS Energy is one of three participants in the STP, which consists of two units nominally rated to produce 1,281.25 megawatts each. 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. As noted in Note 4, Capital Assets, the other participants in STP are Texas Genco and the City of Austin. Increased by the additional 12.0% interest acquired in fiscal year 2006, CPS Energy's 40.0% ownership in STP represented 1,025 megawatts of total plant capacity. On February 2, 2006, NRG Energy, Inc. acquired Texas Genco. STP is maintained and operated by the STP Nuclear Operating Company (a nonprofit Texas corporation) and is financed and controlled by the owners - CPS Energy, Texas Genco, and the City of Austin.

To achieve the 40.0% interest in STP, CPS Energy exercised its right of first refusal to acquire an additional 12.0% (300 megawatts) share from AEP, the prior owner. The purchase was completed May 19, 2005 and increased CPS Energy's proportionate share of STP from 28.0% to 40.0%.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the STP Nuclear Operating Company (STPNOC), a Texas nonprofit, nonmember corporation created by the participants, assumed responsibility as the licensed operator of STP. As of January 31, 2006, the agreement had not been amended. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC.

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.

### **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 in STP. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the Nuclear Regulatory Commission (NRC) in accordance with the financial protection requirements of the Price-Anderson Act.

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

### **Nuclear Insurance (Continued)**

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

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

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

### **Nuclear Decommissioning**

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

In 1991, CPS Energy started accumulating the decommission funds for the 28.0% portion in an external trust in accordance with the NRC regulations. The 28.0% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. As of December 31, 2005 and 2004, CPS Energy had accumulated approximately \$231,600 and \$222,400, respectively, of funds in that 28.0% external trust. Based on the annual calculation of financial assurance required by the NRC, CPS Energy's 28.0% Decommissioning Trust balance exceeded the calculated financial assurance amounts of \$76,700 at December 31, 2005 and \$77,300 at December 31, 2004.

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 AEP. This is referred to as the 12.0% Decommissioning Trust, and its assets and liabilities are also included in CPS Energy's financial statements as a component unit.

In fiscal year 2006, AEP's remaining operational interest in STP was simultaneously acquired by Texas Genco. Additionally, the remaining portion of AEP's Decommissioning Trust was assumed by Texas Genco. These transactions occurred before Texas Genco was acquired by NRG.

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

### **Nuclear Decommissioning (Continued)**

Subject to Public Utility Commission of Texas (PUCT) approval, credits or deficiencies in the funding of this trust will be received from or distributed to AEP customers. As of December 31, 2005, that Decommissioning Trust had accumulated approximately \$70,100 of funds. According to the 2004 study mentioned above, the estimated decommissioning costs for that trust are approximately \$170,300 in 2004 dollars. Based on the annual calculation of financial assurance required by the NRC, the 12.0% Decommissioning Trust balance exceeded the calculated financial assurance amount of \$32,900 at December 31, 2005.

Both Decommissioning Trusts also have separate calendar-year financial statements. These separately audited financial statements can be obtained by contacting the Controller at CPS Energy.

## **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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2006. Grants awarded by federal, state, and other governmental agencies but not yet earned nor received in cash as of September 30, 2006 were \$12,955.

#### **Capital Improvement Program**

The City will be undertaking various capital improvements during fiscal year 2007. The estimated cost of these improvements is \$470,596, of which \$151,360 is related to the Airport System. Approximately \$30,722 of the these projects will be funded by federal grants, of which \$22,661 are earmarked for the Airport System.

#### **Litigation**

The City is involved in various lawsuits related to alleged personal and property damages, wrongful death, breach of contract, various claims from contractors for additional amounts under construction contracts, property tax assessments, environmental matters, class action and promotional practices, and discrimination cases. The Office of the City Attorney estimates the probable liability for these suits, including those mentioned below, will approximate \$8,995, which is included as a component of the reserve for claims liability in the amount of \$19,213. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund. The City makes significant estimates in determining the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded in the self-insurance funds are adequate to cover losses for which the City may be liable. It is not determinable whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the government-wide financial statements.

*Charles and Tracy Pollock, Individually and as next friend of Sarah Jane Pollock, a minor child v. City of San Antonio.* This is a nuisance case alleging that benzene gas emitted from the West Avenue Landfill caused chromosomal damage to a fetus during the period of gestation, resulting in Plaintiff's contracting acute lymphoblastic leukemia. Although the jury at trial entered a judgment of more than \$23,000 against the City, the trial court immediately reduced this by \$6,000. On appeal, the Fourth Court subsequently sided with the City and reduced the judgment further by eliminating \$10,000 in exemplary damages. The remaining issue is whether personal injuries are recoverable under the Plaintiff's theory of nuisance. The City believes if personal injuries are recovered, damages are capped at \$250 under the Texas Tort Claims Act. The case was argued to the Texas Supreme Court in October 2006.

**Note 11 Commitments and Contingencies (Continued)**

**Primary Government (City) (Continued)**

**Litigation (Continued)**

*Matthew Jackson et. al. v. City of San Antonio.* This is a Fair Labor Standards Act (FLSA) lawsuit with originally 175 named plaintiffs who claim that they were required to report for duty 15 minutes prior to their shift and that they were not compensated for the time in violation of the FLSA. There are several other allegations based on the FLSA, as well. The lawsuit has been filed on behalf of all of the police officers similarly situated to the 175 plaintiffs. The Plaintiffs have a motion pending for class certification that has increased the size of the Plaintiff class to 330, but has the potential to include all officers of the San Antonio Police Department, of which there are more than 2,000. Thus, the potential exists for more officers to join the lawsuit. The City expects to win the lawsuit, but the potential liability, if the case were lost, could be an amount well over \$1,000.

*McClure and Maximum Entertainment L.L.C vs. City of San Antonio et al.* This is a case in which the plaintiff was granted a permit to stage a three-day outdoor concert. The plaintiff states the permit allowed the bands to play at unrestricted noise levels. City officers shut down the concert prior to the second day’s performance. The potential liability for this case, if lost, could exceed \$1,000.

**Arbitrage**

The City has issued certain tax-exempt obligations that are subject to Internal Revenue Service (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.

**Leases**

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. Total rental revenue on operating leases for the fiscal year ended September 30, 2006 was \$19,289. As of September 30, 2006, the leases provide for the following future minimum rentals:

		Leases Receivable			
		Governmental			
		Activities	Aviation	Parking	Total
Fiscal year ending September 30:					
	2007	\$ 1,627	\$ 3,807	\$ 73	\$ 5,507
	2008	1,248	3,453	51	4,752
	2009	859	2,470	36	3,365
	2010	760	2,402	36	3,198
	2011	697	1,958	36	2,691
	2012-2016	2,899	8,440	57	11,396
	2017-2021	2,125	3,761		5,886
	2022-2026	750	1,329		2,079
	2027-2031	750	92		842
	2032-2036	575	27		602
	2037-2041	500			500
	2042-2046	67			67
	Future Minimum Lease Rentals	<u>\$ 12,857</u>	<u>\$ 27,739</u>	<u>\$ 289</u>	<u>\$ 40,885</u>

**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 \$3,800. The estimate was based on estimated costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 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 \$3,800 for the Nelson Gardens Landfill was recorded as a liability and expensed in the Environmental Services Fund in fiscal year 1994. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year ended September 30, 2006 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of \$1,004. This represents a decrease of \$26 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), formerly known as the Texas Natural Resource Conservation Commission, related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. As such, financial assurance is required to ensure that funds are available, when needed, to meet costs associated with the closure of the City's North East Transfer Station. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. As of September 30, 2001, the permit for the North East Transfer Station has been transferred from the City, and the new permittee has provided adequate financial assurance for this facility. Based on the number of underground petroleum storage tanks, the City is required to provide \$1,000 of financial assurance related to the underground storage facilities.

**Brooks City-Base - Electric and Gas Utilities**

The Brooks City-Base Project is a collaborative effort between the U.S. Air Force (the Air Force) and the City designed to retain the Air Force missions and jobs at Brooks Air Force Base, improve mission effectiveness, assist in reducing operating costs, and promote and enhance economic development at Brooks 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 Air Force is currently the Park's anchor tenant and is leasing back facilities to perform its missions.

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

## Note 11 Commitments and Contingencies (Continued)

### CPS Energy (Continued)

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

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

#### Joint Operations Agreement

A 1997 Joint Operations Agreement (JOA) resulted from the litigation settlement with Texas Genco, over its management of STP during the construction and early operating periods. The JOA was an arrangement to jointly dispatch CPS Energy's and Texas Genco's generating plants - other than STP - to take advantage of the most efficient plants and favorable fuel prices of each utility. Until June 2002, CPS Energy received 90.0% of the savings realized from the jointly operated systems in monthly cash payments. As of June 2002, when Texas Genco met the JOA \$200,000 cumulative savings obligation, monthly cash payments to CPS Energy were reduced to 50.0% of the savings realized. As of January 24, 2006, CPS Energy's total cumulative payments from savings realized was \$310,400. Due to changes in market conditions and the ERCOT market structure, Texas Genco terminated the JOA as of January 24, 2006. On January 25, 2006, CPS Energy began directly representing its generation and load in the Texas energy market place.

#### Litigation

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

#### Other

Purchase and construction commitments amounted to approximately \$1,100,000 at January 31, 2006. This amount includes provisions for natural gas purchases expected through June 2010; 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 2006 and for coal transportation through December 2014.

CPS Energy also has other purchase commitments totaling \$1,000,000. This amount includes provisions for wind power through December 2026, landfill power through December 2020, and raw uranium associated with STP fabrications and conversion services needed for refueling through December 2010.

The PUCT promulgated new rules in 1996 designed to comply with legislative changes affecting the utility industry. The Transmission Pricing and Access Rule mandates that electric utilities charge customers for wholesale open transmission access according to a formula based on the amount of load served by each utility. CPS Energy's cost for calendar year 2005 was approximately \$15,100. The estimated cost for calendar year 2006 is approximately \$21,900.

## **Note 11 Commitments and Contingencies (Continued)**

### **San Antonio Water System (SAWS)**

#### **Litigation**

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

In January 2006, SAWS settled a legal claim regarding the amount of water pumped under one of its existing water rights agreements. As part of this settlement, SAWS agreed to pay \$924 related to past damages claimed and further modified the existing agreement to require SAWS to make minimum annual ground water payments of \$337 on a take or pay basis. Under the terms of this agreement, SAWS is required to make total payments under this contract of \$4,700 between 2006 and 2020. Additionally, SAWS has agreed to make payments quarterly in arrears for any residential customers within a defined geographical area that begin taking water payments associated with this provision of the agreement. Management estimates of this potential contingent liability are less than \$5,000.

#### **Other**

SAWS is committed under various contracts for completion of construction or acquisition of utility plants totaling approximately \$158,940 as of December 31, 2005. Funding of this amount will come from available revenues of SAWS, contributions from developers, and restricted assets.

As of December 31, 2005, SAWS has recorded a contingent liability of approximately \$3,900 related to contractual and/or legal expenditures that are expected to be incurred. Any additional liability that may arise from these actions is indeterminable, but management believes that the amount recorded is a reasonable estimate.

## **Note 12 Risk Financing**

### **Primary Government (City)**

#### **Property and Casualty Liability**

At September 30, 2006, the City has excess insurance coverage through State National Insurance Company for liability. The blanket policy provides general and auto liability along with police professional errors and omissions and EMS Medical Malpractice, and Civil Rights and Employee Benefits Liability Coverage. Great American Insurance Company provides property coverage on the City's building and contents inventory. The City utilizes a third-party administrator for the handling of administration, investigation, and adjustment of liability claims.

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

#### **Employee Health Benefits**

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

## **Note 12 Risk Financing (Continued)**

### **Primary Government (City) (Continued)**

#### **Workers' Compensation**

The City self-insures for workers' compensation. The City is a member of the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund, an unincorporated association of political subdivisions of the State of Texas. The TML Workers' Compensation Joint Insurance Fund is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism that the City, as a member, utilizes to administer self-insurance workers' compensation benefits to its employees for claims that occurred prior to September 30, 1986. The City also utilizes third-party administrators for the handling of administration, investigation, and adjustment of workers' compensation claims that occurred after October 1, 1986. All loss contingencies, including claims incurred but not reported, if any, are recorded in the City's Workers' Compensation Fund and City departments are assessed premiums to cover expenditures. As of September 30, 2006, the City has excess workers' compensation coverage through the State National Insurance Company. Claims settlements did not exceed insurance coverage for each of the past three years.

#### **Unemployment Compensation Program**

The Unemployment Compensation Program Fund 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.

#### **Extended Sick Leave Program**

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

#### **Employee Wellness Program**

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

#### **Claims Liability**

The liability for the Employee 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.

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**Note 12 Risk Financing (Continued)****Primary Government (City) (Continued)****Claims Liability (Continued)**

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Benefits, and Workers' Compensation Programs Funds for the year ended September 30, 2006:

Fund	October 1,	Estimates	Adjustments	Payments	September 30, <sup>1</sup>
<u>Insurance Reserve</u>					
Fiscal Year 2005	\$ 17,271	\$ 1,928	\$ 4,638	\$ (4,638)	\$ 19,199
Fiscal Year 2006	19,199	14	5,413	(5,413)	19,213
<u>Employee Benefits</u>					
Fiscal Year 2005	\$ 8,548	\$ -	\$ 66,489	\$ (66,489)	\$ 8,548
Fiscal Year 2006	8,548	2,038	75,416	(75,416)	10,586
<u>Workers' Compensation<sup>1</sup></u>					
Fiscal Year 2005	\$ 23,205	\$ (1,326)	\$ 10,297	\$ (10,297)	\$ 21,879
Fiscal Year 2006	21,879	2,125	8,261	(8,261)	24,004

<sup>1</sup>The Workers' Compensation Liability Balance of \$24,004 is comprised of \$21,678 recorded in the Workers' Compensation Fund, and the remaining liability of \$2,326 is recorded in proprietary funds.

**CPS Energy**

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 \$4,000,000 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 for general property and turbine generators/transformers. The liability insurance program includes:

- \$100,000 of excess general liability coverage over a retention amount of \$2,000;
- \$35,000 of excess workers' compensation coverage over a retention amount of \$2,000;
- \$25,000 of fiduciary liability coverage and
- Other property and liability insurance coverage, which includes employee travel, event insurance, and commercial crime.

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**Note 12 Risk Financing (Continued)****CPS Energy (Continued)**

Actuarial studies are performed periodically to assess and determine the adequacy of insurance reserve retentions. An actuarial study was last performed in the fourth quarter of FY 2006. Notable changes to certain insurance reserves included in the following table are related to establishing an employment practices liability reserve totaling \$3,800 and discontinuing the property insurance reserve, which represented a \$3,200 reduction to the total property reserve.

The remaining balance under the property reserve column at January 31, 2006 is related to estimated obligations for the clean up, closure, and postclosure care requirements of the Company'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.

The Employee Benefit Plans' assets are segregated from CPS Energy's assets. They are separately managed by a committee whose members are appointed by the oversight committee, which includes three specific members, the CPS Energy CEO and General Manager, the CFO and Treasurer, and the Board Audit Committee Chair. The employee benefit plans have separate calendar-year financial statements that are available upon request by contacting Compensation and Employee Benefits at CPS Energy.

<b>City Public Service Schedule of Changes in Claims Liability</b>				
Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
<u>Property Insurance</u>				
Fiscal Year 2005	\$ 5,835	\$ 1,010	\$ -	\$ 6,845
Fiscal Year 2006	6,845	(3,207)		3,638
<u>Employee and Public Liability Claims</u>				
Fiscal Year 2005	\$ 7,237	\$ (871)	\$ (331)	\$ 6,035
Fiscal Year 2006	6,035	3,449	(341)	9,143
<u>Employee Health and Welfare</u>				
Fiscal Year 2005	\$ 4,696	\$ 32,888	\$ (32,325)	\$ 5,259
Fiscal Year 2006	5,259	38,079	(38,741)	4,597

**Hedging** - The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas Public Funds Investment Act 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.

On December 19, 2005, 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. Currently, these hedge instrument transactions are used to minimize the risk of market energy-price volatility as it relates to the underlying transactions that relate to the physical purchase of natural gas. The primary goal of the Energy Price Risk Management Policy, which is overseen by the hedging strategy committee, is to mitigate the potential for loss or reduce the uncertainty in expenses, pricing, and revenue as a result of unforeseen market changes that pertain to fuel expenses and revenues.

The hedge instruments are reported at cost on the balance sheets. Gains and losses related to the hedge instrument transactions are netted to fuel expenses in the period realized. For fiscal years 2006 and 2005, the commodity options and/or hedge instruments offset one another to achieve unrealized gains of approximately \$258 and \$496, respectively.

**Note 12 Risk Financing (Continued)****CPS Energy (Continued)**

CPS Energy follows GASB Technical Bulletin No 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on The Statement of Net Assets*. Accordingly, the following information is provided regarding CPS Energy's outstanding financial hedge instruments as of January 31, 2006 and 2005:

Fuel Derivative Transactions as of January 31, 2006		
Type of Transaction	Duration	Volumes in MMBTU
Long Call	Mar 2006 - Mar 2007	16,050,000
Short Call	Mar 2006 - Mar 2007	16,580,000
Long Put	Mar 2006 - Oct 2006	1,080,000
Short Put	Mar 2006 - Mar 2007	16,050,000
Long NG Futures	Mar 2006 - Oct 2006	530,000

Fuel Derivative Transactions as of January 31, 2005		
Type of Transaction	Duration	Volumes in MMBTU
Long Call	Mar 2005	420,000
Short Call	Mar 2005 - Mar 2006	4,110,000
Long Put	Mar 2005 - Mar 2006	4,110,000
Short Put	Mar 2005	420,000
Long NG Futures	Mar 2005 - Mar 2006	4,800,000
Short NG Futures	Mar 2005 - Dec 2005	1,230,000
Short Basis Swaps	Feb 2005 - Dec 2005	1,510,000

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. As of January 31, 2006, the total cost of the outstanding hedge instruments was \$28, with a fair value of \$286. As of January 31, 2005, total cost for outstanding hedge instruments was \$59, with a fair value of \$556.

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 whether to exercise the options or let them expire rests with the purchasing party.

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.

The hedging contracts expose CPS Energy to a minimal amount of credit risk. In the event of default or nonperformance by brokers or NYMEX, the operations of CPS Energy will not be materially affected. However, CPS Energy does not expect the brokerages to fail to meet their obligations, given their high credit rating and the strict and deep credit requirements upheld by NYMEX of which these brokerage houses are members. Termination risk for exchange-traded instruments is greatly reduced by the strict rules and guidelines established by NYMEX, which are governed by the Commodity Futures Trade Commission.

**Note 12 Risk Financing (Continued)**

**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, public official's liability, and \$250 for pollution legal liability claim whereby any claim exceeding the self-insured retention limit would be covered through SAWS' comprehensive commercial insurance program. For the year ended December 31, 2005, there were no reductions in insurance coverage from the previous year, and there were no claims that exceeded the self-insured retention limit. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

SAWS has recorded a liability in the amount of \$2,552 as of December 31, 2005, which is reported as a current liability. The claims liability, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. The claims liability includes medical and rehabilitation costs, which are considered incremental claim adjustment expenses. Changes in the liability amount for the last two fiscal years were:

San Antonio Water System				
Schedule of Changes in Claims Liability				
Year Ended	Balance at Beginning of Fiscal Year	Claims and Adjustments	Claims Payments	Balance at End of Fiscal Year
Dec. 31, 2004	\$ 2,317	\$ 1,675	\$ (1,515)	\$ 2,477
Dec. 31, 2005	\$ 2,477	\$ 1,542	\$ (1,467)	\$ 2,552

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**Note 13 Interfund Transfers**

The following is a summary of interfund transfers for the City for the year ended September 30, 2006:

<b>Summary Table of Interfund Transfers Year Ended September 30, 2006</b>		
	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Airport System	\$ 35	\$ -
Categorical Grant-in-Aid	317	5,423
Parking Facilities	761	452
Internal Service Funds		3,650
Nonmajor Governmental Funds	9,006	78,869
Nonmajor Enterprise Fund	1,348	1,583
Total General Fund	11,467	89,977
Debt Service Funds:		
Parking Facilities	516	
Nonmajor Governmental Funds	20,048	
Total Debt Service Funds	20,564	
Categorical Grant-in Aid:		
General Fund	5,423	317
Internal Service Funds		154
Nonmajor Governmental Funds	1,343	25,157
Total Categorical Grant-in-Aid	6,766	25,628
Airport System Fund:		
General Fund		35
Internal Service Funds		156
Total Airport System Fund		191
Parking System Fund:		
General Fund	452	761
Debt Service		516
Internal Service Funds		40
Nonmajor Governmental Funds		100
Total Parking System Fund	452	1,417
Internal Service Funds:		
General Fund	3,650	
Categorical Grant-in-Aid	154	
Airport System	156	
Parking Facilities	40	
Internal Service Funds	2,599	2,599
Nonmajor Governmental Funds	257	135
Nonmajor Enterprise Fund	218	70
Total Internal Service Funds	7,074	2,804
Nonmajor Governmental Funds:		
General Fund	78,869	9,006
Debt Service		20,048
Categorical Grant-in-Aid	25,157	1,343
Parking Facilities	100	
Internal Service Funds	135	257
Nonmajor Governmental Funds	84,983	84,983
Nonmajor Enterprise Fund		48
Total Nonmajor Governmental Funds	189,244	115,685
Nonmajor Enterprise Fund:		
General Fund	1,583	1,348
Internal Service Funds	70	218
Nonmajor Governmental Funds	48	
Total Nonmajor Enterprise Funds	1,701	1,566
Total	\$ 237,268	\$ 237,268

**Note 13 Interfund Transfers (Continued)**

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

**Note 14 Reconciliation of Government-Wide and Fund Financial Statements**

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

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

One element of this reconciliation states, "Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the governmental funds." The detail of the \$8,750 is as follows:

Revenues previously reported as unearned in the fund financial statements	\$ 17,932
Receivable applicable to governmental activities, which are not available in the current period	565
Unearned revenues previously reported as income in the fund financial statements	(9,747)
	<hr/>
Revenues collected after year end, but not available soon enough to pay for the current period's expenditures and, therefore, are not recognized in governmental funds	\$ 8,750
	<hr/>

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

Total capital leases reported on the Government-Wide Statement of Net Assets	\$ 10,267
Less: Short-term available portion reported in fund financial statements	(831)
	<hr/>
Net adjustment to decrease fund balance--total governmental funds to arrive at new assets--governmental activities for capital leases	\$ 9,436
	<hr/>

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**Note 14 Reconciliation of Government-Wide and Fund Financial Statements  
(Continued)**

**Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

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

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

Amortization of bond premiums on long-term debt previously expensed in the fund financial statements	\$ 1,199
Amortization of bond issues costs on long-term debt previously expensed in the fund financial statements	1,121
Less: Premiums/bond issue costs on bonds and certificates not previously recorded in the fund financial statements	<u>(5,377)</u>
Total amortization of bond premiums and deferred charges (net)	<u><u>\$ (3,057)</u></u>

Another element of this reconciliation states, "Some expenses reported in the Statement of Activities are not reported as expenditures in governmental funds." The details of the \$2,597 are as follows:

Arbitrage Rebate Expense	\$ 1,288
Compensated Absences	(2,348)
Interest Expense	(9,321)
Principal Paid on Leases	<u>12,978</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u><u>\$ 2,597</u></u>

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## **Note 15 Deficits in Fund Balances / Net Assets**

### **Special Revenue Funds**

As of September 30, 2006, deficit fund balances are reported in the Categorical Grant-in-Aid and Community Development Program in the amounts of \$10,829 and \$884, respectively. In fiscal year 2006, grant receivables within the grant funds were researched and analyzed by the owning City grant departments to determine validity of receivables and if accounting adjustments were necessary. The City identified the \$11,713 as grant programs that were not sufficiently funded. These deficits are primarily attributed to the City providing additional program services to the community beyond what monies were provided by grantor agencies. The City will address funding these deficits through the City's future budget processes.

The Golf Course Fund had a deficit fund balance of \$877 as of September 30, 2006. The deficit is attributable to a decline in revenues in recent years due to increased competition by the private sector and extreme weather patterns. In addition, increased labor, fuel, and equipment maintenance costs have contributed to the deficit.

### **Internal Service Funds**

As of September 30, 2006, a deficit of \$11,823 in net assets is reported in the Employee Health Benefits Program. This deficit decreased by \$8,867 from the prior fiscal year. To address specific issues related to the increasing costs of health benefits, the City has sought the services of an outside consultant in 2006 to perform a comprehensive review of the Employee Benefits Program. Establishing healthcare medical management programs focused on providing managed care for employees having chronic, high-risk ailments involving high costs, such as back pain, high-risk maternity, heart disease, and depression. These programs will be carefully studied as a means of providing long-term solutions to address rising healthcare costs and addressing fund balance deficits. Projections indicate that the fund will have a positive fund balance in fiscal year 2008.

Within the Internal Service Funds, the Workers' Compensation Fund also reported a deficit in net assets of \$1,264, at September 30, 2006, which was reduced by \$2,981 from the prior fiscal year. The City will fund the deficit through assessments charged to various City funds in future years.

## **Note 16 Other Disclosures**

### **Donor Restricted Endowment**

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

The San Jose Burial Park Fund generated \$93 in interest to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery.

The Carver Cultural Center Endowment Fund generated \$14 in interest. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

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## **Note 16 Other Disclosures (Continued)**

### **Donor-Restricted Endowment (Continued)**

The San Antonio Housing Trust Fund generated \$355 in interest. These earnings may be disbursed to projects with particular emphasis on housing programs as grants or secured loans. All distributions or disbursements of 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, construed, regulated, and administered in all respects under the laws of the State of Texas.

The William C. Morris Endowment Fund generated \$13 in interest. These earnings are used on an annual basis to enhance the City Library's Educational Programming and Services for Children. Any net income or net appreciation of the funds not used shall be accumulated and added to the principal of the funds. The earnings of the funds will be expended in accordance with the spending policy of the Library's board of directors or trustees.

## **Note 17 Subsequent Events**

### **Debt Transactions**

On September 21, 2006, the City issued \$72,620 in Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2006. The Bonds were issued to refund \$68,785 in Hotel Occupancy Tax Revenue Bonds for interest costs savings and the proceeds were delivered on October 18, 2006. This refunding transaction produced total savings of \$10,440 with a present value savings of \$6,905, or 10.0% of the refunded obligations. The Bonds have maturities from 2007 to 2026, with interest rates ranging from 4.0% to 4.5%.

On November 9, 2006, the City issued \$170,785 in General Improvement and Refunding Bonds, Series 2006. Proceeds of the bonds were utilized to finance general improvements of the City and refund certain general obligation and certificates of obligation for interest cost savings. The refunding transaction generated gross savings of \$5,500 with present value savings of \$4,100, or 4.2% of the refunded obligations. Additionally, the City issued \$73,155 in Combination Tax and Revenue Certificates of Obligation, Series 2006, to fund various capital projects. Proceeds of the 2006 bonds and certificates were delivered on December 6, 2006. The 2006 bonds and certificates have maturities from 2007 to 2026, with interest rates ranging from 3.5% to 5.0%.

On November 16, 2006, the City issued \$17,850 in Airport System Revenue Refunding Bonds, Series 2006. The Bonds were issued to refund certain Airport System Improvement Revenue Bonds for interest cost savings and the proceeds were delivered on December 13, 2006. This transaction produced total gross savings of \$1,100, with a present value savings of \$915, or 5.2% of the refunded obligations. The bonds have maturities ranging from 2007 to 2014, with an interest rate of 5.0%.

On May 17, 2007, the City approved the issuance of \$60,000 in Tax Notes, Series 2007. The proceeds of the Notes will be utilized to fund capital projects in the City's Adopted 2007 Capital Budget, a proposed Homeless Campus, the acquisition and development of a Property Room for the San Antonio Police Department, and projects approved by the voters in a bond election held on May 12, 2007. These Tax Notes are being utilized as an interim financing mechanism in anticipation of the next scheduled sale of General Obligation Bonds and Certificates of Obligation currently scheduled for November 2007. The Notes are payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the limitations prescribed by law. The Notes are retired in the year 2010 and bear an interest rate of approximately 3.9%.

On May 17, 2007, the City approved the issuance of \$5,500 in Hotel Occupancy Tax Surplus Revenue Notes, Series 2007. The proceeds of the Notes will be utilized to fund renovations and improvements to the Alamodome, which are necessary for hosting the 2008 NCAA Men's Final Four. The Notes are being utilized as an interim financing mechanism in anticipation of the projected reimbursement for these capital expenditures from the State of Texas via Senate Bill 150. This Bill provides for the reimbursement of eligible expenditures from the State's portion of its sales tax collected in conjunction with major events such as the NCAA Final Four. The Notes are payable from the City's Hotel Occupancy Tax Revenues. The Notes are retired in the year 2010 and bear an interest rate of approximately 4.0%.

## **Note 17 Subsequent Events (Continued)**

### **Bond Election**

On May 12, 2007, the City held an election on the proposed issuance of general obligation bonds in an aggregate amount of \$550,000. All propositions for the bond program were approved by the voters. The bonds are projected to be issued in installments over a 5-year period and will provide funding for street and sidewalk improvements, drainage improvements, parks, recreation, open space, athletic facility improvements, library improvements, and public facilities improvements.

### **Fire Collective Bargaining Agreement**

On May 31, 2007 the City approved a new collective bargaining agreement with the International Association of Fire Fighters Local 624 with a term through September 30, 2009. The projected cost of the collective bargaining agreement is \$44,400. The previous agreement approved on May 23, 2003 had a term of June 3, 2002 through September 30, 2005 with an evergreen clause effective through September 30, 2015.

### **Police Collective Bargaining Agreement**

On May 31, 2007, the City approved a new collective bargaining agreement with the San Antonio Police Officers' Association (SAPOA) with a term through September 30, 2009. The projected cost of the collective bargaining agreement is \$43,500. The previous agreement had a term through September 30, 2006 with an evergreen clause effective through September 30, 2016.

### **San Antonio Development Agency**

On October 5, 2006, the City defunded the San Antonio Development Agency (SADA), a nonmajor discretely presented component unit of the City and provided for the transition of certain functions and programs of SADA to the City. Subsequently, on October 19, 2006, the City reprogrammed Community Development Block Grant funds previously allocated to SADA to certain City departments to continue ongoing land assembly and redevelopment efforts. The complete transition of SADA's activities to the City is ongoing and is anticipated to be completed prior to end of fiscal year 2007.

### **San Antonio Westside Development**

The City of San Antonio 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 area of Westside of San Antonio. WDC will seek to generate new capital investment, create more, higher paying jobs, and reduce the poverty level in the area. In addition, the WDC will function 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. The 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 will be the policy-setting oversight authority for the WDC, comprising of 17 members.

On June 8, 2006, the City Council approved the formation of the Westside Development Corporation. However the articles of the incorporation, bylaws, and board of directors were not approved until November 11, 2006. As this action occurred subsequent to fiscal year end the City has elected to not present Westside Development Corporation as a blended component unit in 2006.

City of San Antonio, Texas



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***Required Supplementary Information Other Than MD&A  
(Unaudited)***

City of San Antonio, Texas



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*Budgetary Comparison Schedule*  
*General Fund*

**Budgetary Comparison Schedule**  
**General Fund**  
 Year Ended September 30, 2006

2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
	<b>Resources (Inflows):</b>			
Taxes	\$ 377,229,886	\$ 377,229,886	\$ 399,359,902	\$ 22,130,016
Licenses and Permits	20,366,361	20,366,361	19,764,737	(601,624)
Intergovernmental	2,988,263	2,988,263	3,445,582	457,319
Revenues from Utilities	204,746,045	204,746,045	256,367,822	51,621,777
Charges for Services	33,701,173	33,701,173	35,276,831	1,575,658
Fines and Forfeits	11,218,759	11,218,759	10,947,472	(271,287)
Miscellaneous	12,203,386	12,203,386	13,830,931	1,627,545
Transfers from Other Funds	11,841,903	11,410,796	11,466,466	55,670
<b>Amounts Available for Appropriation</b>	<b>674,295,776</b>	<b>673,864,669</b>	<b>750,459,743</b>	<b>76,595,074</b>
<b>Charges to Appropriations (Outflows):</b>				
General Government	96,556,331	95,472,763	71,139,682	24,333,081
Public Safety	420,983,797	431,504,384	429,051,592	2,452,792
Public Works	10,970,760	10,975,794	10,769,261	206,533
Health Services	12,125,543	12,650,928	12,412,664	238,264
Sanitation	2,866,779	2,916,234	2,864,299	51,935
Welfare	23,096,900	25,912,936	23,504,261	2,408,675
Culture and Recreation	71,251,183	72,353,138	71,938,565	414,573
Economic Development and Opportunity	4,177,161	4,461,016	4,067,281	393,735
Transfers to Other Funds	87,142,029	90,413,906	90,280,712	133,194
<b>Total Charges to Appropriations</b>	<b>729,170,483</b>	<b>746,661,099</b>	<b>716,028,317</b>	<b>30,632,782</b>
Excess (Deficiency) of Resources Over (Under)				
Charges to Appropriations	(54,874,707)	(72,796,430)	34,431,426	107,227,856
Fund Balance Allocation	54,874,707	72,796,430	(34,431,426)	(107,227,856)
<b>Excess (Deficiency) of Resources Over (Under)</b>				
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	\$ 750,459,743
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(11,466,466)

**Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds**

\$ 738,993,277

**Uses/Outflows of Resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 716,028,317
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(8,326,766)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(90,280,712)

**Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds**

\$ 617,420,839

**General Fund Budgetary Information**

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

The City prepares an annual budget for the General Fund on a 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 lapse at fiscal year-end.

(unaudited - see accompanying auditors' report)

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



City of San Antonio, Texas



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*Pension Schedules*

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



Required Supplementary Information - (Unaudited)

Pension Schedules

Schedules of Funding Progress

Last Three Fiscal Years

FIRE AND POLICE PENSION PLAN - CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	ENTRY AGE	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-05	\$ 1,676,075	\$ 1,910,789		\$ 234,714	88%	\$ 207,145	113%
10-01-04	1,540,286	1,838,371		298,085	84%	204,516	146%
10-01-03	1,429,378	1,718,262		288,884	83%	191,647	151%

TEXAS MUNICIPAL RETIREMENT SYSTEM - CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	ENTRY AGE	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-05	\$ 475,325	\$ 642,202		\$ 166,877	74%	\$ 209,176	80%
12-31-04	464,345	621,034		156,689	75%	204,088	77%
12-31-03	451,071	602,927		151,856	75%	192,896	79%

CPS ENERGY - ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	ENTRY AGE	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-05	\$ 902,100	\$ 837,600		\$ (64,500)	108%	\$ 198,400	(33)%
01-01-04	839,800	795,100		(44,700)	106%	189,900	(24)%
01-01-03	783,000	748,700		(34,300)	105%	186,700	(18)%

(amounts are expressed in thousands)

(unaudited - see accompanying auditors' report)

Required Supplementary Information - (Unaudited)

Pension Schedules

Schedules of Funding Progress

Last Three Fiscal Years

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
12-31-05	(1) \$ -	\$ -	\$ -	-	\$ -	-
12-31-04	52,985	66,466	13,481	80%	60,588	22%
12-31-03	48,964	61,425	12,461	80%	57,596	22%
12-31-02	46,492	57,635	11,143	81%	51,889	21%

SAN ANTONIO WATER SYSTEM - PMLIC

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
01-01-05	\$ 52,412	63,064	\$ 10,652	83%	\$ 59,476	18%
01-01-04	47,249	57,241	9,992	83%	56,932	18%
01-01-03	42,827	52,602	9,775	81%	55,364	18%

NOTE: (1) Balances for 12/31/05 not available

(amounts are expressed in thousands)

(unaudited - see accompanying auditors' report)

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



City of San Antonio, Texas



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*Combining Financial Statements and Schedules*

City of San Antonio, Texas



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*Nonmajor Governmental Funds*

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
 As of September 30, 2006

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 12,900,596	\$ -	\$ 277,134	\$ 13,177,730
Investments	136,259,026		12,812,606	149,071,632
Receivables	35,330,784		41,835	35,372,619
Less: Allowance for Uncollectibles	(26,572,140)		(28,836)	(26,600,976)
Accrued Interest	1,714,367		231,219	1,945,586
Accrued Revenue	13,257,767			13,257,767
Due from:				
Other Funds	3,737,508			3,737,508
Other Governmental Agencies	1,782,293			1,782,293
Materials and Supplies, at Cost	1,401,816			1,401,816
Restricted Assets:				
Cash and Cash Equivalents	63,988,726	23,030,081		87,018,807
Investments	4,175,777	227,810,749		231,986,526
Receivables	14,786,232	3,873,018		18,659,250
Deposits		261,359		261,359
Due from:				
Other Funds	2,945,899	2,982,221		5,928,120
Other Governmental Agencies		2,225,896		2,225,896
<b>Total Assets</b>	<u>\$ 265,708,651</u>	<u>\$ 260,183,324</u>	<u>\$ 13,333,958</u>	<u>\$ 539,225,933</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Vouchers Payable	\$ 10,947,156	\$ -	\$ -	\$ 10,947,156
Accounts Payable - Other	6,483,394		37,226	6,520,620
Accrued Payroll	2,238,101		9,877	2,247,978
Accrued Leave Payable	1,363,096		2,657	1,365,753
Unearned Revenue	5,907,910			5,907,910
Due to:				
Other Funds	10,753,832			10,753,832
Other Governmental Agencies	64,449			64,449
Restricted Liabilities:				
Vouchers Payable	1,840,297	903,804		2,744,101
Accounts Payable - Other	8,713,113	21,494,686		30,207,799
Accrued Payroll	124,229	5,133		129,362
Unearned Revenue	7,251,754	64,275		7,316,029
Due to:				
Other Funds	5,561,505	2,681,104		8,242,609
Other Governmental Agencies	3,055,612			3,055,612
<b>Total Liabilities</b>	<u>64,304,448</u>	<u>25,149,002</u>	<u>49,760</u>	<u>89,503,210</u>
<b>Fund Balances:</b>				
Invested in Capital Assets, Net of Related Debt				
Reserved:				
Reserved for Encumbrances	20,197,731	145,481,735	8,579	165,688,045
Reserved for Materials and Supplies	1,401,816			1,401,816
Unreserved:				
Designated - Nonmajor Special Revenue	2,518,231			2,518,231
Designated - Nonmajor Permanent			3,102,300	3,102,300
Undesignated - Nonmajor Special Revenue	177,286,425			177,286,425
Undesignated - Nonmajor Capital Projects		89,552,587		89,552,587
Undesignated - Nonmajor Permanent			10,173,319	10,173,319
<b>Total Fund Balances</b>	<u>201,404,203</u>	<u>235,034,322</u>	<u>13,284,198</u>	<u>449,722,723</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 265,708,651</u>	<u>\$ 260,183,324</u>	<u>\$ 13,333,958</u>	<u>\$ 539,225,933</u>

**CITY OF SAN ANTONIO, TEXAS**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**Nonmajor Governmental Funds**

Year Ended September 30, 2006

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 1,965,837	\$ -	\$ -	\$ 1,965,837
General Sales and Use Taxes	32,335,233			32,335,233
Occupancy Taxes	58,672,124			58,672,124
Penalties and Interest on Delinquent Taxes	26,307			26,307
Intergovernmental	29,570,301	6,907,377		36,477,678
Charges for Services	84,921,259		343,384	85,264,643
Miscellaneous	13,872,315	2,194,523		16,066,838
Investment Earnings	6,738,588	12,796,838	513,306	20,048,732
<b>Total Revenues</b>	<b>228,101,964</b>	<b>21,898,738</b>	<b>856,690</b>	<b>250,857,392</b>
<b>Expenditures:</b>				
Current:				
General Government	12,722,312			12,722,312
Public Safety	3,062,046			3,062,046
Public Works	98,405,781			98,405,781
Health Services	56,585,419			56,585,419
Welfare	602,500			602,500
Culture and Recreation	12,767,687		474,706	13,242,393
Convention and Tourism	52,257,439			52,257,439
Urban Redevelopment and Housing	15,896,568		132,037	16,028,605
Economic Development and Opportunity	7,437,757			7,437,757
Capital Projects		115,229,368		115,229,368
<b>Total Expenditures</b>	<b>259,737,509</b>	<b>115,229,368</b>	<b>606,743</b>	<b>375,573,620</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>(31,635,545)</b>	<b>(93,330,630)</b>	<b>249,947</b>	<b>(124,716,228)</b>
<b>Other Financing Sources (Uses):</b>				
Long-Term Debt Issued		37,600,000		37,600,000
Amounts from Notes and Loans	63,217,922			63,217,922
Operating Transfers In	112,941,448	76,301,951		189,243,399
Operating Transfers Out	(50,446,238)	(65,238,659)		(115,684,897)
<b>Total Other Financing Sources (Uses)</b>	<b>125,713,132</b>	<b>48,663,292</b>		<b>174,376,424</b>
<b>Net Change in Fund Balances</b>	<b>94,077,587</b>	<b>(44,667,338)</b>	<b>249,947</b>	<b>49,660,196</b>
Fund Balances, October 1	107,326,616	279,701,660	13,034,251	400,062,527
<b>Fund Balances, September 30</b>	<b>\$ 201,404,203</b>	<b>\$ 235,034,322</b>	<b>\$ 13,284,198</b>	<b>\$ 449,722,723</b>



## Special Revenue Funds

### GRANTS

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

**HUD 108 LOAN PROGRAM FUND** - to accept, receipt and disburse federal funds designed to finance various capital improvements with the City.

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

### OTHER SPECIAL REVENUES

**COMMUNITY AND VISITOR FACILITIES FUND** - to account for revenues and expenditures generated from all Convention and Tourism activities relating to the promotion of all City of San Antonio owned facilities to be used for conventions, community and entertainment venues.

**HOTEL MOTEL TAX CAPITAL IMPROVEMENT FUND** - to account for funds derived from and activity relating to the additional 2.0% Municipal Hotel Motel Occupancy Tax.

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

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

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

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

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



## Special Revenue Funds (Continued)

### OTHER SPECIAL REVENUES (CONTINUED)

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

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

**PUBLIC HEALTH SUPPORT REVENUE FUND** - to account for funds provided for the City's health support facilities. Financing is derived through reimbursements for local health care services provided to eligible legalized aliens.

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

**COMMUNITY SERVICES FUND** - to account for funds that provide various services to the community, such as health, housing, education, safety, employment, and economic development.

**GOLF COURSE FUND** - to account for the operation of the City's golf course facilities. Financing for golf course operations is provided by user fees.

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

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

### BLENDED COMPONENT UNITS

**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 INDUSTRIAL DEVELOPMENT AUTHORITY** - 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.

CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet  
 Nonmajor Governmental Funds - Grants  
 As of September 30, 2006

	HOME PROGRAM	HUD 108 LOAN PROGRAM	COMMUNITY DEVELOPMENT PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS - GRANTS
<b>Assets:</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$ 156,896	\$ 59,819,634	\$ 4,012,196	\$ 63,988,726
Investments		3,437,066	738,711	4,175,777
Receivables	6,670,718	33,195	8,082,319	14,786,232
Due from:				
Other Funds	2,496,521		449,378	2,945,899
<b>Total Assets</b>	\$ 9,324,135	\$ 63,289,895	\$ 13,282,604	\$ 85,896,634
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Restricted Liabilities:				
Vouchers Payable	\$ 769,706	\$ -	\$ 1,070,591	\$ 1,840,297
Accounts Payable - Other	2,109,557		6,603,556	8,713,113
Accrued Payrol	7,870		116,359	124,229
Unearned Revenue	3,372,624		3,879,130	7,251,754
Due to:				
Other Funds	3,064,378		2,497,127	5,561,505
Other Governmental Agencies		3,055,612		3,055,612
<b>Total Liabilities</b>	9,324,135	3,055,612	14,166,763	26,546,510
<b>Fund Balances:</b>				
Unreserved:				
Undesignated - Nonmajor Special Revenue		60,234,283	(884,159)	59,350,124
<b>Total Liabilities and Fund Balances</b>	\$ 9,324,135	\$ 63,289,895	\$ 13,282,604	\$ 85,896,634

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Grants

Year Ended September 30, 2006

	HOME PROGRAM	HUD 108 LOAN PROGRAM	COMMUNITY DEVELOPMENT PROGRAM	TOTAL NONMAJOR GOVERNMENTAL FUNDS - GRANTS
<b>Revenues:</b>				
Intergovernmental	\$ 9,227,391	\$ -	\$ 16,833,606	\$ 26,060,997
Charges for Services			283,215	283,215
Miscellaneous	897,286	2,119,898	819,911	3,837,095
Investment Earnings		432,412		432,412
<b>Total Revenues</b>	<u>10,124,677</u>	<u>2,552,310</u>	<u>17,936,732</u>	<u>30,613,719</u>
<b>Expenditures:</b>				
Current:				
Public Safety			314,739	314,739
Public Works			1,063,749	1,063,749
Health Services			1,077,992	1,077,992
Welfare			342,628	342,628
Culture and Recreation			2,653,749	2,653,749
Urban Redevelopment and Housing	10,124,677		5,771,891	15,896,568
Economic Development and Opportunity		2,119,655	1,585,063	3,704,718
<b>Total Expenditures</b>	<u>10,124,677</u>	<u>2,119,655</u>	<u>12,809,811</u>	<u>25,054,143</u>
<b>Excess of Revenue Over Expenditures</b>		<u>432,655</u>	<u>5,126,921</u>	<u>5,559,576</u>
<b>Other Financing Sources (Uses):</b>				
Amounts from Notes and Loans		57,000,000		57,000,000
Operating Transfers In		4,800,000	452,622	5,252,622
Operating Transfers Out		(2,514,111)	(6,212,666)	(8,726,777)
<b>Total Other Financing Sources (Uses)</b>		<u>59,285,889</u>	<u>(5,760,044)</u>	<u>53,525,845</u>
<b>Net Change in Fund Balances</b>		59,718,544	(633,123)	59,085,421
Fund Balances, October 1		515,739	(251,036)	264,703
<b>Fund Balances, September 30</b>	<u>\$ -</u>	<u>\$ 60,234,283</u>	<u>\$ (884,159)</u>	<u>\$ 59,350,124</u>

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**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet  
 Nonmajor Governmental Funds - Other Special Revenue Funds  
 As of September 30, 2006

	COMMUNITY AND VISITOR FACILITIES	HOTEL MOTEL TAX CAPITAL IMPROVEMENT	STREET MAINTENANCE AND IMPROVEMENT	PARKS DEVELOPMENT AND EXPANSION	STORMWATER OPERATIONS PROGRAM	PROJECT MANAGEMENT OFFICE	EMERGENCY MEDICAL SERVICES	CAPITAL IMPROVEMENTS RESERVE
<b>Assets:</b>								
Cash and Cash Equivalents	\$ 2,112,263	\$ 225,540	\$ 986,318	\$ 2,722,375	\$ 2,103,516	\$ 117	\$ 91,798	\$ 491,895
Investments	19,108,895	2,833,269	12,432,259	34,198,926	26,468,179	1,466	1,153,178	6,179,269
Receivables	1,269,065	26,674	497,932		18,698		30,764,804	
Less: Allowance for Uncollectibles	(78,617)						(26,493,523)	
Accrued Interest	418,653	51,303	85,654	372,375	310,838	23		68,608
Accrued Revenue	4,117,640	1,200,814		3,801,380	2,038,494			
Due from Other Funds	7,457						1,002,367	
Due from Other Governmental Agencies			193,930	75,000				
Materials and Supplies, at Cost	516,451		272,346		52,781		560,238	
<b>Total Assets</b>	<b>\$ 27,471,807</b>	<b>\$ 4,337,600</b>	<b>\$ 14,468,439</b>	<b>\$ 41,170,056</b>	<b>\$ 30,992,506</b>	<b>\$ 1,606</b>	<b>\$ 7,078,862</b>	<b>\$ 6,739,772</b>
<b>Liabilities and Fund Balances:</b>								
<b>Liabilities:</b>								
Vouchers Payable	\$ 1,557,339	\$ -	\$ 6,628,579	\$ 28,711	\$ 81,536	\$ -	\$ 339,136	\$ -
Accounts Payable - Other	3,346,040		161,376		120,278	251	56,577	
Accrued Payroll	573,104		370,603		281,594		603,939	
Accrued Leave Payable	164,232		117,469		54,972		955,820	
Unearned Revenue	227,473	14,507	1,133,600				4,269,554	
Due To:								
Other Funds	5,487,395		354,895		109,519			65,176
Other Governmental Agencies								
<b>Total Liabilities</b>	<b>11,355,583</b>	<b>14,507</b>	<b>8,766,522</b>	<b>28,711</b>	<b>647,899</b>	<b>251</b>	<b>6,225,026</b>	<b>65,176</b>
<b>Fund Balances:</b>								
<b>Reserved:</b>								
Reserved for Encumbrances	371,873		3,555,011	5,595,344	7,257,917		222,975	2,316,115
Reserved for Materials and Supplies	516,451		272,346		52,781		560,238	
<b>Unreserved:</b>								
Designated - Nonmajor Special Revenue	618,743		1,874,560				24,928	
Undesignated - Nonmajor Special Revenue	14,609,157	4,323,093		35,546,001	23,033,909	1,355	45,695	4,358,481
<b>Total Fund Balances</b>	<b>16,116,224</b>	<b>4,323,093</b>	<b>5,701,917</b>	<b>41,141,345</b>	<b>30,344,607</b>	<b>1,355</b>	<b>853,836</b>	<b>6,674,596</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,471,807</b>	<b>\$ 4,337,600</b>	<b>\$ 14,468,439</b>	<b>\$ 41,170,056</b>	<b>\$ 30,992,506</b>	<b>\$ 1,606</b>	<b>\$ 7,078,862</b>	<b>\$ 6,739,772</b>

CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet  
 Nonmajor Governmental Funds - Other Special Revenue Funds  
 As of September 30, 2006

CONFISCATED PROPERTY	PUBLIC HEALTH SUPPORT REVENUE	JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT	COMMUNITY SERVICES	GOLF COURSE	ADVANCED TRANSPORTATION DISTRICT	INTERNATIONAL CENTER	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 211,849 2,519,477  30,659	\$ 19,468 244,556 117,844  1,756	\$ 284,129 3,569,273  41,239	\$ 2,864,700 17,871,842 2,602,489  209,889 353,019 2,727,684 1,513,363	\$ 4,352  448	\$ 679,196 8,532,315  110,319 1,746,420	\$ 91,236 1,146,122 32,830  13,051	\$ 7,886	\$ 3,958	\$ 12,900,596 136,259,026 35,330,784 (26,572,140) 1,714,367 13,257,767 3,737,508 1,782,293 1,401,816
<u>\$ 2,761,985</u>	<u>\$ 383,624</u>	<u>\$ 3,894,641</u>	<u>\$ 28,142,986</u>	<u>\$ 4,800</u>	<u>\$ 11,068,250</u>	<u>\$ 1,283,239</u>	<u>\$ 7,886</u>	<u>\$ 3,958</u>	<u>\$ 179,812,017</u>
\$ 340,746 8,154 4,836  64,449  418,185	\$ 304 8,113 24,443 6,572  328,480  367,912	\$ -   159,000	\$ 1,537,083 2,549,068 258,254 34,760 200,000  3,984,225	\$ 59,075 213,166 97,076 25,290 62,776  424,142	\$ 353,859 4,357 13,974 833  373,023	\$ 20,788 12,714 10,278 3,148  46,928	\$ - 1,650	\$ - 1,650	\$ 10,947,156 6,483,394 2,238,101 1,363,096 5,907,910  10,753,832 64,449  37,757,938
112,139					580,140	27,217			20,197,731 1,401,816
<u>2,231,661</u>	<u>15,712</u>	<u>3,735,641</u>	<u>19,579,596</u>	<u>(876,725)</u>	<u>10,115,087</u>	<u>1,209,094</u>	<u>6,236</u>	<u>2,308</u>	<u>2,518,231</u> <u>117,936,301</u>
<u>2,343,800</u>	<u>15,712</u>	<u>3,894,641</u>	<u>19,579,596</u>	<u>(876,725)</u>	<u>10,695,227</u>	<u>1,236,311</u>	<u>6,236</u>	<u>2,308</u>	<u>142,054,079</u>
<u>\$ 2,761,985</u>	<u>\$ 383,624</u>	<u>\$ 3,894,641</u>	<u>\$ 28,142,986</u>	<u>\$ 4,800</u>	<u>\$ 11,068,250</u>	<u>\$ 1,283,239</u>	<u>\$ 7,886</u>	<u>\$ 3,958</u>	<u>\$ 179,812,017</u>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds - Other Special Revenue Funds  
 Year Ended September 30, 2006

	COMMUNITY AND VISITOR FACILITIES	HOTEL MOTEL TAX CAPITAL IMPROVEMENT	STREET MAINTENANCE AND IMPROVEMENT	PARKS DEVELOPMENT AND EXPANSION	STORMWATER OPERATIONS PROGRAM	PROJECT MANAGEMENT OFFICE	EMERGENCY MEDICAL SERVICE	CAPITAL IMPROVEMENTS RESERVE
<b>Revenues:</b>								
Taxes:								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes				22,217,622				
Occupancy Taxes	45,634,242	13,037,882						
Penalties and Interest on Delinquent Taxes		26,307						
Intergovernmental			271,354					1,727,233
Charges for Services	16,329,013		1,517,371		34,417,470		14,625,420	
Miscellaneous	3,060,454		698,730		516,882	113	178,461	1,300,525
Investment Earnings	1,188,989	165,820	301,128	1,185,149	1,172,596		4,729	235,370
<b>Total Revenues</b>	<b>66,212,698</b>	<b>13,230,009</b>	<b>2,788,583</b>	<b>23,402,771</b>	<b>36,106,948</b>	<b>113</b>	<b>14,808,610</b>	<b>3,263,128</b>
<b>Expenditures:</b>								
Current:								
General Government								11,590
Public Safety								
Public Works			49,413,793		21,125,816			
Health Services							48,522,578	
Welfare								
Culture and Recreation				1,334,866				
Convention and Tourism	51,269,584					2,466		
Economic Development and Opportunity								
<b>Total Expenditures</b>	<b>51,269,584</b>		<b>49,413,793</b>	<b>1,334,866</b>	<b>21,125,816</b>	<b>2,466</b>	<b>48,522,578</b>	<b>11,590</b>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<b>14,943,114</b>	<b>13,230,009</b>	<b>(46,625,210)</b>	<b>22,067,905</b>	<b>14,981,132</b>	<b>(2,353)</b>	<b>(33,713,968)</b>	<b>3,251,538</b>
<b>Other Financing Sources (Uses):</b>								
Amounts from Notes and Loans							32,902,949	100,000
Operating Transfers In	553,007		42,604,928	887,954				
Operating Transfers Out	(8,336,263)	(12,376,877)	(437,311)	(2,928,039)	(10,899,280)			(644,574)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,783,256)</b>	<b>(12,376,877)</b>	<b>42,167,617</b>	<b>(2,040,085)</b>	<b>(10,899,280)</b>		<b>32,902,949</b>	<b>(544,574)</b>
<b>Net Change in Fund Balances</b>	<b>7,159,858</b>	<b>853,132</b>	<b>(4,457,593)</b>	<b>20,027,820</b>	<b>4,081,852</b>	<b>(2,353)</b>	<b>(811,019)</b>	<b>2,706,964</b>
Fund Balances, October 1	8,956,366	3,469,961	10,159,510	21,113,525	26,262,755	3,708	1,664,855	3,967,632
<b>Fund Balances, September 30</b>	<b>\$ 16,116,224</b>	<b>\$ 4,323,093</b>	<b>\$ 5,701,917</b>	<b>\$ 41,141,345</b>	<b>\$ 30,344,607</b>	<b>\$ 1,355</b>	<b>\$ 853,836</b>	<b>\$ 6,674,596</b>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds - Other Special Revenue Funds  
 Year Ended September 30, 2006

CONFISCATED PROPERTY	PUBLIC HEALTH SUPPORT REVENUE	JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT	COMMUNITY SERVICES	GOLF COURSE	ADVANCED TRANSPORTATION DISTRICT	INTERNATIONAL CENTER	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 1,965,837	\$ -	\$ 10,117,611	\$ -	\$ -	\$ -	\$ 1,965,837
									32,335,233
									58,672,124
									26,307
	141,493		1,369,224						3,509,304
	2,198,058		7,924,857	6,367,936		1,255,419	2,500		84,638,044
926,053	27,841		2,945,541	100,000	280,620				10,035,220
127,904	4,114	173,104	1,388,674		311,412	47,135	10	42	6,306,176
1,053,957	2,371,506	173,104	15,594,133	6,467,936	10,709,643	1,302,554	2,510	42	197,488,245
			12,710,722						12,722,312
2,303,791			443,516						2,747,307
			25,893,218		909,205				97,342,032
	2,006,655		4,965,517				12,677		55,507,427
			259,872						259,872
			2,410,779	6,368,293					10,113,938
			3,728,719			985,389			52,257,439
								4,320	3,733,039
2,303,791	2,006,655		50,412,343	6,368,293	909,205	985,389	12,677	4,320	234,683,366
(1,249,834)	364,851	173,104	(34,818,210)	99,643	9,800,438	317,165	(10,167)	(4,278)	(37,195,121)
			6,217,922						6,217,922
	(217,818)	(600,000)	30,639,988	(2,374)	(3,192,362)	(16,375)			107,688,826
			(2,068,188)						(41,719,461)
	(217,818)	(600,000)	34,789,722	(2,374)	(3,192,362)	(16,375)			72,187,287
(1,249,834)	147,033	(426,896)	(28,488)	97,269	6,608,076	300,790	(10,167)	(4,278)	34,992,166
3,593,634	(131,321)	4,321,537	19,608,084	(973,994)	4,087,151	935,521	16,403	6,586	107,061,913
\$ 2,343,800	\$ 15,712	\$ 3,894,641	\$ 19,579,596	\$ (876,725)	\$ 10,695,227	\$ 1,236,311	\$ 6,236	\$ 2,308	\$ 142,054,079

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006





## Capital Projects Funds

**2000 COMMERCIAL PAPER FUND** - on October 28, 1999 City Council approved the implementation of a General Obligation Tax-Exempt Commercial Paper (TECP) Program for an amount not to exceed \$50 million of the \$140.2 million 1999 General Obligation Bond Program. The TECP Program enabled the City to sell short-term debt on an as needed basis. On July 6, 2000, the City sold \$15 million of TECP which was transferred to specific projects within five areas: streets and pedestrian, drainage improvements, flood control with park improvements, parks and recreation and library system.

**GENERAL OBLIGATION BONDS** - to account for financial resources to be used for 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.

**1980 GENERAL OBLIGATION BONDS FUND** - a bond election was held on January 26, 1980 that approved \$90.3 million in physical infrastructure development and improvement projects. These projects were within seven areas: libraries, fire protection, crime prevention, parks, San Antonio River flood control, drainage and flood control, and street, bridge and related improvements.

**1983 GENERAL OBLIGATION BONDS** - on April 2, 1983, the voters approved a General Obligation Bond Program which totaled \$61 million in drainage improvements projects.

**1985 GENERAL OBLIGATION BONDS FUND** - a bond election was held on April 6, 1985 that approved \$100.3 million in physical infrastructure development and improvement projects. These projects were within five areas: street improvements, drainage and flood control, police substation facilities, fire station facilities, and library facilities.

**1987 GENERAL OBLIGATION BONDS FUND** - a bond election was held on November 3, 1987 that approved \$140 million in physical infrastructure development and improvement projects. These projects were within two areas: drainage improvements and street improvements.

**1989 GENERAL OBLIGATION BONDS FUND** - on May 6, 1989, the voters approved a General Obligation Bond Program which totaled \$45.5 million in library system projects.

**1994 GENERAL OBLIGATION BONDS FUND** - a bond election was held on May 7, 1994 that approved \$109.7 million in physical infrastructure development and improvement projects for the City of San Antonio. These projects were within four areas: street improvements, drainage improvements, parks and police substation.

**1999 GENERAL OBLIGATION BONDS FUND** - a bond election was held on May 1, 1999 that 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.



## ***Capital Projects Funds (Continued)***

### ***GENERAL OBLIGATION BONDS (Continued)***

***2003 GENERAL OBLIGATION BONDS FUND*** - a bond election was held on November 4, 2003 that approved \$115 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.

***GENERAL OBLIGATION PROJECT FUND FUND*** - To account for the acquisition or construction of major capital facilities such as streets, drainage, library and park improvements, were funding is primarily derived from the sale of General Obligation Bonds.

***CERTIFICATES OF OBLIGATION FUND*** - 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.

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

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

***PARKS DEVELOPMENT AND EXPANSION FUND*** - 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.

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

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

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

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



Combining Balance Sheet  
 Nonmajor Governmental Funds - Capital Projects Funds  
 As of September 30, 2006

	GENERAL OBLIGATION BONDS							
	2000 COMMERCIAL PAPER	1980 GENERAL OBLIGATION BONDS	1983 GENERAL OBLIGATION BONDS	1985 GENERAL OBLIGATION BONDS	1987 GENERAL OBLIGATION BONDS	1989 GENERAL OBLIGATION BONDS	1994 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS
<b>Assets:</b>								
Restricted Assets:								
Cash and Cash Equivalents	\$ 28,549	\$ 13,031	\$ 24,880	\$ 213,488	\$ 314,114	\$ 34,528	\$ 552,109	\$ 1,828,196
Investments	358,640	163,691	312,552	336,962	6,180,952	433,749	7,244,579	23,098,319
Receivables	4,055	1,886	3,293	12,222	14,417	16,085	60,389	483,778
Deposits								
Due from:								
Other Funds							490	63,882
Other Governmental Agencies					112,712		3,704	112,750
<b>Total Assets</b>	<u>\$ 391,244</u>	<u>\$ 178,608</u>	<u>\$ 340,725</u>	<u>\$ 562,672</u>	<u>\$ 6,622,195</u>	<u>\$ 484,362</u>	<u>\$ 7,861,271</u>	<u>\$ 25,586,925</u>
<b>Liabilities and Fund Balances:</b>								
<b>Liabilities:</b>								
Restricted Liabilities:								
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable - Other				11	106,229	41,876	382,333	1,449,229
Accrued Payroll								
Unearned Revenue								64,275
Due to:								
Other Funds								325,813
<b>Total Liabilities</b>				<u>11</u>	<u>106,229</u>	<u>41,876</u>	<u>382,333</u>	<u>1,839,317</u>
<b>Fund Balances:</b>								
Reserved:								
Reserved for Encumbrances				2,580,816	536,662	982,549	3,912,426	18,755,357
Unreserved:								
Undesignated - Nonmajor Capital Projects	391,244	178,608	340,725	(2,018,155)	5,979,304	(540,063)	3,566,512	4,992,251
<b>Total Fund Balances</b>	<u>391,244</u>	<u>178,608</u>	<u>340,725</u>	<u>562,661</u>	<u>6,515,966</u>	<u>442,486</u>	<u>7,478,938</u>	<u>23,747,608</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 391,244</u>	<u>\$ 178,608</u>	<u>\$ 340,725</u>	<u>\$ 562,672</u>	<u>\$ 6,622,195</u>	<u>\$ 484,362</u>	<u>\$ 7,861,271</u>	<u>\$ 25,586,925</u>

CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet  
 Nonmajor Governmental Funds - Capital Projects Funds  
 As of September 30, 2006

GENERAL OBLIGATION BONDS 2003		GENERAL OBLIGATION PROJECT FUND	CERTIFICATES OF OBLIGATION	IMPROVEMENT PROJECTS	CONVENTION CENTER EXPANSION	PARKS DEVELOPMENT AND EXPANSION	MUNICIPAL FACILITIES	MUNICIPAL DRAINAGE UTILITY SYSTEM	STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ 1,315,315	\$ 182,807	\$ 4,460,448	\$ 445,504	\$ 1,626,670	\$ 118,599	\$ 621,442	\$ 10,590,692	\$ 659,709	\$ 23,030,081	
16,523,198		66,848,877	6,182,570	18,417,039	1,489,860		80,219,761		227,810,749	
398,180		883,488	66,790	311,968	2,481	2,438	1,470,817	140,731	3,873,018	
				261,359					261,359	
2,617,212	637	300,000							2,982,221	
	1,766,584	3,998	226,148						2,225,896	
<u>\$ 20,853,905</u>	<u>\$ 1,950,028</u>	<u>\$ 72,496,811</u>	<u>\$ 6,921,012</u>	<u>\$ 20,617,036</u>	<u>\$ 1,610,940</u>	<u>\$ 623,880</u>	<u>\$ 92,281,270</u>	<u>\$ 800,440</u>	<u>\$ 260,183,324</u>	
\$ -	\$ -	\$ -	\$ 898,411	\$ -	\$ -	\$ -	\$ -	\$ 5,393	\$ 903,804	
88,732	12,496,279	1,104,919	682,623	605,318	13,493		4,523,644		21,494,686	
	2,468	218	1,409				1,038		5,133	
	2,355,291								64,275	
88,732	14,854,038	1,105,137	1,582,443	605,318	13,493		4,524,682	5,393	2,681,104	
		53,308,245	4,370,654	8,592,049	14,095		52,428,882		145,481,735	
20,765,173	(12,904,010)	18,083,429	967,915	11,419,669	1,583,352	623,880	35,327,706	795,047	89,552,587	
20,765,173	(12,904,010)	71,391,674	5,338,569	20,011,718	1,597,447	623,880	87,756,588	795,047	235,034,322	
<u>\$ 20,853,905</u>	<u>\$ 1,950,028</u>	<u>\$ 72,496,811</u>	<u>\$ 6,921,012</u>	<u>\$ 20,617,036</u>	<u>\$ 1,610,940</u>	<u>\$ 623,880</u>	<u>\$ 92,281,270</u>	<u>\$ 800,440</u>	<u>\$ 260,183,324</u>	

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds - Capital Projects Funds  
 Year Ended September 30, 2006

	GENERAL OBLIGATION BONDS							
	2000 COMMERCIAL PAPER	1980 GENERAL OBLIGATION BONDS	1983 GENERAL OBLIGATION BONDS	1985 GENERAL OBLIGATION BONDS	1987 GENERAL OBLIGATION BONDS	1989 GENERAL OBLIGATION BONDS	1994 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,680	\$ -
Miscellaneous				2,011	116,986			
Investment Earnings	15,769	7,331	13,997	58,812	58,549	62,063	186,637	1,916,988
<b>Total Revenues</b>	<b>15,769</b>	<b>7,331</b>	<b>13,997</b>	<b>60,823</b>	<b>175,535</b>	<b>62,063</b>	<b>255,317</b>	<b>1,916,988</b>
Expenditures:								
Current:								
Capital Projects	262		42,139	526,712	488	4,118	2,311,016	5,474,076
<b>Total Expenditures</b>	<b>262</b>		<b>42,139</b>	<b>526,712</b>	<b>488</b>	<b>4,118</b>	<b>2,311,016</b>	<b>5,474,076</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	15,507	7,331	(28,142)	(465,889)	175,047	57,945	(2,055,699)	(3,557,088)
Other Financing Sources (Uses):								
Long-Term Debt Issued			37,691	91,551	4,996,555		6,197,394	2,079,432
Operating Transfers In			3,325	(786,300)		(917,682)	(2,802,771)	(12,746,253)
Operating Transfers Out		(5,725)						
<b>Total Other Financing Sources (Uses)</b>		<b>(5,725)</b>	<b>41,016</b>	<b>(694,749)</b>	<b>4,996,555</b>	<b>(917,682)</b>	<b>3,394,623</b>	<b>(10,666,821)</b>
<b>Net Change in Fund Balances</b>	<b>15,507</b>	<b>1,606</b>	<b>12,874</b>	<b>(1,160,638)</b>	<b>5,171,602</b>	<b>(859,737)</b>	<b>1,338,924</b>	<b>(14,223,909)</b>
Fund Balances, October 1	375,737	177,002	327,851	1,723,299	1,344,364	1,302,223	6,140,014	37,971,517
<b>Fund Balances, September 30</b>	<b>\$ 391,244</b>	<b>\$ 178,608</b>	<b>\$ 340,725</b>	<b>\$ 562,661</b>	<b>\$ 6,515,966</b>	<b>\$ 442,486</b>	<b>\$ 7,478,938</b>	<b>\$ 23,747,608</b>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds - Capital Projects Funds  
 Year Ended September 30, 2006

GENERAL OBLIGATION BONDS 2003		GENERAL OBLIGATION PROJECT FUND	CERTIFICATES OF OBLIGATION	IMPROVEMENT PROJECTS	CONVENTION CENTER EXPANSION	PARKS DEVELOPMENT AND EXPANSION	MUNICIPAL FACILITIES	MUNICIPAL DRAINAGE UTILITY SYSTEM	STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
\$ -	\$ 5,439,489	\$ 453,421	\$ 320,145	\$ -	\$ -	\$ -	\$ -	\$ 625,642	\$ -	\$ 6,907,377
	335,460		328,013	26,302	445,834				939,917	2,194,523
1,771,115		3,165,901	221,142	1,221,964	14,114		25,831	4,027,868	28,757	12,796,838
1,771,115	5,774,949	3,619,322	869,300	1,248,266	459,948		25,831	4,653,510	968,674	21,898,738
2,690,145	52,969,873	24,202,904	9,222,715	893,025			24,422	15,707,669	1,159,804	115,229,368
2,690,145	52,969,873	24,202,904	9,222,715	893,025			24,422	15,707,669	1,159,804	115,229,368
(919,030)	(47,194,924)	(20,583,582)	(8,353,415)	355,241	459,948		1,409	(11,054,159)	(191,130)	(93,330,630)
		37,600,000								37,600,000
3,121,624	42,135,229	563,231	13,567,671		1,106,665			2,404,908		76,301,951
(32,493,676)		(12,623,433)		(87,854)				(2,778,290)		(65,238,659)
(29,372,052)	42,135,229	25,539,798	13,567,671	(87,854)	1,106,665			(373,382)		48,663,292
(30,291,082)	(5,059,695)	4,956,216	5,214,256	267,387	1,566,613	1,409	(11,427,541)	(191,130)		(44,667,338)
51,056,255	(7,844,315)	66,435,458	124,313	19,744,331	30,834	622,471	99,184,129	986,177		279,701,660
\$ 20,765,173	\$ (12,904,010)	\$ 71,391,674	\$ 5,338,569	\$ 20,011,718	\$ 1,597,447	\$ 623,880	\$ 87,756,588	\$ 795,047	\$	\$ 235,034,322

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006





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## ***Permanent Funds***

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

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

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

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

CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet  
 Nonmajor Governmental Funds - Permanent Funds  
 As of September 30, 2006

	SAN JOSE BURIAL PARK	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	WILLIAM C. MORRIS ENDOWMENT	TOTAL NONMAJOR PERMANENT FUNDS
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 148,747	\$ 26,211	\$ 78,885	\$ 23,291	\$ 277,134
Investments	2,075,879	329,274	10,114,861	292,592	12,812,606
Receivables	41,835				41,835
Allowance for Uncollectibles	(28,836)				(28,836)
Accrued Interest	23,473	3,723	200,715	3,308	231,219
<b>Total Assets</b>	<u>\$ 2,261,098</u>	<u>\$ 359,208</u>	<u>\$ 10,394,461</u>	<u>\$ 319,191</u>	<u>\$ 13,333,958</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable - Other	\$ 3,637	\$ -	\$ 33,589	\$ -	\$ 37,226
Accrued Payroll	9,877				9,877
Accrued Leave Payable	2,657				2,657
<b>Total Liabilities</b>	<u>16,171</u>		<u>33,589</u>		<u>49,760</u>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Reserved for Encumbrances			8,579		8,579
<b>Unreserved:</b>					
Designated	2,102,300		1,000,000		3,102,300
Undesignated	142,627	359,208	9,352,293	319,191	10,173,319
<b>Total Fund Balances</b>	<u>2,244,927</u>	<u>359,208</u>	<u>10,360,872</u>	<u>319,191</u>	<u>13,284,198</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,261,098</u>	<u>\$ 359,208</u>	<u>\$ 10,394,461</u>	<u>\$ 319,191</u>	<u>\$ 13,333,958</u>

**CITY OF SAN ANTONIO, TEXAS**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds - Permanent Funds**  
 As of September 30, 2006

	SAN JOSE BURIAL PARK	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	WILLIAM C. MORRIS ENDOWMENT	TOTAL NONMAJOR PERMANENT FUNDS
<b>Revenues:</b>					
Charges for Services	\$ 343,384	\$ -	\$ -	\$ -	\$ 343,384
Interest	92,807	14,473	354,565	12,826	474,671
Net Increase in Fair Value of Investments			38,635		38,635
<b>Total Revenues</b>	<u>436,191</u>	<u>14,473</u>	<u>393,200</u>	<u>12,826</u>	<u>856,690</u>
<b>Expenditures:</b>					
Current:					
Culture and Recreation	474,706				474,706
Urban Redevelopment and Housing			132,037		132,037
<b>Total Expenditures</b>	<u>474,706</u>		<u>132,037</u>		<u>606,743</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(38,515)	14,473	261,163	12,826	249,947
Fund Balances, October 1	<u>2,283,442</u>	<u>344,735</u>	<u>10,099,709</u>	<u>306,365</u>	<u>13,034,251</u>
<b>Fund Balances, September 30</b>	<u>\$ 2,244,927</u>	<u>\$ 359,208</u>	<u>\$ 10,360,872</u>	<u>\$ 319,191</u>	<u>\$ 13,284,198</u>



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## *Internal Service Funds*

**SELF-INSURANCE PROGRAMS** - to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Insurance Reserve Program, Employee Benefits Program, Workers' Compensation Program, Unemployment Compensation Program, Extended Sick Leave Program, and Employee Wellness Program.

**OTHER INTERNAL SERVICES** - to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Central Stores, Motor Pool, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

**INFORMATION SERVICES** - to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



Combining Statement of Net Assets  
Internal Service Funds  
As of September 30, 2006

	SELF-INSURANCE PROGRAMS		
	INSURANCE RESERVE	EMPLOYEE HEALTH BENEFITS	WORKERS' COMPENSATION
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 1,664,554	\$ 194,282	\$ 1,525,428
Investments	20,912,037	2,446,410	19,167,120
<b>Receivables:</b>			
Other Accounts	160,018	891,284	
Allowance for Uncollectibles		(101,202)	
Accrued Interest	235,145	10,055	211,656
Accrued Revenue			
Due From Other Funds		513,234	
Due From Other Governmental Agencies			7,686
Allowance for Uncollectibles			
Materials and Supplies, at Cost			
Prepaid Expenses	626,724		57,156
Deposits	2,491		36,000
<b>Total Current Assets</b>	<b>23,600,969</b>	<b>3,954,063</b>	<b>21,005,046</b>
<b>Property, Plant, and Equipment:</b>			
Computer Equipment	58,015	57,553	51,528
Buildings			
Improvements Other than Buildings			
Machinery and Equipment	5,902	43,586	383,791
<b>Total Property, Plant, and Equipment</b>	<b>63,917</b>	<b>101,139</b>	<b>435,319</b>
Less: Accumulated Depreciation	63,917	99,057	413,307
<b>Net Property, Plant, and Equipment</b>		<b>2,082</b>	<b>22,012</b>
<b>Total Assets</b>	<b>23,600,969</b>	<b>3,956,145</b>	<b>21,027,058</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
<b>Payable from Current Assets:</b>			
Vouchers Payable	77,825	1,701,201	77,280
Accounts Payable - Other	19,453,856	13,453,793	22,107,963
Accrued Payroll	22,919	28,802	31,544
Accrued Leave Payable		8,864	12,241
Unearned Revenue	158,515	534,952	
Lease Purchase Agreements			
Due to Other Funds		6,745	801
<b>Total Payable from Current Assets</b>	<b>19,713,115</b>	<b>15,734,357</b>	<b>22,229,829</b>
<b>Noncurrent Liabilities:</b>			
Accrued Leave Payable		44,322	61,207
Lease Purchase			
Due to Other Governmental Agencies			
<b>Total Noncurrent Liabilities</b>		<b>44,322</b>	<b>61,207</b>
<b>Total Liabilities</b>	<b>19,713,115</b>	<b>15,778,679</b>	<b>22,291,036</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt		2,082	22,012
Unrestricted	3,887,854	(11,824,616)	(1,285,990)
<b>Total Net Assets</b>	<b>\$ 3,887,854</b>	<b>\$ (11,822,534)</b>	<b>\$ (1,263,978)</b>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Net Assets  
Internal Service Funds  
As of September 30, 2006

SELF-INSURANCE PROGRAMS					
UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICES	INFORMATION SERVICES	TOTAL
\$ 58,215	\$ 495	\$ 29,514	\$ 1,693,244	\$ 339,120	\$ 5,504,852
731,311	6,219	370,764	21,304,203	4,280,803	69,218,867
	8		763,997	53,473	1,868,780
7,809		4,959	(47,344)		(148,546)
			234,046	29,681	733,351
			538		538
			500,000		1,013,234
	1,119			58,212	67,017
				(23,290)	(23,290)
			1,336,726	170,479	1,507,205
				334,823	1,018,703
					38,491
<u>797,335</u>	<u>7,841</u>	<u>405,237</u>	<u>25,785,410</u>	<u>5,243,301</u>	<u>80,799,202</u>
		10,202	564,827	4,849,230	5,591,355
			157,635	20,465	178,100
			530,386		530,386
		37,005	122,705,173	773,792	123,949,249
		47,207	123,958,021	5,643,487	130,249,090
		46,612	74,484,860	4,580,186	79,687,939
		595	49,473,161	1,063,301	50,561,151
<u>797,335</u>	<u>7,841</u>	<u>405,832</u>	<u>75,258,571</u>	<u>6,306,602</u>	<u>131,360,353</u>
		9,419	4,805,892	673,572	7,345,189
57,066		5,227	500,957	194,995	55,773,857
		12,965	376,419	530,363	1,003,012
		5,393	143,173	269,730	439,401
			95,405	511,691	1,300,563
			100,756	192,348	293,104
			2,486,098		2,493,644
<u>57,066</u>		<u>33,004</u>	<u>8,508,700</u>	<u>2,372,699</u>	<u>68,648,770</u>
		26,963	715,862	1,348,649	2,197,003
			97,588	440,523	538,111
				710,754	710,754
		26,963	813,450	2,499,926	3,445,868
<u>57,066</u>		<u>59,967</u>	<u>9,322,150</u>	<u>4,872,625</u>	<u>72,094,638</u>
		595	43,867,482	430,430	44,322,601
740,269	7,841	345,270	22,068,939	1,003,547	14,943,114
<u>\$ 740,269</u>	<u>\$ 7,841</u>	<u>\$ 345,865</u>	<u>\$ 65,936,421</u>	<u>\$ 1,433,977</u>	<u>\$ 59,265,715</u>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Internal Service Funds  
Year Ended September 30, 2006

	SELF-INSURANCE PROGRAMS							TOTAL	
	INSURANCE RESERVE	EMPLOYEE HEALTH BENEFITS	WORKERS' COMPENSATION	UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICES		INFORMATION SERVICES
Operating Revenues:									
Charges for Services	\$ 8,550,121	\$ 88,176,582	\$ 15,680,954	\$ 345,000	\$ 13,833	\$ -	\$ 54,568,665	\$ 34,037,234	\$ 201,372,389
Total Operating Revenues	8,550,121	88,176,582	15,680,954	345,000	13,833	-	54,568,665	34,037,234	201,372,389
Operating Expenses:									
Personal Services	976,249	927,612	1,246,563		13,833	414,466	13,455,051	17,709,583	34,743,357
Contractual Services	958,810	5,031,832	1,225,631	5,500		260,878	2,980,889	4,509,505	14,973,045
Commodities	42,426	11,557	41,267			33,305	3,478,953	1,205,463	4,812,971
Materials							19,412,845	676,312	20,089,157
Claims	5,426,823	77,454,080	10,386,120			20,881	4,683,957	10,001,920	93,267,023
Other	2,080,854	282,930	357,307	267,333		2,159	12,639,840	379,275	17,695,182
Depreciation		2,801	18,255						13,042,330
Total Operating Expenses	9,485,162	83,710,812	13,275,143	272,833	13,833	731,689	56,651,535	34,482,058	198,623,065
Operating Income (Loss)	(935,041)	4,465,770	2,405,811	72,167		(731,689)	(2,082,870)	(444,824)	2,749,324
Nonoperating Revenues (Expenses):									
Interest and Other	913,328	13,793	756,703	29,519	2	18,363	933,783	62,445	2,727,936
Other Nonoperating Revenue	392,716	956,252	297,596				1,048,520	232,491	2,927,575
Gain on Sale of Capital Assets							2,426,722		2,426,722
Interest and Debt Expense							(11,695)	(25,655)	(37,350)
Total Nonoperating Revenues (Expenses)	1,306,044	970,045	1,054,299	29,519	2	18,363	4,397,330	269,281	8,044,883
Change in Net Assets Before Transfers	371,003	5,435,815	3,460,110	101,686	2	(713,326)	2,314,460	(175,543)	10,794,207
Transfers In (Out):									
Transfers In	(89,060)	3,719,835	81,736			838,915	2,273,808	159,955	7,074,249
Transfers Out		(288,915)	(560,340)			(2,585)	(1,798,598)	(64,629)	(2,804,127)
Total Transfers	(89,060)	3,430,920	(478,604)			836,330	475,210	95,326	4,270,122
Change in Net Assets	281,943	8,866,735	2,981,506	101,686	2	123,004	2,789,670	(80,217)	15,064,329
Net Assets - October 1	3,605,911	(20,689,269)	(4,245,484)	638,583	7,839	222,861	63,146,751	1,514,194	44,201,386
Net Assets - September 30	3,887,854	(11,822,534)	(1,263,978)	740,269	7,841	345,865	65,936,421	1,433,977	59,265,715

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
 Year Ended September 30, 2006

	SELF-INSURANCE PROGRAMS		
	INSURANCE RESERVE	EMPLOYEE HEALTH BENEFITS	WORKERS' COMPENSATION
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 8,550,371	\$ 88,068,239	\$ 15,680,954
Cash Payments to Suppliers for Goods and Services	(8,596,477)	(79,752,560)	(10,068,699)
Cash Payments to Employees for Service	(1,027,613)	(912,793)	(1,236,355)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(1,073,719)</u>	<u>7,402,886</u>	<u>4,375,900</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Other Nonoperating Revenues	392,716	956,252	297,596
Operating Transfers In from Other Funds		3,719,835	81,736
Operating Transfers Out to Other Funds	(89,060)	(288,915)	(560,340)
Due To Other Funds		(12,187,447)	801
Due From Other Funds	6,107,096	(513,234)	6,097,096
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>6,410,752</u>	<u>(8,313,509)</u>	<u>5,916,889</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisitions and Construction of Capital Assets			
Principal Payments on Long-Term Debt			
Principal Payments on Notes			
Interest Paid on Notes			
Proceeds from Sale of Assets			
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u></u>	<u></u>	<u></u>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Investment Securities	(5,526,709)	(236,473)	(10,027,762)
Interest on Investments	819,017	3,739	638,460
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>(4,707,692)</u>	<u>(232,734)</u>	<u>(9,389,302)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	629,341	(1,143,357)	903,487
<b>Cash and Cash Equivalents, October 1</b>	1,035,213	1,337,639	621,941
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 1,664,554</u>	<u>\$ 194,282</u>	<u>\$ 1,525,428</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities:</b>			
Operating Income (Loss)	\$ (935,041)	\$ 4,465,770	\$ 2,405,811
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation		2,801	18,255
Changes in Assets and Liabilities:			
(Increase) Decrease in Other Accounts Receivable	250	(110,503)	
(Increase) in Allowance for Uncollectibles			
Decrease in Accrued Revenue		2,160	
Decrease in Due from Other Governmental Agencies			
(Increase) Decrease in Materials and Supplies			
(Increase) Decrease in Prepaid Expenses	(135,284)		6,519
Increase in Deposits	12,299		
Increase (Decrease) in Vouchers Payable	40,700	687,948	3,327
Increase (Decrease) in Accounts and Other Payables	(5,279)	2,339,891	1,931,780
Increase (Decrease) in Accrued Payroll	(12,947)	593	(9,067)
Increase (Decrease) in Accrued Leave Payable	(38,417)	14,226	19,275
Increase in Unearned Revenue			
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u>\$ (1,073,719)</u>	<u>\$ 7,402,886</u>	<u>\$ 4,375,900</u>

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended September 30, 2006

SELF-INSURANCE PROGRAMS					
UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICES	INFORMATION SERVICES	TOTAL
\$ 345,000 (300,124)	\$ 22,777 (13,833)	\$ - (317,373) (397,677)	\$ 54,327,216 (28,712,869) (13,097,793)	\$ 34,682,323 (16,441,146) (16,690,479)	\$ 201,676,880 (144,189,248) (33,376,543)
44,876	8,944	(715,050)	12,516,554	1,550,698	24,111,089
			1,048,520	232,491	2,927,575
		838,915	2,273,808	159,955	7,074,249
		(2,585)	(1,798,598)	(64,629)	(2,804,127)
	(10,000)		1,413,130		(10,783,516)
		350	912,437	13,366	12,617,111
	(10,000)	836,680	3,849,297	341,183	9,031,292
			(17,921,971)		(17,921,971)
			(95,807)		(95,807)
				(225,835)	(225,835)
			(11,695)	(25,655)	(37,350)
			2,426,722		2,426,722
			(15,602,751)	(251,490)	(15,854,241)
(56,908)	1,064	(128,183)	(1,228,848)	(1,671,476)	(18,875,295)
25,396	2	16,024	848,846	33,795	2,385,279
(31,512)	1,066	(112,159)	(380,002)	(1,637,681)	(16,490,016)
13,364	10	9,471	383,098	2,710	798,124
44,851	485	20,043	1,310,146	336,410	4,706,728
\$ 58,215	\$ 495	\$ 29,514	\$ 1,693,244	\$ 339,120	\$ 5,504,852
\$ 72,167	\$ -	\$ (731,689)	\$ (2,082,870)	\$ (444,824)	\$ 2,749,324
		2,159	12,639,840	379,275	13,042,330
	(8)		(749,740)	(41,189)	(901,190)
			(95,405)		(95,405)
					2,160
	8,952		508,291	174,587	691,830
			(119,444)	657,969	538,525
				(161,047)	(289,812)
				230,050	242,349
(27,291)		(2,213)	2,836,865	(187,547)	3,351,789
		(96)	(873,646)	(587,371)	2,805,279
		259	(8,417)	(11,479)	(41,058)
		16,530	365,675	1,030,583	1,407,872
			95,405	511,691	607,096
\$ 44,876	\$ 8,944	\$ (715,050)	\$ 12,516,554	\$ 1,550,698	\$ 24,111,089

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006





## ***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 FUND*** - to account for resources of the pension and health care fund established for the City's firefighters and police officers, as provided for under state law and the respective collective bargaining agreements:

***FIRE AND POLICE PENSION FUND*** - to account for resources of the pension fund established for the City's firefighters and police officers, as provided for under state law.

***FIRE AND POLICE RETIREE 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.

***PRIVATE PURPOSE TRUST FUNDS*** - to account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City has established the following private purpose trust funds based upon the above definition:

***EMPLOYEE ASSISTANCE FUND*** - to account for collections and disbursements made to eligible employees experiencing financial difficulties. Financing is provided by contributions and funds raised through special events.

***EMPLOYEE SCHOLARSHIP FUND*** - to account for funds awarded as scholarships to eligible employees and their dependents. Financing is provided by contributions and funds raised through special events.

***SAN ANTONIO LITERACY PROGRAM*** - to account for funds that have restrictions specified by private citizens. Financing is provided by contributions from private citizens.



## ***Fiduciary Funds (Continued)***

**AGENCY FUNDS** - to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

**DEPOSIT FUND** - to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

**UNCLAIMED PROPERTY FUND** - to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

**STATE AND CITY SALES TAX FUND** - to account for the collection and payment to the State of Texas for sales tax collected.

**MUNICIPAL COURT CASH BOND FUND** - to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

**CRIMINAL JUSTICE PLANNING FUND** - to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

**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.

**SPECIAL EVENTS SECURITY TRUST FUND** - to account for collection and payment of funds pertaining to security provided at events held on City property. Financing is provided by users.

**BEXAR COUNTY HOTEL/MOTEL TAX COLLECTION FUND** - to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

**CVB HOUSING BUREAU FUND** - to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions.

**EVIDENTIARY CASH FUND** - to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

**Combining Statement of Fiduciary Net Assets  
Fire and Police Pension and Health Care Funds**

As of September 30, 2006

(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 170,049	\$ 21,246	\$ 191,295
Security Lending Collateral	199,901	26,847	226,748
<b>Investments, at Fair Value:</b>			
U.S. Government and Agency Issues	147,148		147,148
Corporate Bonds	140,558		140,558
Preferred and Common Stock	1,155	67,974	69,129
Other	1,415,526	77,622	1,493,148
<b>Total Investments, at Fair Value</b>	<b>1,704,387</b>	<b>145,596</b>	<b>1,849,983</b>
<b>Receivables:</b>			
Other Accounts	6,295		6,295
Accrued Interest	5,804	1,090	6,894
Accrued Revenue	1,659		1,659
Prepayments		12	12
<b>Total Current Assets</b>	<b>2,088,095</b>	<b>194,791</b>	<b>2,282,886</b>
<b>Capital Assets:</b>			
Computer Equipment	76		76
Buildings	681		681
<b>Total Capital Assets</b>	<b>757</b>		<b>757</b>
Less: Accumulated Depreciation	366		366
<b>Net Capital Assets</b>	<b>391</b>		<b>391</b>
<b>Total Assets</b>	<b>2,088,486</b>	<b>194,791</b>	<b>2,283,277</b>
<b>Liabilities:</b>			
Vouchers Payable	2,283	182	2,465
Accounts Payable - Other	6,520	2,042	8,562
Accrued Payroll	107		107
Unearned Revenue		308	308
Securities Lending	199,901	26,847	226,748
<b>Total Liabilities</b>	<b>208,811</b>	<b>29,379</b>	<b>238,190</b>
<b>Net Assets:</b>			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,879,675</u>	<u>\$ 165,412</u>	<u>\$ 2,045,087</u>

**Combining Statement of Changes in Fiduciary Net Assets**  
**Fire and Police Pension and Health Care Funds**  
**Year Ended September 30, 2006**

(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL
<b>Additions:</b>			
<b>Contributions:</b>			
Employer	\$ 51,614	\$ 20,588	\$ 72,202
Employee	25,801	568	26,369
<b>Total Contributions</b>	<u>77,415</u>	<u>21,156</u>	<u>98,571</u>
<b>Investment Earnings:</b>			
Net Increase in Fair Value of Investments	139,903	9,087	148,990
Real Estate Income, net	9,325		9,325
Interest and Dividends	34,544	2,643	37,187
Securities Lending	9,507		9,507
Other Income	367	1,114	1,481
<b>Total Investment Earnings</b>	<u>193,646</u>	<u>12,844</u>	<u>206,490</u>
Less: Investment Expenses:			
Investment Management Fees and Custodian Fees	(9,914)	(1,877)	(11,791)
Securities Lending Expenses:			
Borrower Rebates	(8,956)		(8,956)
Lending Fees	(193)		(193)
<b>Net Investment Income</b>	<u>174,583</u>	<u>10,967</u>	<u>185,550</u>
<b>Total Additions</b>	<u>251,998</u>	<u>32,123</u>	<u>284,121</u>
<b>Deductions:</b>			
Benefits	76,657	13,412	90,069
Refunds of Contributions	371		371
Administrative Expenses	801	854	1,655
Salaries, Wage, and Employee Benefits	564		564
<b>Total Deductions</b>	<u>78,393</u>	<u>14,266</u>	<u>92,659</u>
<b>Change in Net Assets</b>	<u>173,605</u>	<u>17,857</u>	<u>191,462</u>
Net Assets - October 1	<u>1,706,070</u>	<u>147,555</u>	<u>1,853,625</u>
<b>Net Assets - September 30</b>	<u>\$ 1,879,675</u>	<u>\$ 165,412</u>	<u>\$ 2,045,087</u>

Combining Statement of Fiduciary Net Assets  
 Private Purpose Trust Funds  
 As of September 30, 2006

	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	EMPLOYEE ASSISTANCE PROGRAM	EMPLOYEE SCHOLARSHIP FUND	SAN ANTONIO LITERACY PROGRAM	
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 9,716	\$ 1,576	\$ 1,554	\$ 12,846
Investments, at Fair Value			19,519	19,519
Receivables:				
Accrued Interest			219	219
<b>Total Assets</b>	<u>9,716</u>	<u>1,576</u>	<u>21,292</u>	<u>32,584</u>
<b>Net Assets:</b>				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 9,716</u>	<u>\$ 1,576</u>	<u>\$ 21,292</u>	<u>\$ 32,584</u>

Combining Statement of Changes in Fiduciary Net Assets  
 Private Purpose Trust Funds  
 As of September 30, 2006

	PRIVATE PURPOSE TRUST FUNDS			TOTAL
	EMPLOYEE ASSISTANCE PROGRAM	EMPLOYEE SCHOLARSHIP PROGRAM	SAN ANTONIO LITERACY PROGRAM	
Additions:				
Contributions:				
Other Contributions	\$ -	\$ -	\$ 480	\$ 480
Investment Earnings:				
Interest and Dividends	185	30	844	1,059
<b>Total Additions</b>	<u>185</u>	<u>30</u>	<u>1,324</u>	<u>1,539</u>
<b>Change in Net Assets</b>	185	30	1,324	1,539
Net Assets - October 1	<u>9,531</u>	<u>1,546</u>	<u>19,968</u>	<u>31,045</u>
<b>Net Assets - September 30</b>	<u>\$ 9,716</u>	<u>\$ 1,576</u>	<u>21,292</u>	<u>\$ 32,584</u>

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



CITY OF SAN ANTONIO, TEXAS

Combining Balance Sheet

Agency Funds

As of September 30, 2006

	ASSETS				TOTAL ASSETS
	CASH AND CASH EQUIVALENTS	INVESTMENTS	OTHER ACCOUNTS	ACCRUED INTEREST	
<b>Funds:</b>					
Deposit Fund	\$ 3,078,226	\$ -	-	-	\$ 3,078,226
Unclaimed Property Fund	76,706	963,591	-	10,888	1,051,185
State and City Sales Tax Fund	226,996		1,884		228,880
Municipal Court Cash Bond Fund	143,113				143,113
Criminal Justice Planning Fund	2,810,250				2,810,250
Lessee's Special Events Liability Insurance	35,066		549,368		35,066
Special Events Security Trust Fund	53,681		4,233		603,049
Bexar County Hotel/Motel Tax Collections Fund	848,373	6,839			852,606
CVB Housing Bureau	545	286,332		842	7,384
Evidentiary Cash Fund	22,793				309,967
<b>Total</b>	<b>\$ 7,295,749</b>	<b>\$ 1,256,762</b>	<b>\$ 555,485</b>	<b>\$ 11,730</b>	<b>\$ 9,119,726</b>

(Continued)

Combining Balance Sheet

Agency Funds

As of September 30, 2006

	LIABILITIES			DUE TO OTHER FUNDS	TOTAL LIABILITIES
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE OTHER			
Funds:	\$ -	\$ 3,078,226	\$ -		\$ 3,078,226
Deposit Fund		1,051,185			1,051,185
Unclaimed Property Fund		228,880			228,880
State and City Sales Tax Fund		143,113			143,113
Municipal Court Cash Bond Fund		2,810,250			2,810,250
Criminal Justice Planning Fund		35,066			35,066
Lessee's Special Events Liability Insurance		3,049		600,000	603,049
Special Events Security Trust Fund		852,606			852,606
Bexar County Hotel/Motel Tax Collections Fund		7,384			7,384
CVB Housing Bureau		309,967			309,967
Evidentiary Cash Fund					
<b>Total</b>	<b>\$ -</b>	<b>\$ 8,519,726</b>	<b>\$ 600,000</b>		<b>\$ 9,119,726</b>

(End of Statement)

**CITY OF SAN ANTONIO, TEXAS**

**Combining Statement of Changes in Assets and Liabilities**

**Agency Funds**

Year Ended September 30, 2006

	BALANCE 10-01-05	ADDITIONS	DEDUCTIONS	BALANCE 09-30-06
<b>Deposit Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,215,413	\$ 2,777,207	\$ 2,914,394	\$ 3,078,226
<b>Liabilities:</b>				
Accounts Payable - Other	\$ 3,215,413	\$ 1,636,250	\$ 1,773,437	\$ 3,078,226
<b>Unclaimed Property Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 62,849	\$ 2,117,433	\$ 2,103,576	\$ 76,706
Investments	945,043	1,855,563	1,837,015	963,591
Receivables:				
Accrued Interest	6,254	119,850	115,216	10,888
<b>Total Assets</b>	<b>\$ 1,014,146</b>	<b>\$ 4,092,846</b>	<b>\$ 4,055,807</b>	<b>\$ 1,051,185</b>
<b>Liabilities:</b>				
Accounts Payable - Other	\$ 1,014,146	\$ 278,707	\$ 241,668	\$ 1,051,185
<b>State and City Sales Tax Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 137,869	\$ 7,829,388	\$ 7,740,261	\$ 226,996
Receivables:				
Other Accounts		33,557	31,673	1,884
<b>Total Assets</b>	<b>\$ 137,869</b>	<b>\$ 7,862,945</b>	<b>\$ 7,771,934</b>	<b>\$ 228,880</b>
<b>Liabilities:</b>				
Accounts Payable - Other	\$ 137,869	\$ 7,839,545	\$ 7,748,534	\$ 228,880
<b>Municipal Court Cash Bond Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 123,133	\$ 490,887	\$ 470,907	\$ 143,113
Receivables:				
Accrued Interest		231,529	231,529	
<b>Total Assets</b>	<b>\$ 123,133</b>	<b>\$ 722,416</b>	<b>\$ 702,436</b>	<b>\$ 143,113</b>
<b>Liabilities:</b>				
Accounts Payable - Other	\$ 123,133	\$ 401,468	\$ 381,488	\$ 143,113

(Continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended September 30, 2006

	BALANCE 10-01-05	ADDITIONS	DEDUCTIONS	BALANCE 09-30-06
<b>Criminal Justice Planning Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,577,784	\$ 10,213,835	\$ 9,981,369	\$ 2,810,250
Receivables:				
Other Accounts		8,545	8,545	
<b>Total Assets</b>	<u>\$ 2,577,784</u>	<u>\$ 10,222,380</u>	<u>\$ 9,989,914</u>	<u>\$ 2,810,250</u>
<b>Liabilities:</b>				
Accounts Payable - Other	<u>\$ 2,577,784</u>	<u>\$ 11,957,798</u>	<u>\$ 11,725,332</u>	<u>\$ 2,810,250</u>
<b>Lessees' Special Events Liability Insurance:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 19,524	\$ 48,902	\$ 33,360	\$ 35,066
Receivables:				
Other Accounts		19,600	19,600	
<b>Total Assets</b>	<u>\$ 19,524</u>	<u>\$ 68,502</u>	<u>\$ 52,960</u>	<u>\$ 35,066</u>
<b>Liabilities:</b>				
Vouchers Payable	\$ 525	\$ 29,450	\$ 29,975	\$ -
Accounts Payable - Other	18,999	56,012	39,945	35,066
<b>Total Liabilities</b>	<u>\$ 19,524</u>	<u>\$ 85,462</u>	<u>\$ 69,920</u>	<u>\$ 35,066</u>
<b>Special Events Security Trust Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 332,258	\$ 5,071,499	\$ 5,350,076	\$ 53,681
Receivables:				
Other Accounts	379,256	2,142,582	1,972,470	549,368
<b>Total Assets</b>	<u>\$ 711,514</u>	<u>\$ 7,214,081</u>	<u>\$ 7,322,546</u>	<u>\$ 603,049</u>
<b>Liabilities:</b>				
Accounts Payable - Other	\$ 11,514	\$ 2,085,208	\$ 2,093,673	\$ 3,049
Due to Other Funds	700,000	600,000	700,000	600,000
<b>Total Liabilities</b>	<u>\$ 711,514</u>	<u>\$ 2,685,208</u>	<u>\$ 2,793,673</u>	<u>\$ 603,049</u>
<b>Bexar County Hotel/Motel Tax Collections Fund:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 717,017	\$ 45,662,743	\$ 45,531,387	\$ 848,373
Receivables:				
Other Accounts	4,847	11,757,938	11,758,552	4,233
<b>Total Assets</b>	<u>\$ 721,864</u>	<u>\$ 57,420,681</u>	<u>\$ 57,289,939</u>	<u>\$ 852,606</u>
<b>Liabilities:</b>				
Accounts Payable - Other	<u>\$ 721,864</u>	<u>\$ 25,831,341</u>	<u>\$ 25,700,599</u>	<u>\$ 852,606</u>

(Continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended September 30, 2006

	BALANCE 10-01-05	ADDITIONS	DEDUCTIONS	BALANCE 09-30-06
<b>CVB Housing Bureau:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 136	\$ 43,261	\$ 42,852	\$ 545
Investments	2,044	6,839	2,044	6,839
<b>Receivables:</b>				
Accrued Interest	134		134	
<b>Total Assets</b>	<b>\$ 2,314</b>	<b>\$ 50,100</b>	<b>\$ 45,030</b>	<b>\$ 7,384</b>
<b>Liabilities:</b>				
Vouchers Payable	\$ 400	\$ 30,872	\$ 31,272	\$ -
Accounts Payable - Other	1,914	38,859	33,389	7,384
<b>Total Liabilities</b>	<b>\$ 2,314</b>	<b>\$ 69,731</b>	<b>\$ 64,661</b>	<b>\$ 7,384</b>
<b>Evidentiary Cash Fund</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ -	\$ 1,169,978	\$ 1,147,185	\$ 22,793
Investments		796,617	510,285	286,332
<b>Receivables:</b>				
Accrued Interest		3,912	3,070	842
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 1,970,507</b>	<b>\$ 1,660,540</b>	<b>\$ 309,967</b>
<b>Liabilities:</b>				
Accounts Payable - Other	-	373,915	63,948	309,967
<b>Total All Agency Funds:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 7,185,983	\$ 75,425,133	\$ 75,315,367	\$ 7,295,749
Investments	947,087	2,659,019	2,349,344	1,256,762
<b>Receivables:</b>				
Other Accounts	384,103	13,962,222	13,790,840	555,485
Accrued Interest	6,388	355,291	349,949	11,730
<b>Total Assets</b>	<b>\$ 8,523,561</b>	<b>\$ 92,401,665</b>	<b>\$ 91,805,500</b>	<b>\$ 9,119,726</b>
<b>Liabilities:</b>				
Vouchers Payable	\$ 925	\$ 60,322	\$ 61,247	\$ -
Accounts Payable - Other	7,822,636	50,499,103	49,802,013	8,519,726
Due to Other Funds	700,000	600,000	700,000	600,000
<b>Total Liabilities</b>	<b>\$ 8,523,561</b>	<b>\$ 51,159,425</b>	<b>\$ 50,563,260</b>	<b>\$ 9,119,726</b> (End of Statement)



## ***Nonmajor Component Units***

*As set forth in GASB Statement Number 14, The Financial Reporting Entity, and as amended by GASB Statement Number 39, Determining Whether Certain Organizations are Component Units -- an amendment to GASB Statement No. 14, component units, which by the nature and significance of their relationship with the City is such that their exclusion from the reporting entity's financial statements would be misleading or incomplete, and are presented discretely with the City's financial statements.*

*The City has determined that the following component units meet the criteria for discrete presentation as set forth in GASB Statement Number 14, as amended by GASB Statement No. 39:*

**SAN ANTONIO DEVELOPMENT AGENCY (SADA)** - SADA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the City in the form of pass-through grants.

**CITY OF SAN ANTONIO EDUCATION FACILITIES CORPORATION (SAEFC)** - SAEFC, formerly the San Antonio Higher Education Authority, was established in accordance with state law for the purpose of aiding nonprofit institutions of higher education in providing educational facilities and housing facilities. The corporation is authorized to issue revenue bonds for said purposes on behalf of the City, but the bonds are not obligations of the City.

**THE PORT AUTHORITY OF SAN ANTONIO (THE PORT)** - The Port was established for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The authority is authorized to issue bonds to finance related projects, but the bonds are not obligations of the City.

**SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (SAHTF)** - SAHTF is a 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, the corporation provides administrative and other support for the operations of the San Antonio Housing Trust Fund, an Expendable Trust Fund of the City.

**SAN ANTONIO LOCAL DEVELOPMENT COMPANY (SALDC)** - SALDC is a nonprofit corporation under agreement with the City that administers programs that provide qualifying local businesses with loans. Loan funds administered by SALDC include the Neighborhood Business Revitalization Program, U.S. Department of Commerce Title IX Revolving Loan Fund, Small Business Administration Microloan Program, and a Housing and Urban Development 108 Fund.

**BROOKS DEVELOPMENT AUTHORITY (BDA)** - BDA was designated to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

**CITY OF SAN ANTONIO, TEXAS**

**Combining Statement of Net Assets  
Nonmajor Component Units  
As of September 30, 2006**

	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	TOTAL
<b>Assets:</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 516,870	\$ 4,628	\$ 14,722,716	\$ 1,016,942	\$ 1,653,987	\$ 1,186,989	\$ 19,102,132
Investments				441,132		4,989,523	5,430,655
Receivables:							
Notes			3,846,434	3,745,904	4,171,509	94,068	11,763,847
Other Accounts	207,531		2,653,923	188,989	171,207	58,590	3,315,718
Accrued Interest				15,799	47,989		122,378
Materials and Supplies, at Cost					5,859	61,630	61,630
Due from Other Governmental Agencies			1,071,742		73,493	1,283,794	2,429,029
Prepaid Expenses	3,595					80,104	83,699
<b>Total Current Assets</b>	<b>727,996</b>	<b>4,628</b>	<b>22,294,815</b>	<b>5,408,766</b>	<b>6,124,044</b>	<b>7,748,839</b>	<b>42,309,088</b>
Restricted Assets:							
Other Restricted Accounts:							
Cash and Cash Equivalents			6,147,151		76,115	993,793	7,217,059
<b>Total Restricted Assets</b>			<b>6,147,151</b>		<b>76,115</b>	<b>993,793</b>	<b>7,217,059</b>
<b>Capital Assets:</b>							
Land							
Infrastructure	601,240		7,941,959			4,042,694	12,585,893
Buildings	266,401		37,676,837			8,356,715	46,033,552
Machinery and Equipment	177,338		120,980,741	61,608		75,959,801	197,206,943
Construction in Progress			686,898			1,766,509	2,692,353
<b>Total Capital Assets</b>	<b>1,044,979</b>		<b>4,273,184</b>	<b>61,608</b>		<b>8,927,818</b>	<b>13,201,002</b>
Less: Accumulated Depreciation	155,229		171,559,619	61,608		99,053,537	271,719,743
	889,750		30,373,864	46,592		19,899,608	50,475,293
<b>Net Capital Assets</b>	<b>1,617,746</b>		<b>141,185,755</b>	<b>15,016</b>		<b>79,153,929</b>	<b>221,244,450</b>
<b>Total Assets</b>	<b>1,617,746</b>	<b>4,628</b>	<b>169,627,721</b>	<b>5,423,782</b>	<b>6,200,159</b>	<b>87,896,561</b>	<b>270,770,597</b>
<b>Liabilities:</b>							
Current Liabilities:							
Payable from Current Assets:							
Accounts Payable and Other Current Liabilities	506,579	1,650	6,760,281	23,322	185,679	19,485,324	26,962,835
Unearned Revenue			1,278,421			1,219,864	2,498,285
Notes Payable	306,426			218,620		2,684,000	3,209,046
Due to Other Governmental Agencies			1,065,347				1,065,347
<b>Total Payable from Current Assets</b>	<b>813,005</b>	<b>1,650</b>	<b>9,104,049</b>	<b>241,942</b>	<b>185,679</b>	<b>23,389,188</b>	<b>33,735,513</b>
Payable from Restricted Assets:							
Lease Purchase							
Other Payables							
<b>Total Payable from Restricted Assets</b>							
<b>Total Current Liabilities</b>	<b>813,005</b>	<b>1,650</b>	<b>9,104,049</b>	<b>241,942</b>	<b>185,679</b>	<b>23,389,188</b>	<b>33,735,513</b>
Noncurrent Liabilities:							
Long-term Lease/Notes Payable			46,869,387	202,267	1,457,724	15,270,438	63,799,816
Other Payables			46,869,387	202,267	1,457,724	55,043	55,043
<b>Total Noncurrent Liabilities</b>	<b>813,005</b>	<b>1,650</b>	<b>55,973,436</b>	<b>444,209</b>	<b>1,643,403</b>	<b>15,325,481</b>	<b>63,854,859</b>
<b>Total Liabilities</b>							
<b>Net Assets:</b>							
Invested in Capital Assets, net of related debt	583,324		93,068,149	163,443	74,419	52,913,654	146,802,989
Restricted for Renewal and Replacement			3,055,598				3,055,598
Restricted for Debt Service			709,762	3,650,681			4,360,443
Restricted for Conservation							
Unrestricted	221,417	2,978	16,820,776	1,165,449	4,482,337	(3,731,762)	18,961,195
<b>Total Net Assets</b>	<b>804,741</b>	<b>2,978</b>	<b>113,654,285</b>	<b>4,979,573</b>	<b>4,556,756</b>	<b>49,181,892</b>	<b>173,180,225</b>

**CITY OF SAN ANTONIO, TEXAS**

**Combining Statement of Activities  
Nonmajor Component Units  
Year Ended September 30, 2006**

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS						
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	TOTAL
San Antonio Development Agency Urban Redevelopment and Housing	\$ 3,761,825	\$ 2,632,101	\$ -	\$ (1,129,724)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,129,724)
San Antonio Education Facilities Corporation Economic Development and Opportunity	41,718				(41,718)					(41,718)
Port Authority of San Antonio Economic Development and Opportunity	30,139,594	31,095,090				955,496				955,496
San Antonio Housing Trust Foundation, Inc. Urban Redevelopment and Housing	743,183	643,983				(99,200)				(99,200)
San Antonio Local Development Company Economic Development and Opportunity	1,169,591	517,483	193,158					(458,950)		(458,950)
Brooks Development Authority Economic Development and Opportunity	19,467,234	12,963,661	33,565,256						27,061,683	27,061,683
<b>Total</b>	<b>\$ 55,373,145</b>	<b>\$ 16,757,228</b>	<b>\$ 64,853,504</b>	<b>\$ (1,129,724)</b>	<b>\$ (41,718)</b>	<b>\$ 955,496</b>	<b>\$ (99,200)</b>	<b>\$ (458,950)</b>	<b>\$ 27,061,683</b>	<b>\$ 26,287,587</b>
<b>General Revenues:</b>										
Investment Earnings										
Miscellaneous			1,432		124				401,443	1,475,056
Gain (Loss) on Disposal of Capital Assets			135,142			1,375,908			500	4,936,462
						2,726,697			(4,199)	802,909
<b>Total General Revenues</b>			<b>136,574</b>		<b>124</b>	<b>4,824,666</b>			<b>397,744</b>	<b>6,089,367</b>
Change in Net Assets			(993,150)		(41,594)	5,780,162		(61,206)		33,151,050
Net Assets - Beginning of Fiscal Year			1,784,782		44,572	107,874,123		4,617,962		142,308,350
Prior Period Adjustment			13,109		(121,673)					(6,864,187)
<b>Net Assets - End of Fiscal Year</b>			<b>\$ 804,741</b>		<b>\$ 2,978</b>	<b>\$ 113,654,285</b>		<b>\$ 4,556,756</b>		<b>\$ 173,180,225</b>

City of San Antonio, Texas



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*Capital Assets Used in the Operation of Governmental Funds*

**CITY OF SAN ANTONIO, TEXAS**

**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Capital Assets by Source<sup>1</sup>**  
**September 30, 2006**

		2006
<b>Governmental Funds Capital Assets:</b>		
Land	\$	1,289,519,690
Buildings		633,903,631
Improvements		145,533,324
Infrastructures		2,151,112,858
Machinery and Equipment		177,873,068
Construction in Progress		252,149,567
<b>Total Governmental Funds Capital Assets</b>	<b>\$</b>	<b>4,650,092,138</b>
<b>Investment in Governmental Funds Capital Assets by Source:</b>		
Current Revenue	\$	2,062,843,256
General Obligation Bonds and Certificates of Obligation		2,020,954,085
Special Revenue Bonds		15,000
Federal and State Grants		538,965,772
Special Assessments		1,007,709
Trusts		117,861
Private Citizens' Contribution		21,645,748
San Antonio Fair, Inc.		4,542,707
<b>Total Investment in Governmental Funds Capital Assets by Source</b>	<b>\$</b>	<b>4,650,092,138</b>

<sup>1</sup> 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<sup>1</sup>  
 September 30, 2006

	LAND	BUILDINGS	IMPROVEMENTS	INFRA- STRUCTURE	MACHINERY AND EQUIPMENT	TOTAL
<b>General Government:</b>						
Legislative	\$ 254,362	\$ -	\$ -	\$ -	\$ 120,075	\$ 374,437
Judicial		19,091,000			88,420	19,179,420
Executive	608,339	2,592,005			31,506,028	34,706,372
Administration	124,017,337	44,602,051	22,846,456	169,998,138	74,065,405	435,529,387
<b>Total General Government</b>	<b>124,880,038</b>	<b>66,285,056</b>	<b>22,846,456</b>	<b>169,998,138</b>	<b>105,779,928</b>	<b>489,789,616</b>
<b>Public Safety:</b>						
Police	1,913,645	34,508,825	2,850,851		27,692,669	66,965,990
Fire	1,561,044	42,247,591	896,310		27,158,743	71,863,688
Building Inspection and Regulations		15,019,897			885,724	15,905,621
Administration		23,892,344			54,541	23,946,885
Other Protection	4,258,082	337,217			3,061,056	7,656,355
<b>Total Public Safety</b>	<b>7,732,771</b>	<b>116,005,874</b>	<b>3,747,161</b>		<b>58,852,733</b>	<b>186,338,539</b>
<b>Public Works</b>	<b>8,608,388</b>	<b>1,245,026</b>	<b>27,794,472</b>	<b>1,962,010,351</b>	<b>2,294,498</b>	<b>2,001,952,735</b>
<b>Health Services</b>	<b>1,431,386</b>	<b>7,622,063</b>	<b>816,171</b>		<b>1,971,763</b>	<b>11,841,383</b>
<b>Convention and Tourism</b>		<b>201,019,175</b>	<b>4,522,330</b>			<b>205,541,505</b>
<b>Sanitation</b>	<b>3,557,738</b>	<b>891,137</b>				<b>4,448,875</b>
<b>Welfare</b>	<b>1,079,153</b>	<b>7,694,275</b>	<b>302,642</b>		<b>1,186,109</b>	<b>10,262,179</b>
<b>Culture and Recreation:</b>						
Libraries	1,467,296	49,196,611	4,540,264	371,566	1,266,285	56,842,022
Parks	1,107,021,287	34,456,647	71,895,058	5,537,388	4,104,265	1,223,014,645
<b>Total Culture and Recreation</b>	<b>1,108,488,583</b>	<b>83,653,258</b>	<b>76,435,322</b>	<b>5,908,954</b>	<b>5,370,550</b>	<b>1,279,856,667</b>
<b>Urban Redevelopment and Housing</b>	<b>15,637,101</b>	<b>141,552,986</b>	<b>8,968,770</b>	<b>13,195,415</b>	<b>2,172,989</b>	<b>181,527,261</b>
<b>Economic Development and Opportunity</b>	<b>18,104,532</b>	<b>7,934,781</b>	<b>100,000</b>		<b>244,498</b>	<b>26,383,811</b>
<b>Total Capital Assets Allocated to Functions</b>	<b>\$ 1,289,519,690</b>	<b>\$ 633,903,631</b>	<b>\$ 145,533,324</b>	<b>\$ 2,151,112,858</b>	<b>\$ 177,873,068</b>	<b>4,397,942,571</b>
<b>Construction in Progress</b>						<b>252,149,567</b>
<b>Total Governmental Funds Capital Assets</b>						<b>\$ 4,650,092,138</b>

<sup>1</sup> 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

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes in Capital Assets by Function and Activity<sup>1</sup>  
 Year Ended September 30, 2006

	GOVERNMENTAL FUNDS CAPITAL ASSETS 10-01-05	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS 09-30-06
<b>Function and Activity:</b>				
<b>General Government:</b>				
Legislative	\$ 374,437	\$ -	\$ -	\$ 374,437
Judicial	19,179,420			19,179,420
Executive	34,706,372			34,706,372
Administration	341,386,095	95,775,001	1,631,709	435,529,387
<b>Total General Government</b>	<b>395,646,324</b>	<b>95,775,001</b>	<b>1,631,709</b>	<b>489,789,616</b>
<b>Public Safety:</b>				
Police	62,870,846	4,095,144		66,965,990
Fire	55,861,726	17,566,807	1,564,845	71,863,688
Building Inspection and Regulations	15,905,621			15,905,621
Administration	23,946,885			23,946,885
Other Protection	7,656,355			7,656,355
<b>Total Public Safety</b>	<b>166,241,433</b>	<b>21,661,951</b>	<b>1,564,845</b>	<b>186,338,539</b>
<b>Public Works</b>	<b>1,892,130,928</b>	<b>109,821,807</b>		<b>2,001,952,735</b>
<b>Health Services</b>	<b>11,841,383</b>			<b>11,841,383</b>
<b>Convention and Tourism</b>		<b>205,541,505</b>		<b>205,541,505</b>
<b>Sanitation</b>	<b>4,448,875</b>			<b>4,448,875</b>
<b>Welfare</b>	<b>9,403,305</b>	<b>858,874</b>		<b>10,262,179</b>
<b>Culture and Recreation:</b>				
Libraries	50,923,981	5,918,041		56,842,022
Parks	1,184,124,686	38,889,959		1,223,014,645
<b>Total Culture and Recreation</b>	<b>1,235,048,667</b>	<b>44,808,000</b>		<b>1,279,856,667</b>
<b>Urban Redevelopment and Housing</b>	<b>181,527,261</b>			<b>181,527,261</b>
<b>Economic Development and Opportunity</b>	<b>26,383,811</b>			<b>26,383,811</b>
<b>Construction in Progress</b>	<b>614,763,304</b>	<b>103,533,678</b>	<b>466,147,415</b>	<b>252,149,567</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 4,537,435,291</b>	<b>\$ 582,000,816</b>	<b>\$ 469,343,969</b>	<b>\$ 4,650,092,138</b>

<sup>1</sup> 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.

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



City of San Antonio, Texas



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*Other Supplementary Information*

**CITY OF SAN ANTONIO, TEXAS**

**Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances  
Budget and Actual (Non-GAAP Budgetary Basis)**

**General Fund**

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Taxes	\$ 377,229,886	\$ 399,359,902	\$ 22,130,016
Licenses and Permits	20,366,361	19,764,737	(601,624)
Intergovernmental	2,988,263	3,445,582	457,319
Revenues from Utilities	204,746,045	256,367,822	51,621,777
Charges for Services	33,701,173	35,276,831	1,575,658
Fines and Forfeits	11,218,759	10,947,472	(271,287)
Miscellaneous	12,203,386	13,830,931	1,627,545
<b>Total Revenues</b>	<b>662,453,873</b>	<b>738,993,277</b>	<b>76,539,404</b>
<b>Expenditures:</b>			
General Government	95,472,763	71,139,682	24,333,081
Public Safety	431,504,384	429,051,592	2,452,792
Public Works	10,975,794	10,769,261	206,533
Health Services	12,650,928	12,412,664	238,264
Sanitation	2,916,234	2,864,299	51,935
Welfare	25,912,936	23,504,261	2,408,675
Culture and Recreation	72,353,138	71,938,565	414,573
Economic Development and Opportunity	4,461,016	4,067,281	393,735
<b>Total Expenditures</b>	<b>656,247,193</b>	<b>625,747,605</b>	<b>30,499,588</b>
<b>Excess of Revenues Over Expenditures</b>	<b>6,206,680</b>	<b>113,245,672</b>	<b>107,038,992</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	11,410,796	11,466,466	55,670
Transfers Out	(90,413,906)	(90,280,712)	133,194
<b>Total Other Financing Sources (Uses)</b>	<b>(79,003,110)</b>	<b>(78,814,246)</b>	<b>188,864</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<b>(72,796,430)</b>	<b>34,431,426</b>	<b>\$ 107,227,856</b>
Fund Balances, October 1	118,413,742	118,413,742	
Add Encumbrances		8,630,858	
<b>Fund Balances, September 30</b>	<b>\$ 45,617,312</b>	<b>\$ 161,476,026</b>	

Schedule of Revenues Compared to Budget  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
<b>Taxes:</b>			
Property Taxes:			
Current Taxes	\$ 178,839,517	\$ 180,161,836	\$ 1,322,319
Delinquent Taxes	2,245,206	3,404,244	1,159,038
General Sales and Use Taxes:			
City Sales Tax	165,774,207	177,806,267	12,032,060
Selective Sales and Use Taxes:			
Alcoholic Beverages Tax	4,557,290	4,931,596	374,306
Gross Receipts Business Taxes:			
Taxicabs	294,000	310,933	16,933
Telecommunication Access Lines Fees	14,268,301	18,854,592	4,586,291
Cablevision Franchise	8,734,866	10,676,157	1,941,291
Bingo Tax	260,000	599,947	339,947
Other	515,899	381,364	(134,535)
Penalties and Interest on Delinquent Taxes	1,740,600	2,232,966	492,366
<b>Total Taxes</b>	<b>377,229,886</b>	<b>399,359,902</b>	<b>22,130,016</b>
<b>Licenses and Permits:</b>			
Alcoholic Beverages Licenses	387,310	398,419	11,109
Health Licenses	2,816,675	2,777,958	(38,717)
Amusement Licenses	180,740	139,660	(41,080)
Professional and Occupational Licenses	1,457,041	1,386,124	(70,917)
Animal Licenses	9,000	8,640	(360)
Building Permits	14,846,695	14,260,933	(585,762)
Street Permits	668,900	793,003	124,103
<b>Total Licenses and Permits</b>	<b>20,366,361</b>	<b>19,764,737</b>	<b>(601,624)</b>
<b>Intergovernmental:</b>			
Library Aid from Bexar County	2,517,754	2,920,575	402,821
Park Reservation Services	32,191	10,884	(21,307)
Health Aid from Bexar County	391,398	439,940	48,542
Hotel/Motel Tax Collection Fee	46,920	74,183	27,263
<b>Total Intergovernmental</b>	<b>2,988,263</b>	<b>3,445,582</b>	<b>457,319</b>
<b>Revenues from Utilities:</b>			
CPS Energy Board	197,201,946	246,084,171	48,882,225
San Antonio Water System	7,544,099	10,283,651	2,739,552
<b>Total Revenues from Utilities</b>	<b>204,746,045</b>	<b>256,367,822</b>	<b>51,621,777</b>

(Continued)

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues Compared to Budget  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Charges for Services:</b>			
General Government	\$ 13,629,272	\$ 13,822,608	\$ 193,336
Public Safety:			
Police Department	7,383,107	7,162,970	(220,137)
Fire Department	1,791,388	1,741,157	(50,231)
Highway and Streets:			
Barricade Fees	5,800	17,150	11,350
Sanitation	241,992	250,267	8,275
Health	2,368,217	2,954,458	586,241
Culture and Recreation:			
Tower of the Americas	500,000	304,675	(195,325)
La Villita	316,506	443,692	127,186
Recreation Fees	325,529	325,830	301
Concessions in Other Parks	78,950	129,237	50,287
River Boats	3,994,240	4,333,217	338,977
Miscellaneous Recreation Revenue	497,192	773,029	275,837
Governor's Palace	35,675	35,506	(169)
Swimming Pools	56,850	76,400	19,550
Community Centers	354,030	458,688	104,658
Library	886,670	1,005,563	118,893
Market Square - Markets and Warehouses	1,112,430	1,212,875	100,445
Cemeteries	123,325	229,509	106,184
<b>Total Charges for Services</b>	<b>33,701,173</b>	<b>35,276,831</b>	<b>1,575,658</b>
<b>Fines and Forfeits:</b>			
Municipal Court Fines	11,218,759	10,947,472	(271,287)
<b>Miscellaneous:</b>			
Interest Earned	2,420,760	5,404,366	2,983,606
Sales	1,928,121	3,251,243	1,323,122
Recovery of Expenditures	1,891,867	3,128,064	1,236,197
Contributions from Governmental Agencies		24,000	24,000
Annexation	338,456		(338,456)
Interfund Charges	4,703,738	556,944	(4,146,794)
Rents, Leases, and Concessions	772,899	635,062	(137,837)
Other	147,545	831,252	683,707
<b>Total Miscellaneous</b>	<b>12,203,386</b>	<b>13,830,931</b>	<b>1,627,545</b>
<b>Total Revenues</b>	<b>\$ 662,453,873</b>	<b>\$ 738,993,277</b>	<b>\$ 76,539,404</b> (End of Statement)

CITY OF SAN ANTONIO, TEXAS

Schedule of Expenditures Compared to Budget  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Legislative:</b>			
Personal Services	\$ 2,862,925	\$ 2,520,125	\$ 342,800
Contractual Services	1,415,305	1,219,093	196,212
Commodities	319,580	380,178	(60,598)
Other Expenditures	3,126,728	2,584,999	541,729
<b>Total Legislative</b>	<u>7,724,538</u>	<u>6,704,395</u>	<u>1,020,143</u>
<b>Judicial:</b>			
Personal Services	8,515,598	8,492,979	22,619
Contractual Services	1,115,646	916,876	198,770
Commodities	191,139	235,998	(44,859)
Other Expenditures	2,073,970	2,034,425	39,545
<b>Total Judicial</b>	<u>11,896,353</u>	<u>11,680,278</u>	<u>216,075</u>
<b>Executive:</b>			
Personal Services	37,037,010	28,075,831	8,961,179
Contractual Services	24,191,120	13,565,089	10,626,031
Commodities	2,820,794	804,145	2,016,649
Other Expenditures	11,767,257	10,224,252	1,543,005
Capital Outlay	35,691	85,692	(50,001)
<b>Total Executive</b>	<u>75,851,872</u>	<u>52,755,009</u>	<u>23,096,863</u>
<b>Total General Government</b>	<u>95,472,763</u>	<u>71,139,682</u>	<u>24,333,081</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Personal Services	200,187,068	205,711,850	(5,524,782)
Contractual Services	5,162,467	5,066,402	96,065
Commodities	730,758	714,665	16,093
Other Expenditures	19,962,633	17,998,841	1,963,792
Capital Outlay		54,375	(54,375)
<b>Total Police</b>	<u>226,042,926</u>	<u>229,546,133</u>	<u>(3,503,207)</u>
<b>Fire:</b>			
Personal Services	106,465,015	104,375,995	2,089,020
Contractual Services	2,943,127	1,714,086	1,229,041
Commodities	3,200,649	1,852,705	1,347,944
Other Expenditures	9,759,756	9,277,012	482,744
Capital Outlay	492,924	335,451	157,473
<b>Total Fire</b>	<u>122,861,471</u>	<u>117,555,249</u>	<u>5,306,222</u>

(Continued)

CITY OF SAN ANTONIO, TEXAS

Schedule of Expenditures Compared to Budget  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Public Safety (Continued):</b>			
<b>Building Inspection and Regulations:</b>			
Personal Services	\$ 9,736,626	\$ 9,217,618	\$ 519,008
Contractual Services	1,113,803	675,812	437,991
Commodities	371,202	208,964	162,238
Other Expenditures	1,948,366	1,837,236	111,130
Capital Outlay		190,837	(190,837)
<b>Total Building Inspection and Regulations</b>	<b>13,169,997</b>	<b>12,130,467</b>	<b>1,039,530</b>
<b>Administration:</b>			
Personal Services	19,114,259	20,094,451	(980,192)
Contractual Services	1,981,458	1,583,777	397,681
Commodities	1,449,867	1,278,424	171,443
Other Expenditures	5,015,627	4,949,906	65,721
Capital Outlay	99,488	100,298	(810)
<b>Total Administration</b>	<b>27,660,699</b>	<b>28,006,856</b>	<b>(346,157)</b>
<b>Other Protection:</b>			
Personal Services	24,216,193	24,729,290	(513,097)
Contractual Services	3,690,913	3,739,444	(48,531)
Commodities	2,347,994	2,615,405	(267,411)
Other Expenditures	10,597,497	9,682,689	914,808
Capital Outlay	916,694	1,046,059	(129,365)
<b>Total Other Protection</b>	<b>41,769,291</b>	<b>41,812,887</b>	<b>(43,596)</b>
<b>Total Public Safety</b>	<b>431,504,384</b>	<b>429,051,592</b>	<b>2,452,792</b>
<b>Public Works:</b>			
<b>Streets:</b>			
Personal Services	347,262	309,610	37,652
Contractual Services	5,742	5,530	212
Commodities	2,577	2,423	154
Other Expenditures	19,988	18,844	1,144
<b>Total Streets</b>	<b>375,569</b>	<b>336,407</b>	<b>39,162</b>
<b>Lighting:</b>			
Contractual Services	89,838		89,838
Commodities	10,510,387	10,432,854	77,533
<b>Total Lighting</b>	<b>10,600,225</b>	<b>10,432,854</b>	<b>167,371</b>
<b>Total Public Works</b>	<b>10,975,794</b>	<b>10,769,261</b>	<b>206,533</b>
<b>Health Services:</b>			
Personal Services	9,439,578	8,727,476	712,102
Contractual Services	808,147	1,204,770	(396,623)
Commodities	569,371	847,492	(278,121)
Other Expenditures	1,833,832	1,612,926	220,906
Capital Outlay		20,000	(20,000)
<b>Total Health Services</b>	<b>12,650,928</b>	<b>12,412,664</b>	<b>238,264</b>

(Continued)

CITY OF SAN ANTONIO, TEXAS

Schedule of Expenditures Compared to Budget  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 General Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Sanitation:</b>			
Personal Services	\$ 2,517,333	\$ 2,411,768	\$ 105,565
Contractual Services	67,982	153,375	(85,393)
Commodities	89,471	77,215	12,256
Other Expenditures	241,448	221,941	19,507
<b>Total Sanitation</b>	<u>2,916,234</u>	<u>2,864,299</u>	<u>51,935</u>
<b>Welfare:</b>			
Personal Services	10,091,448	9,332,080	759,368
Contractual Services	3,209,365	4,477,023	(1,267,658)
Commodities	232,718	387,596	(154,878)
Other Expenditures	12,379,405	9,307,562	3,071,843
<b>Total Welfare</b>	<u>25,912,936</u>	<u>23,504,261</u>	<u>2,408,675</u>
<b>Culture and Recreation:</b>			
<b>Libraries:</b>			
Personal Services	16,674,103	16,595,318	78,785
Contractual Services	1,320,910	1,096,909	224,001
Commodities	3,152,110	3,545,076	(392,966)
Other Expenditures	2,379,331	2,353,929	25,402
Capital Outlay		7,725	(7,725)
<b>Total Libraries</b>	<u>23,526,454</u>	<u>23,598,957</u>	<u>(72,503)</u>
<b>Parks:</b>			
Personal Services	32,076,542	31,122,839	953,703
Contractual Services	4,616,268	4,154,219	462,049
Commodities	3,125,616	3,464,303	(338,687)
Other Expenditures	8,813,499	9,327,906	(514,407)
Capital Outlay	194,759	270,341	(75,582)
<b>Total Parks</b>	<u>48,826,684</u>	<u>48,339,608</u>	<u>487,076</u>
<b>Total Culture and Recreation</b>	<u>72,353,138</u>	<u>71,938,565</u>	<u>414,573</u>
<b>Economic Development:</b>			
Personal Services	2,580,713	2,422,246	158,467
Contractual Services	1,075,898	920,088	155,810
Commodities	93,410	102,150	(8,740)
Other Expenditures	710,271	622,797	87,474
Capital Outlay	724		724
<b>Total Economic Development</b>	<u>4,461,016</u>	<u>4,067,281</u>	<u>393,735</u>
<b>Total Expenditures</b>	<u>\$ 656,247,193</u>	<u>\$ 625,747,605</u>	<u>\$ 30,499,588</u> (End of Statement)

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Debt Service Fund**

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
<b>Taxes:</b>			
Current Taxes	\$ 103,009,741	\$ 101,854,094	\$ (1,155,647)
Delinquent Taxes	1,407,601	1,961,632	554,031
Penalties and Interests on Delinquent Taxes	1,100,620	1,204,111	103,491
<b>Miscellaneous:</b>			
Miscellaneous Revenue		272,149	272,149
Interest Revenue	5,396,115	4,750,750	(645,365)
<b>Total Revenues</b>	<u>110,914,077</u>	<u>110,042,736</u>	<u>(871,341)</u>
<b>Expenditures:</b>			
Principal Retirement	61,865,124	61,865,124	
Interest	65,392,269	61,406,563	3,985,706
Issuance Costs		433,963	(433,963)
<b>Total Expenditures</b>	<u>127,257,393</u>	<u>123,705,650</u>	<u>3,551,743</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(16,343,316)</u>	<u>(13,662,914)</u>	<u>2,680,402</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	18,537,679	20,564,210	2,026,531
Long-Term Debt Issued		33,090,000	33,090,000
Premium on Long-Term Debt		2,250,955	2,250,955
Payment to Refunded Bond Escrow Agent		(34,927,125)	(34,927,125)
<b>Total Other Financing Sources</b>	<u>18,537,679</u>	<u>20,978,040</u>	<u>\$ 2,440,361</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources</b>	2,194,363	7,315,126	
Fund Balances, October 1	<u>85,127,776</u>	<u>85,127,776</u>	
<b>Fund Balances, September 30</b>	<u>\$ 87,322,139</u>	<u>\$ 92,442,902</u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual - (Non-GAAP Budgetary Basis)

Special Revenue Funds

Community and Visitor Facilities Fund

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues:			
Taxes:			
Hotel Occupancy Tax	\$ 40,954,000	\$ 45,634,242	\$ 4,680,242
Charges for Services	14,246,014	16,329,013	2,082,999
Miscellaneous:			
Interest	283,570	1,188,989	905,419
Recovery of Expenditures	1,165,181	1,613,017	447,836
Other	161,210	1,447,437	1,286,227
<b>Total Revenues</b>	<b>56,809,975</b>	<b>66,212,698</b>	<b>9,402,723</b>
Expenditures:			
Convention and Tourism:			
International Affairs:			
Personal Services	504,296	432,201	72,095
Contractual Services	425,003	416,451	8,552
Commodities	50,893	55,381	(4,488)
Other Expenditures	83,882	62,781	21,101
Capital Outlay	4,145		4,145
<b>Total International Affairs</b>	<b>1,068,219</b>	<b>966,814</b>	<b>101,405</b>
Economic and Employee Development:			
Contractual Services	7,248	7,248	
<b>Total Economic and Employee Development</b>	<b>7,248</b>	<b>7,248</b>	
Arts and Cultural Affairs:			
Personal Services	665,654	657,726	7,928
Contractual Services	744,865	352,169	392,696
Commodities	12,546	10,086	2,460
Other Expenditures	42,029	27,137	14,892
<b>Total Arts and Cultural Affairs</b>	<b>1,465,094</b>	<b>1,047,118</b>	<b>417,976</b>
Convention Facilities:			
Personal Services	12,880,601	14,022,318	(1,141,717)
Contractual Services	3,002,395	2,990,433	11,962
Commodities	917,437	1,164,662	(247,225)
Other Expenditures	10,824,865	10,699,084	125,781
Capital Outlay	17,581	6,718	10,863
<b>Total Convention Facilities</b>	<b>27,642,879</b>	<b>28,883,215</b>	<b>(1,240,336)</b>
Convention and Visitors Bureau:			
Personal Services	4,893,920	4,701,487	192,433
Contractual Services	9,532,634	9,697,016	(164,382)
Commodities	169,011	190,108	(21,097)
Other Expenditures	624,690	504,808	119,882
<b>Total Convention and Visitors Bureau</b>	<b>15,220,255</b>	<b>15,093,419</b>	<b>126,836</b>
Nondepartmental:			
Personal Services	326,124	193,755	132,369
Contractual Services	1,441,138	864,295	576,843
Commodities	1,125	3,612	(2,487)
Other Expenditures	124,193	28,218	95,975
Capital Outlay	202,372	88,590	113,782
<b>Total Nondepartmental</b>	<b>2,094,952</b>	<b>1,178,470</b>	<b>916,482</b>
Contributions to Other Agencies	4,835,905	4,460,261	375,644
<b>Total Expenditures</b>	<b>52,334,552</b>	<b>51,636,545</b>	<b>698,007</b>
<b>Excess of Revenues Over Expenditures</b>	<b>4,475,423</b>	<b>14,576,153</b>	<b>10,100,730</b>
Other Financing Sources (Uses):			
Transfers In	553,007	553,007	
Transfers Out	(8,052,990)	(8,341,175)	(288,185)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,499,983)</b>	<b>(7,788,168)</b>	<b>(288,185)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<b>(3,024,560)</b>	<b>6,787,985</b>	<b>\$ 9,812,545</b>
Fund Balances, October 1	8,956,366	8,956,366	
Add Encumbrances		371,873	
<b>Fund Balances, September 30</b>	<b>\$ 5,931,806</b>	<b>\$ 16,116,224</b>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances  
 Budget and Actual - (Non-GAAP Budgetary Basis)  
 Special Revenue Funds  
 Hotel Motel Tax Capital Improvement Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
Revenues:			
Taxes	\$ 11,675,436	\$ 13,064,189	\$ 1,388,753
Miscellaneous:			
Interest	61,920	165,820	103,900
<b>Total Revenues</b>	11,737,356	13,230,009	1,492,653
Other Financing (Uses):			
Transfers Out	(10,452,701)	(12,376,877)	(1,924,176)
<b>Excess of Revenues Over Other Financing Uses</b>	1,284,655	853,132	\$ (431,523)
Fund Balances, October 1	3,469,961	3,469,961	
<b>Fund Balances, September 30</b>	\$ 4,754,616	\$ 4,323,093	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

Budget and Actual - (Non-GAAP Budgetary Basis)

Special Revenue Funds

Street Maintenance and Improvement Fund

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Intergovernmental	\$ 695,285	\$ 271,354	\$ (423,931)
Charges for Services	1,082,380	1,517,371	434,991
Miscellaneous:			
Interest	139,730	301,128	161,398
Recovery of Expenditures		698,730	698,730
<b>Total Revenues</b>	<b>1,917,395</b>	<b>2,788,583</b>	<b>871,188</b>
<b>Expenditures:</b>			
<b>Streets and Roadways:</b>			
<b>Area Supervision:</b>			
Personal Services	2,360,936	2,103,228	257,708
Contractual Services	7,584,152	4,427,536	3,156,616
Commodities	156,944	268,721	(111,777)
Other Expenditures	1,307,931	1,391,246	(83,315)
Capital Outlay	79,317	11,850	67,467
<b>Total Area Supervision</b>	<b>11,489,280</b>	<b>8,202,581</b>	<b>3,286,699</b>
<b>Gravel and Asphalt Maintenance:</b>			
Personal Services	8,433,145	8,250,469	182,676
Contractual Services	1,268,842	1,289,860	(21,018)
Commodities	5,074,991	5,944,877	(869,886)
Other Expenditures	4,037,060	3,719,575	317,485
<b>Total Gravel and Asphalt Maintenance</b>	<b>18,814,038</b>	<b>19,204,781</b>	<b>(390,743)</b>
<b>Maintenance and Construction:</b>			
Personal Services	2,504,171	2,556,203	(52,032)
Contractual Services	14,611,134	18,517,679	(3,906,545)
Commodities	5,958,805	1,780,993	4,177,812
Other Expenditures	799,874	654,894	144,980
<b>Total Maintenance and Construction</b>	<b>23,873,984</b>	<b>23,509,769</b>	<b>364,215</b>
<b>Total Expenditures</b>	<b>54,177,302</b>	<b>50,917,131</b>	<b>3,260,171</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(52,259,907)</b>	<b>(48,128,548)</b>	<b>4,131,359</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	47,788,430	42,604,928	(5,183,502)
Transfers Out	(22,651,268)	(2,488,984)	20,162,284
<b>Total Other Financing Sources (Uses)</b>	<b>25,137,162</b>	<b>40,115,944</b>	<b>14,978,782</b>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)</b>	<b>(27,122,745)</b>	<b>(8,012,604)</b>	<b>\$ 19,110,141</b>
Fund Balances, October 1	10,159,510	10,159,510	
Add Encumbrances		3,555,011	
<b>Fund Balances, September 30</b>	<b>\$ (16,963,235)</b>	<b>\$ 5,701,917</b>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Parks Development and Expansion Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Taxes	\$ 20,366,117	\$ 22,217,622	\$ 1,851,505
Miscellaneous:			
Interest	590,840	1,185,149	594,309
<b>Total Revenues</b>	<u>20,956,957</u>	<u>23,402,771</u>	<u>2,445,814</u>
<b>Expenditures:</b>			
<b>Culture and Recreation:</b>			
Contractual Services	2,075,170	1,737,233	337,937
Commodities		2,621	(2,621)
Other Expenditures	9,456	34,714	(25,258)
Capital Outlay		887,954	(887,954)
<b>Total Expenditures</b>	<u>2,084,626</u>	<u>2,662,522</u>	<u>(577,896)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>18,872,331</u>	<u>20,740,249</u>	<u>1,867,918</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In		887,954	887,954
Transfers Out	(37,047,724)	(7,195,727)	29,851,997
<b>Total Other Financing Sources (Uses)</b>	<u>(37,047,724)</u>	<u>(6,307,773)</u>	<u>30,739,951</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	(18,175,393)	14,432,476	<u>\$ 32,607,869</u>
Fund Balances, October 1	21,113,525	21,113,525	
Add Encumbrances		5,595,344	
<b>Fund Balances, September 30</b>	<u>\$ 2,938,132</u>	<u>\$ 41,141,345</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Stormwater Operations Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Charges for Services	\$ 31,437,840	\$ 34,417,470	\$ 2,979,630
Miscellaneous:			
Interest	460,830	1,172,596	711,766
Recovery of Expenditures		516,882	516,882
<b>Total Revenues</b>	<b>31,898,670</b>	<b>36,106,948</b>	<b>4,208,278</b>
<b>Expenditures:</b>			
Public Works:			
Administration:			
Personal Services	914,084	963,859	(49,775)
Contractual Services	3,232,341	3,428,681	(196,340)
Commodities	56,509	198,462	(141,953)
Other Expenditures	92,287	217,118	(124,831)
Capital Outlay		988	(988)
<b>Total Administration</b>	<b>4,295,221</b>	<b>4,809,108</b>	<b>(513,887)</b>
Vegetation Control:			
Personal Services	2,688,304	2,643,356	44,948
Contractual Services	411,188	511,841	(100,653)
Commodities	352,470	329,879	22,591
Other Expenditures	967,140	883,833	83,307
<b>Total Vegetation Control</b>	<b>4,419,102</b>	<b>4,368,909</b>	<b>50,193</b>
River Maintenance:			
Personal Services	3,032,763	3,245,204	(212,441)
Contractual Services	586,833	500,156	86,677
Commodities	425,798	519,703	(93,905)
Other Expenditures	1,941,522	1,826,634	114,888
Capital Outlay	149,969	82,537	67,432
<b>Total River Maintenance</b>	<b>6,136,885</b>	<b>6,174,234</b>	<b>(37,349)</b>
Street Sweeping:			
Personal Services	2,263,427	2,225,770	37,657
Contractual Services	502,465	468,059	34,406
Commodities	121,783	262,823	(141,040)
Other Expenditures	803,177	753,045	50,132
<b>Total Street Sweeping</b>	<b>3,690,852</b>	<b>3,709,697</b>	<b>(18,845)</b>
Tunnel Maintenance:			
Personal Services	1,214,608	1,178,261	36,347
Contractual Services	674,050	368,530	305,520
Commodities	286,785	265,253	21,532
Other Expenditures	325,351	330,198	(4,847)
Capital Outlay	599	599	
<b>Total Tunnel Maintenance</b>	<b>2,501,393</b>	<b>2,142,841</b>	<b>358,552</b>
Design Engineering:			
Personal Services	504,007	633,931	(129,924)
Contractual Services	14,018	165,871	(151,853)
Commodities	20,083	6,996	13,087
Other Expenditures	32,675	41,556	(8,881)
<b>Total Design Engineering</b>	<b>570,783</b>	<b>848,354</b>	<b>(277,571)</b>
<b>Total Expenditures</b>	<b>21,614,236</b>	<b>22,053,143</b>	<b>(438,907)</b>
Excess of Revenues Over Expenditures	10,284,434	14,053,805	3,769,371
Other Financing (Uses):			
Transfers Out	(27,766,133)	(17,229,870)	10,536,263
<b>Total Other Financing (Uses)/(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</b>	<b>(27,766,133)</b>	<b>(17,229,870)</b>	<b>10,536,263</b>
Fund Balances, October 1	26,262,755	26,262,755	
Add Encumbrances		7,257,917	
<b>Fund Balances, September 30</b>	<b>\$ 8,781,056</b>	<b>\$ 30,344,607</b>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**  
**Budget and Actual - (Non-GAAP Budgetary Basis)**  
**Special Revenue Funds**  
**Emergency Medical Services Fund**  
**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Charges for Services:			
Ambulance Service Fees	\$ 12,648,759	\$ 14,069,717	\$ 1,420,958
Ambulance Contract Fees	486,177	555,703	69,526
Miscellaneous:			
Interest		4,729	4,729
Recovery of Expenditures		178,461	178,461
<b>Total Revenues</b>	<u>13,134,936</u>	<u>14,808,610</u>	<u>1,673,674</u>
<b>Expenditures:</b>			
<b>Health Services:</b>			
Personal Services	36,862,639	38,172,171	(1,309,532)
Contractual Services	3,571,795	3,270,542	301,253
Commodities	1,033,293	1,401,181	(367,888)
Other Expenditures	5,249,566	5,154,826	94,740
Capital Outlay	968,508	746,833	221,675
<b>Total Expenditures</b>	<u>47,685,801</u>	<u>48,745,553</u>	<u>(1,059,752)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(34,550,865)</u>	<u>(33,936,943)</u>	<u>613,922</u>
<b>Other Financing Sources:</b>			
Transfers In	<u>32,788,891</u>	<u>32,902,949</u>	<u>114,058</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures</b>	<u>(1,761,974)</u>	<u>(1,033,994)</u>	<u>\$ 727,980</u>
Fund Balances, October 1	1,664,855	1,664,855	
Add Encumbrances		<u>222,975</u>	
<b>Fund Balances, September 30</b>	<u>\$ (97,119)</u>	<u>\$ 853,836</u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances  
 Budget and Actual - (Non-GAAP Budgetary Basis)  
 Special Revenue Funds  
 Capital Improvement Reserve Fund  
 Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Intergovernmental:			
Developer Street Lights	\$ 873,800	\$ 1,727,233	\$ 853,433
Miscellaneous:			
Interest	84,180	235,370	151,190
Other	257,500	1,300,525	1,043,025
<b>Total Revenues</b>	<u>1,215,480</u>	<u>3,263,128</u>	<u>2,047,648</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	7,000		7,000
Other Expenses		11,590	(11,590)
<b>Total Expenditures</b>	<u>7,000</u>	<u>11,590</u>	<u>(4,590)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,208,480</u>	<u>3,251,538</u>	<u>2,043,058</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	100,000	100,000	
Transfers Out	(3,403,115)	(2,960,689)	442,426
<b>Total Other Financing Sources (Uses)</b>	<u>(3,303,115)</u>	<u>(2,860,689)</u>	<u>442,426</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(2,094,635)</u>	<u>390,849</u>	<u>\$ 2,485,484</u>
Fund Balances, October 1	3,967,632	3,967,632	
Add Encumbrances		2,316,115	
<b>Fund Balances, September 30</b>	<u>\$ 1,872,997</u>	<u>\$ 6,674,596</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Confiscated Property Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Miscellaneous:			
Interest	\$ 88,270	\$ 127,904	\$ 39,634
Other	2,351,269	926,053	(1,425,216)
<b>Total Revenues</b>	<u>2,439,539</u>	<u>1,053,957</u>	<u>(1,385,582)</u>
<b>Expenditures:</b>			
Public Safety:			
Office of the Chief of Police:			
Personal Services	545,878	243,017	302,861
Contractual Services	1,604,648	529,117	1,075,531
Commodities	376,116	1,279,267	(903,151)
Other Expenditures	503,497	167,982	335,515
Capital Outlay	359,841	196,547	163,294
<b>Total Expenditures</b>	<u>3,389,980</u>	<u>2,415,930</u>	<u>974,050</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(950,441)</u>	<u>(1,361,973)</u>	<u>\$ (411,532)</u>
Fund Balances, October 1	3,593,634	3,593,634	
Add Encumbrances		112,139	
<b>Fund Balances, September 30</b>	<u>\$ 2,643,193</u>	<u>\$ 2,343,800</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Public Health Support Revenue Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Intergovernmental	\$ 142,000	\$ 141,493	\$ (507)
Charges for Services	2,431,875	2,198,058	(233,817)
Miscellaneous:			
Interest	27,570	4,114	(23,456)
Other	2,300	27,841	25,541
<b>Total Revenues</b>	<u>2,603,745</u>	<u>2,371,506</u>	<u>(232,239)</u>
<b>Expenditures:</b>			
Health Services:			
Administration:			
Personal Services	1,094,828	964,355	130,473
Contractual Services	282,312	267,516	14,796
Commodities	906,173	1,284,792	(378,619)
Other Expenditures	63,910	54,132	9,778
<b>Total Expenditures</b>	<u>2,347,223</u>	<u>2,570,795</u>	<u>(223,572)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>256,522</u>	<u>(199,289)</u>	<u>(455,811)</u>
<b>Other Financing (Uses):</b>			
Transfers Out	(279,106)	(217,818)	61,288
<b>(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</b>	(22,584)	(417,107)	<u>\$ (394,523)</u>
Fund Balances, October 1	(131,321)	(131,321)	
Add Encumbrances		564,140	
<b>Fund Balances, September 30</b>	<u>\$ (153,905)</u>	<u>\$ 15,712</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Job Training, Neighborhood Revitalization, and Economic Development Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Miscellaneous:			
Interest	\$ 105,670	\$ 173,104	\$ 67,434
<b>Expenditures:</b>			
Economic Development and Opportunity:			
Contractual Services	110,000	159,000	(49,000)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,330)</u>	<u>14,104</u>	<u>18,434</u>
<b>Other Financing (Uses):</b>			
Transfers Out	(3,759,000)	(600,000)	3,159,000
<b>(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</b>	(3,763,330)	(585,896)	<u>\$ 3,177,434</u>
Fund Balances, October 1	4,321,537	4,321,537	
Add Encumbrances		159,000	
<b>Fund Balances, September 30</b>	<u>\$ 558,207</u>	<u>\$ 3,894,641</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Golf Course Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Charges for Services	\$ 6,489,416	\$ 6,367,936	\$ (121,480)
Miscellaneous:			
Recovery of Expenditures		100,000	100,000
<b>Total Revenues</b>	<u>6,489,416</u>	<u>6,467,936</u>	<u>(21,480)</u>
<b>Expenditures:</b>			
Culture and Recreation:			
Personal Services	3,542,302	3,401,664	140,638
Contractual Services	515,532	818,735	(303,203)
Commodities	778,983	780,938	(1,955)
Other Expenditures	1,509,357	1,510,749	(1,392)
Capital Outlay		13,904	(13,904)
<b>Total Expenditures</b>	<u>6,346,174</u>	<u>6,525,990</u>	<u>(179,816)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>143,242</u>	<u>(58,054)</u>	<u>(201,296)</u>
<b>Other Financing (Uses):</b>			
Transfers Out	(252,374)	(2,374)	250,000
<b>(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)</b>	(109,132)	(60,428)	<u>\$ 48,704</u>
Fund Balances, October 1	(973,994)	(973,994)	
Add Encumbrances		157,697	
<b>Fund Balances, September 30</b>	<u>\$ (1,083,126)</u>	<u>\$ (876,725)</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Advanced Transportation District Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
City Sales Tax	\$ 10,183,063	\$ 10,117,611	\$ (65,452)
Miscellaneous:			
Interest		311,412	311,412
Recovery of Expenditures		280,620	280,620
<b>Total Revenues</b>	<u>10,183,063</u>	<u>10,709,643</u>	<u>526,580</u>
<b>Expenditures:</b>			
Public Works:			
Personal Services	507,299	399,469	107,830
Contractual Services	51,410	60,839	(9,429)
Commodities	552,438	42,157	510,281
Other Expenditures	76,930	6,836	70,094
Capital Outlay		619,296	(619,296)
<b>Total Expenditures</b>	<u>1,188,077</u>	<u>1,128,597</u>	<u>59,480</u>
<b>Excess of Revenues Over Expenditures</b>	<u>8,994,986</u>	<u>9,581,046</u>	<u>586,060</u>
<b>Other Financing (Uses):</b>			
Transfers Out	(15,050,040)	(3,553,110)	11,496,930
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(6,055,054)	6,027,936	<u>\$ 12,082,990</u>
Fund Balances, October 1	4,087,151	4,087,151	
Add Encumbrances		580,140	
<b>Fund Balances, September 30</b>	<u>\$ (1,967,903)</u>	<u>\$ 10,695,227</u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual - (Non-GAAP Budgetary Basis)

Special Revenue Funds

International Center Fund

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Charges for Services	\$ 1,154,514	\$ 1,255,419	\$ 100,905
Miscellaneous:			
Interest	13,610	47,135	33,525
<b>Total Revenues</b>	<u>1,168,124</u>	<u>1,302,554</u>	<u>134,430</u>
<b>Expenditures:</b>			
Convention and Tourism:			
Personal Services	388,611	392,179	(3,568)
Contractual Services	201,485	248,546	(47,061)
Commodities	27,719	68,756	(41,037)
Other Expenditures	284,523	303,125	(18,602)
<b>Total Expenditures</b>	<u>902,338</u>	<u>1,012,606</u>	<u>(110,268)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>265,786</u>	<u>289,948</u>	<u>24,162</u>
<b>Other Financing (Uses):</b>			
Transfers Out	(18,270)	(16,375)	1,895
<b>Excess of Revenues Over Expenditures and Other Financing (Uses)</b>	247,516	273,573	<u>\$ 26,057</u>
Fund Balances, October 1	935,521	935,521	
Add Encumbrances		27,217	
<b>Fund Balances, September 30</b>	<u>\$ 1,183,037</u>	<u>\$ 1,236,311</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Community Service Funds - Animal Care Services Fund**

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Animal Control Fees	\$ 364,600	\$ 447,690	\$ 83,090
Contribution from Other Agencies	333,902	392,111	58,209
Interest		14,878	14,878
<b>Total Revenues</b>	<u>698,502</u>	<u>854,679</u>	<u>156,177</u>
<b>Expenditures:</b>			
Health Services:			
Personal Services	3,600,822	3,359,464	241,358
Contractual Services	339,537	586,041	(246,504)
Commodities	315,442	380,563	(65,121)
Other Expenditures	647,817	745,242	(97,425)
Capital Outlay	33,600	54,022	(20,422)
<b>Total Expenditures</b>	<u>4,937,218</u>	<u>5,125,332</u>	<u>(188,114)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(4,238,716)</u>	<u>(4,270,653)</u>	<u>(31,937)</u>
<b>Other Financing Sources:</b>			
Transfers In	4,270,653	4,270,653	
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	31,937		<u>\$ (31,937)</u>
Fund Balances, October 1			
Add Encumbrances		161,573	
<b>Fund Balances, September 30</b>	<u>\$ 31,937</u>	<u>\$ 161,573</u>	

**CITY OF SAN ANTONIO, TEXAS**

**Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances**

**Budget and Actual - (Non-GAAP Budgetary Basis)**

**Special Revenue Funds**

**Community Service Funds - Official City Store Fund**

**Year Ended September 30, 2006**

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Miscellaneous:			
Interest	\$ -	\$ 3,180	\$ 3,180
Charges for Services:			
Sales	385,000	315,624	(69,376)
<b>Total Revenues</b>	<u>385,000</u>	<u>318,804</u>	<u>(66,196)</u>
<b>Expenditures:</b>			
Economic Development and Opportunity:			
Personal Services	243,478	208,781	34,697
Contractual Services	55,898	40,043	15,855
Commodities	203,305	104,737	98,568
Other Expenditures	62,620	54,005	8,615
<b>Total Expenditures</b>	<u>565,301</u>	<u>407,566</u>	<u>157,735</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(180,301)</u>	<u>(88,762)</u>	<u>91,539</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	150,000	150,000	
Transfers Out	(737)	(697)	40
<b>Total Other Financing Sources (Uses)</b>	<u>149,263</u>	<u>149,303</u>	<u>40</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(31,038)</u>	<u>60,541</u>	<u>\$ 91,579</u>
Fund Balances, October 1	16,577	16,577	
Add Encumbrances		24	
<b>Fund Balances, September 30</b>	<u>\$ (14,461)</u>	<u>\$ 77,142</u>	

CITY OF SAN ANTONIO, TEXAS

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances

Budget and Actual - (Non-GAAP Budgetary Basis)

Permanent Fund

San Jose Burial Park Fund

Year Ended September 30, 2006

	2006		VARIANCE - POSITIVE (NEGATIVE)
	BUDGET	ACTUAL	
<b>Revenues:</b>			
Miscellaneous:			
Sales	\$ 363,725	\$ 343,384	\$ (20,341)
Interest on Investments	92,640	92,807	167
<b>Total Revenues</b>	<u>456,365</u>	<u>436,191</u>	<u>(20,174)</u>
<b>Expenditures:</b>			
Culture and Recreation:			
Personal Services	353,798	314,660	39,138
Contractual Services	20,516	49,910	(29,394)
Commodities	17,849	18,740	(891)
Other Expenditures	59,588	91,396	(31,808)
<b>Total Expenditures</b>	<u>451,751</u>	<u>474,706</u>	<u>(22,955)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	4,614	(38,515)	<u>\$ (43,129)</u>
Fund Balances, October 1	<u>2,283,442</u>	<u>2,283,442</u>	
Fund Balances, September 30	<u>\$ 2,288,056</u>	<u>\$ 2,244,927</u>	

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



City of San Antonio, Texas



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*Statistical Section*  
*(Unaudited)*

**Comprehensive Annual Financial Report**  
**Table of Statistical Section Statements**  
 Year Ended September 30, 2006

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**Sources:** Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**Statistical Data**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Governmental Activities:</b>					
Invested in Capital Assets, net of related debt	\$ 2,036,269	\$ 2,079,719	\$ 2,118,418	\$ 2,042,288	\$ 1,998,751
Restricted	109,693	92,524	89,867	101,253	105,024
Unrestricted	110,591	125,748	99,659	133,052	182,225
<b>Total Governmental Activities, net assets</b>	<b>\$ 2,256,553</b>	<b>\$ 2,297,991</b>	<b>\$ 2,307,944</b>	<b>\$ 2,276,593</b>	<b>\$ 2,286,000</b>
<b>Business-Type Activities:</b>					
Invested in Capital Assets, net of related debt	\$ 152,261	\$ 156,567	\$ 197,929	\$ 212,715	\$ 240,764
Restricted	52,077	56,489	23,720	26,636	27,700
Unrestricted	6,021	7,735	5,971	1,719	7,240
<b>Total Business-Type Activities, net assets</b>	<b>\$ 210,359</b>	<b>\$ 220,791</b>	<b>\$ 227,620</b>	<b>\$ 241,070</b>	<b>\$ 275,704</b>
<b>Primary Government:</b>					
Invested in Capital Assets, net of related debt	\$ 2,188,530	\$ 2,236,286	\$ 2,316,347	\$ 2,255,003	\$ 2,239,515
Restricted	161,770	149,013	113,587	127,889	132,724
Unrestricted	116,612	133,483	105,630	134,771	189,465
<b>Total Primary Government, net assets</b>	<b>\$ 2,466,912</b>	<b>\$ 2,518,782</b>	<b>\$ 2,535,564</b>	<b>\$ 2,517,663</b>	<b>\$ 2,561,704</b>

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



**Statistical Data**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 77,887	\$ 67,034	\$ 63,610	\$ 80,018	\$ 62,230
Public Safety	414,382	378,316	428,607	428,582	455,341
Public Works	131,010	128,374	116,629	149,476	201,941
Sanitation	7,909	7,102	2,787	2,731	3,112
Health Services	78,662	84,239	82,233	89,011	87,283
Environmental Protection and Control	194	298	36		
Culture and Recreation	76,400	77,434	80,051	84,555	90,521
Convention and Tourism	49,754	51,141	50,100	48,364	81,098
Conservation	15			2	146
Urban Redevelopment and Housing	17,038	28,653	23,981	29,764	16,821
Welfare	133,818	133,455	116,701	131,840	134,554
Economic Development Opportunity	27,322	19,847	21,277	60,461	58,388
Commercial Paper Fees	13	84			
Interest on Long-term Debt	54,628	54,490	55,855	70,655	65,960
<b>Total Governmental Activities Expenses</b>	<b>1,069,032</b>	<b>1,030,467</b>	<b>1,041,867</b>	<b>1,175,459</b>	<b>1,257,395</b>
<b>Business-Type Activities:</b>					
Airport System	41,941	45,164	49,427	46,868	53,821
Parking Facilities	8,693	7,523	6,264	8,413	9,191
Environmental Services	48,223	48,252	51,227	54,703	61,318
<b>Total Business-Type Activities Expenses</b>	<b>98,857</b>	<b>100,939</b>	<b>106,918</b>	<b>109,984</b>	<b>124,330</b>
<b>Total Primary Government Expenses</b>	<b>\$ 1,167,889</b>	<b>\$ 1,131,406</b>	<b>\$ 1,148,785</b>	<b>\$ 1,285,443</b>	<b>\$ 1,381,725</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
<b>Charges for Services:</b>					
General Government	\$ 47,835	\$ 48,963	\$ 57,203	\$ 57,660	\$ 66,575
Public Safety	18,897	17,166	7,172	7,861	9,320
Public Works	22,062	26,208	28,271	34,201	37,472
Health Services	14,438	17,917	17,924	10,252	15,852
Culture and Recreation	10,817	10,134	9,411	19,583	18,947
Convention and Tourism	18,148	14,067	13,268	14,740	19,659
Urban Redevelopment and Housing		116	217		126
Welfare	230	207		327	341
Economic Development Opportunity	1,394	1,340	243	2,485	3,135
Operating Grants and Contributions	183,849	190,746	168,120	198,185	195,104
Capital Grants and Contributions	16,400	51,189	16,614	8,256	2,271
<b>Total Governmental Activities Program Revenues</b>	<b>334,070</b>	<b>378,053</b>	<b>318,443</b>	<b>353,550</b>	<b>368,802</b>
<b>Business-Type Activities:</b>					
<b>Charges for Services:</b>					
Airport System	40,119	43,051	43,701	45,791	49,997
Parking Facilities	7,978	8,455	9,647	10,325	10,273
Environmental Services	46,717	49,492	50,391	51,753	60,090
Operating Grants and Contributions	5,040				
Capital Grants and Contributions		3,865	27	2,223	7,710
<b>Total Business-Type Activities Program Revenues</b>	<b>99,854</b>	<b>104,863</b>	<b>103,766</b>	<b>110,092</b>	<b>128,070</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 433,924</b>	<b>\$ 482,916</b>	<b>\$ 422,209</b>	<b>\$ 463,642</b>	<b>\$ 496,872</b>

**CITY OF SAN ANTONIO, TEXAS**

**Statistical Data**

**Changes in Net Assets**

**Last Five Fiscal Years**

*(accrual basis of accounting)*

(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Net (Expense) Revenue:</b>					
Governmental Activities	\$ (734,962)	\$ (652,414)	\$ (723,424)	\$ (821,909)	\$ (888,593)
Business-Type Activities	997	3,924	(3,152)	108	3,740
<b>Total Primary Government Net Expense</b>	<u>\$ (733,965)</u>	<u>\$ (648,490)</u>	<u>\$ (726,576)</u>	<u>\$ (821,801)</u>	<u>\$ (884,853)</u>
<b>General Revenues and Other Changes in Net Assets:</b>					
<b>Governmental Activities:</b>					
Taxes:					
Property Taxes	\$ 225,740	\$ 236,947	\$ 257,514	\$ 269,138	\$ 276,728
General Sales and Use Taxes	157,593	156,322	162,383	167,332	210,141
Selective Sales and Use Taxes	3,628	3,863	4,189	4,473	4,932
Gross Receipts Business Taxes	22,518	22,128	22,787	26,274	30,415
Occupancy Taxes	45,007	44,633	46,343	51,726	58,678
Penalties and Interest on Delinquent Taxes	5,105	5,063	2,998	3,434	3,851
Revenues from Utilities	171,632	210,854	196,793	222,162	256,541
Investment Earnings	13,081	8,536	7,189	19,931	38,385
Miscellaneous	12,269	(1,639)	28,542	22,431	14,881
Gain on Sale of Capital Assets	1,703	542	611	1,507	2,427
Capital Contributions	481	1,115	1,585		
Transfers, net	2,072	5,488	2,443	2,150	1,021
<b>Total Governmental Activities</b>	<u>660,829</u>	<u>693,852</u>	<u>733,377</u>	<u>790,558</u>	<u>898,000</u>
<b>Business-Type Activities:</b>					
Investment Earnings	3,291	2,551	2,046	5,434	10,023
Miscellaneous	7,610	9,406	10,378	9,962	10,958
Gain on Sale of Capital Assets	50	39		96	64
Special Items					10,870
Transfers, net	(2,072)	(5,488)	(2,443)	(2,150)	(1,021)
<b>Total Business-Type Activities</b>	<u>8,879</u>	<u>6,508</u>	<u>9,981</u>	<u>13,342</u>	<u>30,894</u>
<b>Total Primary Government</b>	<u>\$ 669,708</u>	<u>\$ 700,360</u>	<u>\$ 743,358</u>	<u>\$ 803,900</u>	<u>\$ 928,894</u>
<b>Change in Net Assets:</b>					
Governmental Activities	\$ (74,133)	\$ 41,438	\$ 9,953	\$ (31,351)	\$ 9,407
Business-Type Activities	9,876	10,432	6,829	13,450	34,634
<b>Total Primary Government</b>	<u>\$ (64,257)</u>	<u>\$ 51,870</u>	<u>\$ 16,782</u>	<u>\$ (17,901)</u>	<u>\$ 44,041</u>

**CITY OF SAN ANTONIO, TEXAS**

**Statistical Data**  
**Fund Balances, Governmental Funds**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*  
(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>General Fund:</b>					
Reserved	\$ 8,794	\$ 7,232	\$ 8,100	\$ 10,923	\$ 11,866
Unreserved	53,658	74,410	90,410	107,490	149,610
<b>Total General Fund</b>	<u>\$ 62,452</u>	<u>\$ 81,642</u>	<u>\$ 98,510</u>	<u>\$ 118,413</u>	<u>\$ 161,476</u>
<b>All Other Governmental Funds:</b>					
Reserved	\$ 322,264	\$ 247,197	\$ 210,636	\$ 188,745	\$ 263,230
Unreserved, reported in:					
Special Revenue Funds	76,036	69,480	69,593	91,729	2,518
Permanent Funds	13,918	13,449	12,899	12,947	3,102
Capital Project Funds	(71,742)	114,482	145,090	361,120	238,946
Unrestricted	52,828				176,631
<b>Total All Other Governmental Funds</b>	<u>\$ 393,304</u>	<u>\$ 444,608</u>	<u>\$ 438,218</u>	<u>\$ 654,541</u>	<u>\$ 684,427</u>

Statistical Data

Changes in Fund Balances, Governmental Funds

Last Five Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Revenues:</b>					
Taxes	\$ 462,933	\$ 473,466	\$ 500,494	\$ 524,720	\$ 597,379
Licenses and Permits	13,302	13,912	17,026	20,716	19,765
Intergovernmental	186,828	186,812	181,717	190,251	192,285
Revenues from Utilities	171,234	210,466	196,405	221,775	256,368
Charges for Services	84,573	88,040	93,809	107,264	120,541
Fines and Forfeits	10,829	11,282	11,713	12,025	10,948
Miscellaneous	23,887	49,897	34,326	26,848	27,305
Contributions					19,871
Interest	12,056	7,937	6,896	18,544	35,830
In-Kind Contributions	14,504	19,887	10,407	24,872	15,617
<b>Total Revenues</b>	<b>980,146</b>	<b>1,061,699</b>	<b>1,052,793</b>	<b>1,147,015</b>	<b>1,295,909</b>
<b>Expenditures:</b>					
General Government	64,833	64,177	59,601	69,332	80,672
Public Safety	364,240	375,090	391,950	419,634	440,231
Public Works	67,129	68,351	65,205	85,940	119,697
Health Services	76,542	83,608	79,843	88,533	86,258
Environmental Protection and Control	391	618	30		
Sanitation	2,654	2,514	2,380	2,768	3,137
Welfare	133,160	134,019	115,614	131,012	137,711
Culture and Recreation	74,985	74,289	74,343	79,586	87,136
Convention and Tourism	49,764	51,452	48,188	48,315	87,509
Conservation	63			2	
Urban Redevelopment and Housing	17,469	23,766	23,904	25,557	17,538
Economic Development and Opportunity	25,908	20,044	20,234	16,337	11,678
Capital Projects	117,937	130,755	130,981	146,850	115,229
Debt Service:					
Principal Retirement	66,295	66,650	72,410	57,581	61,865
Interest	49,092	50,929	52,558	60,202	71,848
Bond Escrow Agent		2,118			5
Issuance Costs	1,656	1,206	2,061	1,027	429
<b>Total Expenditures</b>	<b>1,112,118</b>	<b>1,149,586</b>	<b>1,139,302</b>	<b>1,232,676</b>	<b>1,320,943</b>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<b>(131,972)</b>	<b>(87,887)</b>	<b>(86,509)</b>	<b>(85,661)</b>	<b>(25,034)</b>
<b>Other Financing Sources (Uses):</b>					
Long-Term Debt Issued	390,050	271,010	186,591	192,329	70,690
Payments to Refunded Bond Escrow Agent	(257,467)	(131,410)	(99,526)	(93,163)	(34,927)
Amounts from Notes and Loans	3,374			210,607	63,218
Redemption of General Commercial Paper	(15,000)				
Premium on Long-Term Debt	19,548	17,275	9,488	12,904	2,251
Transfers In	163,819	186,385	181,557	159,821	228,041
Transfers Out	(161,544)	(184,879)	(181,123)	(160,611)	(231,290)
<b>Total Other Financing Sources (Uses)</b>	<b>142,780</b>	<b>158,381</b>	<b>96,987</b>	<b>321,887</b>	<b>97,983</b>
<b>Net Change in Fund Balances</b>	<b>\$ 10,808</b>	<b>\$ 70,494</b>	<b>\$ 10,478</b>	<b>\$ 236,226</b>	<b>\$ 72,949</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>11.8%</b>	<b>11.9%</b>	<b>12.6%</b>	<b>10.9%</b>	<b>11.1%</b>

**Statistical Data**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year	Property <sup>1</sup>	Sales and Use <sup>2</sup>	Hotel/Motel Occupancy	Alcoholic Beverage Tax	Business Tax	Penalties and Interest and Judgments	Total
1997	\$ 97,726,308	\$ 110,034,458	\$ -	\$ 2,568,331	\$ 16,660,109	\$ 1,070,677	\$ 228,059,883
1998	101,763,992	118,991,708		2,810,446	20,569,499 <sup>3</sup>	1,294,482	245,430,127
1999	108,043,972	126,472,730		2,967,461	22,462,669	1,445,586	261,392,418
2000	115,194,535	135,130,522		3,224,213	22,898,881	1,385,578	277,833,729
2001	125,533,518	136,810,787		3,426,706	24,197,809	1,410,133	291,378,953
2002 <sup>5</sup>	227,598,531	157,593,310	45,007,330	3,628,359	26,042,328	3,063,942	462,933,800
2003	239,214,435	156,322,600	44,633,221	3,862,581	26,364,175	3,069,325	473,466,337
2004	258,261,512	162,383,500	46,342,719	4,188,585	26,550,057	2,712,639	500,439,012
2005	271,490,198	167,331,757	51,717,243	4,473,348	26,273,566	3,434,357	524,720,469
2006	289,347,643	210,141,500	60,261,073	4,931,596	29,822,923	3,437,587	597,942,322

**Change:**

1997 - 2006	196.1%	91.0%	33.9% <sup>4</sup>	92.0%	79.0%	221.1%	162.2%
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<sup>1</sup> The City was able to maintain the property tax rate at the current tax rate since 2002 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).

<sup>2</sup> Sales and use tax revenues increased 14.9 percent in the past ten years due to a combination of rate increases (see Direct and Overlapping Sales Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales tax base.

<sup>3</sup> Revenue increased due to a revision in a Business Tax contract.

<sup>4</sup> Shows the change between years 2002 - 2006.

<sup>5</sup> 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.

**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 <sup>1</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
1997	\$ 16,063,232	\$ 12,548,544	\$ 953,094	\$ 2,099,385	\$ 3,343,456	\$ 28,320,799	\$ 0.58
1998	16,699,875	12,826,304	1,238,811	2,117,912	3,460,618	29,422,284	0.58
1999	17,873,934	13,703,246	1,218,665	2,196,126	3,738,420	31,253,551	0.58
2000	19,078,401	14,283,512	1,370,406	2,461,628	3,878,468	33,315,479	0.58
2001	20,906,401	15,773,750	1,084,482	2,622,171	4,353,483	36,033,321	0.58
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

Source: Bexar Appraisal District

<sup>1</sup> 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)*

Fiscal Year	Tax Roll	City Direct Rates				Overlapping Rates							
		General Fund	Debt Service Funds	Total Direct	Alamo		University		San Antonio		Alamo		East Central ISD
					Community College	Bexar County	Health System	River Authority	South San Antonio ISD	Heights ISD			
1997	1996	\$ 0.347120	\$ 0.232670	\$ 0.579790	\$ 0.110000	\$ 0.344270	\$ 0.244692	\$ -	\$ 1.500000	\$ 1.710000			
1998	1997	0.346690	0.233100	0.579790	0.109000	0.343470	0.244440		1.510000	1.710000			
1999	1998	0.345790	0.234000	0.579790	0.111500	0.341910	0.243869		1.560000	1.690000			
2000	1999	0.345790	0.234000	0.579790	0.105961	0.339458	0.243869		1.560000	1.570000			
2001	2000	0.350790	0.229000	0.579790	0.106900	0.339458	0.243869		1.600000	1.610000			
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	1.656600	1.680000			
2006	2005	0.367040	0.211500	0.578540	0.137050	0.314147	0.243869	0.016425	1.486600	1.520000			

**Overlapping Rates**

Fiscal Year	Tax Roll	Edgewood	Harlandale	Judson	Northeast	Northside	San Antonio	Somerset	South San Antonio	Southside	Southwest
		ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD	ISD
1997	1996	\$ 1.589310	\$ 1.740090	\$ 1.470000	\$ 1.557000	\$ 1.443000	\$ 1.546800	\$ -	\$ 1.602060	\$ 1.600000	\$ 1.314160
1998	1997	1.630000	1.715320	1.540000	1.600560	1.513000	1.813300		1.602060	1.600000	1.562890
1999	1998	1.630000	1.715320	1.770000	1.635000	1.547500	1.775579		1.682060	1.640000	1.562890
2000	1999	1.543000	1.608000	1.690000	1.680000	1.599500	1.722000		1.623296	1.580000	1.548500
2001	2000	1.558800	1.678000	1.650000	1.800000	1.674100	1.722000		1.619007	1.620000	1.617900
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

Source: Bexar County Tax Office, Bexar Appraisal District, and Judson ISD.

CITY OF SAN ANTONIO, TEXAS

Statistical Data  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2006				1997			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
H.E. Butt Grocery Stores	\$ 637,295,259	1	1.28%	\$ 322,568,251	3	1.14%		
AT&T	400,371,435	2	0.80%	498,483,470	1	1.76%		
United Services Automobile Association	310,901,450	3	0.62%	360,250,588	2	1.27%		
Wal-Mart Stores, Inc.	305,389,107	4	0.61%	113,823,790	8	0.40%		
Marriott Corporation	195,080,870	5	0.39%	119,090,500	7	0.42%		
Humana/Methodist Healthcare System	173,422,535	6	0.35%	128,868,070	5	0.46%		
Valero Energy Corporation	157,291,732	7	0.32%					
Alamo Stonecrest Holdings	144,909,548	8	0.29%					
Hyatt Regency Hotels	143,670,460	9	0.29%					
Time Warner	139,259,620	10	0.28%					
North Star Mall				101,613,550	9	0.36%		
Simon Property Trust (Texas)				131,549,640	4	0.46%		
Property Trust of America				124,240,920	6	0.44%		
Dillard's Department Stores				86,748,930	10	0.31%		
<b>Total</b>	<b>\$ 2,607,592,016</b>		<b>5.23%</b>	<b>\$ 1,987,237,709</b>		<b>7.02%</b>		

Source: City of San Antonio

**Statistical Data**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>1</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy <sup>2</sup>
1997	\$ 164,201,161	\$ 161,315,799	98.24%	\$ 1,616,889	\$ 162,932,688	99.23%
1998	170,587,464	167,894,836	98.42%	2,265,936	170,160,772	99.75%
1999	181,204,963	178,218,790	98.35%	2,731,401	180,950,191	99.86%
2000	193,159,815	189,575,621	98.14%	3,272,233	192,847,854	99.84%
2001	208,917,594	204,502,303	97.89%	2,957,004	207,459,307	99.30%
2002	229,030,010	223,942,558	97.78%	3,373,532	227,316,090	99.25%
2003	240,299,754	234,955,823	97.78%	3,503,868	238,459,691	99.23%
2004	257,931,292	252,678,369	97.96%	4,180,075	256,858,444	99.58%
2005	268,916,816	264,392,025	98.32%	5,256,224	269,648,249	100.27%
2006	288,511,855	283,981,767	98.43%	5,365,876	289,347,643	100.29%

<sup>1</sup> Penalty, judgments, and interest on judgments are excluded.

<sup>2</sup> Subsequent collections include dollars collected from prior years' tax levies.

CITY OF SAN ANTONIO, TEXAS

**Statistical Data**  
**Taxable Sales by Category**  
**Last Ten Calendar Years**  
*(in thousands)*

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	\$ 516,005	\$ 539,476	\$ 570,689	\$ 584,449	\$ 596,324	\$ 677,158	\$ 692,434	\$ 773,796	\$ 841,960	\$ 894,588
General Merchandise Stores	1,324,485	1,390,713	1,534,831	1,566,236	1,600,306	1,617,555	1,575,557	1,652,510	1,758,720	1,855,978
Food Stores <sup>1</sup>	746,118	776,682	821,968	784,642	775,877	790,670	808,819	833,663	880,762	920,233
Automotive Dealers and Gasoline Service Stations	337,371	375,916	402,148	437,572	447,008	428,759	419,086	434,870	459,778	477,808
Apparel and Accessory Stores <sup>2</sup>	497,452	549,530	592,007	677,934	711,764	726,144	723,814	763,236	756,221	776,819
Home Furniture, Furnishings, and Equipment Stores	673,636	720,431	760,520	794,500	763,470	770,880	768,849	798,821	858,931	938,272
Eating and Drinking Places	1,281,345	1,396,783	1,508,584	1,605,573	1,655,162	1,688,799	1,772,961	1,887,799	2,009,764	2,074,264
Miscellaneous Retail	923,374	998,469	1,076,865	1,115,054	1,138,642	1,135,986	1,138,193	1,194,894	1,286,358	1,364,377
<b>Total</b>	<b>\$ 6,299,786</b>	<b>\$ 6,748,000</b>	<b>\$ 7,267,612</b>	<b>\$ 7,565,960</b>	<b>\$ 7,688,553</b>	<b>\$ 7,835,951</b>	<b>\$ 7,899,713</b>	<b>\$ 8,339,589</b>	<b>\$ 8,852,494</b>	<b>\$ 9,302,339</b>
City Direct Sales Tax Rate	1.000%	1.000%	1.125% <sup>3</sup>	1.125%	1.125%	1.000%	1.000%	1.000%	1.125% <sup>4</sup>	1.125% <sup>4</sup>

Source: Texas Comptroller of Public Accounts

<sup>1</sup> General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.

<sup>2</sup> Clothing under \$100 is exempt during the sales tax holiday in August.

<sup>3</sup> Proposition 1 - Edwards Aquifer Protection Venue Project increased sales tax. This tax was added to protect water quality in the Edwards Aquifer by establishing a watershed protection and preservation project to acquire and preserve land or interest in land in the Edwards Aquifer recharge and contributing zones both inside and outside Bexar County.

<sup>4</sup> Proposition 2 - Parks Development and Expansion Venue Project increased sales 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.

**Statistical Data**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

Fiscal Year	San Antonio Tax	San Antonio ATD <sup>1</sup>	San Antonio MTA <sup>2</sup>	State of Texas	Total
1997	1.000%		0.500%	6.250%	7.750%
1998	1.000%		0.500%	6.250%	7.750%
1999	1.000%		0.500%	6.250%	7.750%
2000 <sup>3</sup>	1.125%		0.500%	6.250%	7.875%
2001	1.125%		0.500%	6.250%	7.875%
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 <sup>4</sup>	1.125%	0.250%	0.500%	6.250%	8.125%

<sup>1</sup> San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

<sup>2</sup> San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

<sup>3</sup> Proposition 1 - Edwards Aquifer Protection Venue Project, this tax was added to protect water quality in the Edwards Aquifer by establishing a watershed protection and preservation project to acquire and preserve land or interest in land in the Edwards Aquifer recharge and contributing zones both inside and outside Bexar County.

<sup>4</sup> Proposition 2 - Parks Development and Expansion Venue Project, 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.



**Statistical Data**  
**Ratios of General Bonded Debt Outstanding**  
**Last Five Fiscal Years**  
*(dollars in thousands, except per capita)*

Fiscal Year	Governmental Activities				Total	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Certificates of Obligation	Tax Anticipation Notes				
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

**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 Statement 34.

<sup>1</sup> See Assessed Value and Actual Value of Taxable Property for property value data.

<sup>2</sup> Population data can be found in Demographic and Economic Statistics.

Statistical Data

Direct and Overlapping Governmental Activities Debt

As of September 30, 2006

(in thousands)

	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Shares of Overlapping Debt
<b>Governmental Unit:</b>			
<b>Debt Repaid with Property Taxes:</b>			
Alamo Community College Bonds	\$ 113,847	78.08%	\$ 88,892
Bexar County Bonds	154,110	77.16%	118,911
San Antonio River Authority Bonds	49,241	96.28%	47,409
Alamo Heights Independent School District Bonds	77,168	48.24%	37,226
East Central Independent School District Bonds	47,406	44.52%	21,105
Edgewood Independent School District Bonds	112,212	100.00%	112,212
Harlandale Independent School District Bonds	199,755	100.00%	199,755
Judson Independent School District Bonds	194,386	35.13%	68,288
Northeast Independent School District Bonds	863,273	87.15%	752,342
Northside Independent School District Bonds	981,224	82.94%	813,827
San Antonio Independent School District Bonds	501,537	98.95%	496,271
Somerset Independent School District Bonds	24,847	1.14%	283
South San Antonio Independent School District Bonds	113,620	99.99%	113,609
Southside Independent School District Bonds	69,673	22.08%	15,384
Southwest Independent School District Bonds	87,441	37.33%	32,642
Municipal Drainage Utility Revenue Bonds	551,767	100.00%	551,767
Tax Anticipation Notes	37,600	100.00%	37,600
City of San Antonio General Obligation Bonds	623,075	100.00%	623,075
City of San Antonio Certificates of Obligation	189,625	100.00%	189,625
<b>Total Debt Repaid with Property Taxes</b>			<b>\$ 4,320,223</b>
<b>City Direct Debt</b>			<b>784,787</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 5,105,010</b>

**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.

<sup>1</sup> 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.

# CITY OF SAN ANTONIO, TEXAS

**Statistical Data**  
**Legal Debt Margin Information**  
**Last Five Fiscal Years**  
*(in thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value	\$	56,750,907
Debt Limit (10% of Assessed Value)		5,675,091
Debt Applicable to Limit:		
Total Bonded Debt		850,300
Less: Self-Supporting Debt:		(705)
Debt Supplemented by Other Sources		
Assets Available for Payment of		
Principal In:		
Debt Service Fund		(65,512)
Total Net Debt Applicable to Limit		784,083
Legal Debt Margin	\$	4,891,008

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$ 4,412,054	\$ 4,632,079	\$ 4,972,329	\$ 5,182,421	\$ 5,675,091
Total Net Debt					
Applicable to Limit	752,846	801,966	809,342	919,223	913,972
Legal Debt Margin	\$ 3,659,208	\$ 3,830,113	\$ 4,162,987	\$ 4,263,198	\$ 4,761,119
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.06%	17.31%	16.28%	17.74%	16.10%

**Note:** City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10% of assessed valuation.

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

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

Includes \$9,654, which was issued pursuant of Tax Note Series 2006, which the City will count against its voted general obligation authorization.

**Comprehensive Annual Financial Report**  
Year Ended September 30, 2006



**Statistical Data**  
**Pledged-Revenue Coverage**  
 Last Five Fiscal Years  
*(in thousands)*

Fiscal Year	Hotel Occupancy Tax Revenue Bonds				Texas Convention Center Hotel Finance <sup>1</sup>			
	Hotel Occupancy Tax		Debt Service		Net Revenues of Hotel		Debt Service	
	Revenue	Coverage	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ 9,546	\$ 0.94	\$ 1,380	\$ 8,821	\$ -	\$ -	\$ -	\$ -
2003	10,092	0.93	2,045	8,756	-	-	-	-
2004	10,231	1.03	2,785	7,168	-	-	-	-
2005	9,396	0.88	800	9,926	1,073	1,073	1,073	1,073
2006	12,174	1.08	1,375	9,910	10,442	10,442	10,442	10,442

Fiscal Year	Municipal Drainage Utility System				Starbright Industrial Development Corporation <sup>2</sup>			
	Drainage Utility System		Debt Service		Pledged Revenue		Debt Service	
	Revenue	Coverage	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	21,221	43.57	-	487	-	155	-	155
2004	23,174	7.79	1,035	1,939	-	1,138	-	1,138
2005	26,843	6.73	1,065	2,926	-	1,138	-	1,138
2006	29,314	4.01	2,410	4,896	246,084	1,138	246,084	216.24

**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.

<sup>1</sup> Texas Convention Center Hotel Finance interest for FY 2005-2006 has been capitalized.

<sup>2</sup> Starbright Industrial Development Corporation interest for FY 2003-2005 has been capitalized.

**Statistical Data**  
**Pledged-Revenue Coverage**  
 Last Five Fiscal Years  
 (in thousands)

Fiscal Year	Airport					
	Airport System Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	\$ 52,318	\$ 21,849	\$ 30,469	\$ 5,080	\$ 9,012	\$ 2.16
2003	52,041	24,826	27,215	6,335	12,051	1.48
2004	53,591	27,544	26,047	7,010	12,057	1.37
2005	54,936	25,801	29,135	8,390	10,890	1.51
2006	60,366	26,001	34,365	9,615	13,246	1.50

Fiscal Year	Parking					
	Parking System Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	\$ 7,995	\$ 5,582	\$ 2,413	\$ 1,220	\$ 2,154	\$ 0.72
2003	8,472	4,801	3,671	1,140	2,015	1.16
2004	11,219	4,961	6,258	505	1,820	2.69
2005	10,349	5,718	4,631	1,580	1,694	1.41
2006	10,273	5,904	4,369	600	1,325	2.27

**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.

**Statistical Data**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
1997	1,133,000	\$ 21,073,800	\$ 18,600	31.0	13.8	245,812	4.1%
1998	1,162,600	22,670,700	19,500	31.7	13.9	245,946	4.3%
1999	1,187,600	23,478,852	19,770	32.1	13.9	247,471	3.8%
2000	1,207,500	24,089,625	19,950	32.2	13.9	262,567	4.0%
2001	1,226,250	24,770,250	20,200	32.5	13.9	267,184	4.1%
2002	1,241,100	23,953,230	19,300	31.8	14.0	270,025	5.1%
2003	1,262,800	25,205,488	19,960	32.0	14.0	275,796	5.5%
2004	1,278,300	24,248,073	18,969	32.2	14.2	273,560	5.2%
2005	1,299,200	25,386,368	19,540	32.2	14.2	279,756	5.2%
2006	1,322,900	26,603,519	20,110	33.2	14.3	283,393	4.4%

**Sources:** Population, personal income, per capita income, median age, and education level information provided by the Planning Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission. School enrollment data provided by Alamo Heights ISD, Comal ISD, East Central ISD, Edgewood ISD, Harlandale ISD, Judson ISD, Northeast ISD, Northside ISD, San Antonio ISD, South San Antonio ISD, Somerset ISD, and Southwest ISD.

**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

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employees	Rank	Percentage of Total City Employment <sup>2</sup>
H.E. Butt Grocery Stores	14,588	1	1.88%	10,900	4	1.65%
United Services Automobile Association	13,965	2	1.80%	11,498	2	1.74%
City of San Antonio	11,119	3	1.43%	11,239	3	1.70%
Northside Independent School District	10,320	4	1.33%	7,465	6	1.13%
Fort Sam Houston	8,360	5	1.08%	5,000	10	0.76%
San Antonio Independent School District	7,685	6	0.99%	9,157	5	1.38%
North East Independent School District	7,574	7	0.98%	6,681	7	1.01%
Alamo Community College District	7,200	8	0.93%			
Humana/Methodist Healthcare System	7,027	9	0.91%	5,877	8	0.89%
AT&T	6,500	10	0.84%			
Kelly Air Force Base				14,397	1	2.17%
Baptist Health System				5,305	9	0.80%
<b>Total</b>	<b>94,338</b>		<b>12.17%</b>	<b>87,519</b>		<b>13.23%</b>

**Source:** Economic Development Division, City of San Antonio, Texas, Greater San Antonio Chamber of Commerce, Economic Development Foundation, and San Antonio Business Journal Book of Lists as of January 2006.

<sup>1</sup> Percent based on an Employment Estimate of 776,000 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 2006. Figure provided by the Texas Workforce Commission.

<sup>2</sup> Percent based on an Employment Estimate of 662,100 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 1997. Figure provided by the Texas Workforce Commission.

**Statistical Data**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program:	Full-time Equivalent Employees as of September 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Mayor and Council	16	16	16	15	16	16	17	17	18	17
City Manager	11	9	12	14	14	15	13	12	12	13
Administrative Services <sup>1</sup>	50	61	54	51	48	51	61	48	48	46
Alamodome										77
Animal Care Services <sup>6</sup>	9	13	13	13	20	20	21	127	128	212
Asset Management	28	28	27	26	26	27	27	27	28	28
Aviation Uniformed Officers	342	351	336	331	342	342	340	354	342	360
Aviation Civilian Employees	70	74	102	105	112	86	86	85	90	93
City Attorney	21	16	21	21	27	22	7	24	19	13
City Auditor	16	18	20	19	18	16	15	19	18	20
City Clerk	63	81	80	85	90	105	105	101	103	103
Code Compliance <sup>4</sup>										6
Communications and Public Affairs <sup>7</sup>	326	350	401	414	485	458	405	394	357	331
Community Initiatives									15	
Contract Services <sup>1,2</sup>	80	79	84	85	90	85	74	70	67	67
Convention and Visitors Bureau	164	158	169	173	246	296	278	254	243	252
Convention Facilities	12	7	7	8	8	10	11	11	10	9
Cultural Affairs	11	12	17	36	32	38	45	49	51	58
Customer Services/311 System	100	108	107	114	155	168	195	194	204	219
Development Services	32	32	31	31	32	33	32	36	34	37
Economic and Employment Development										515
Environmental Services <sup>3</sup>	4	4	4	4	10	521	517	534	512	515
External Relations <sup>7</sup>	113	74	78	85	96	113	13	13	13	71
Finance/Public Utilities	1256	1286	1313	1306	1361	1376	1421	1413	1414	1435
Firefighters and EMS	88	107	120	124	124	127	102	100	110	95
Fire Department Civilian Employees	17	16	16	24	25	29	25	25	23	23
Housing and Community Development	34			49	49	58	56	71	69	67
Human Resources <sup>5</sup>	143	146	153	146	165	170	186	219	225	212
Information Technology Services										4
Intergovernmental Relations <sup>7</sup>	12	12	13	10	13	11	12	12	12	12
International Affairs	274	291	280	277	286	291	273	281	294	311
Library	171	173	175	176	177	181	176	167	169	174
Municipal Court	10	16	19	20	30	40	45	47	49	49
Neighborhood Action <sup>4</sup>										153
Neighborhood Services <sup>4</sup>										19
Non Departmental	1	6	5	4	4	25	20	22	21	19
Office of Management and Budget <sup>5</sup>	14	60	60	13	15	31	34	16	17	17
Parks and Recreation	702	735	769	826	876	859	822	803	817	812
Planning	41	45	52	59	42	42	40	36	35	33
Police Officers	1870	1855	1879	1916	1949	1998	1995	1988	1964	1988
Police Department Civilian Employees	499	498	564	582	585	554	534	527	545	562
Public Works <sup>3</sup>	1365	1389	1435	1435	1448	978	998	888	861	750
Purchasing and General Services <sup>1</sup>	194	199	196	204	199	190	181	184	180	180
SA Metropolitan Health District <sup>6</sup>	624	666	643	635	643	657	621	619	602	510
Special Projects			3	12	15			1		
<b>Total</b>	<b>8,783</b>	<b>8,991</b>	<b>9,271</b>	<b>9,448</b>	<b>9,873</b>	<b>10,051</b>	<b>9,895</b>	<b>9,879</b>	<b>9,799</b>	<b>9,806</b>

Source: City of San Antonio, Texas. Figures account for actual employment positions filled.

<sup>1</sup> In FY 2006 the Purchasing and Contract Services Departments were combined to form the Administrative Services Department.

<sup>2</sup> The Contract Services Department began as a division of Asset Management in FY 2001. In FY 2004, they became their own separate department.

<sup>3</sup> Prior to FY 2002 the Environmental Services Department was a part of Public Works as the Enterprise Solid Waste Fund.

<sup>4</sup> In FY 2006 the Neighborhood Action and Code Compliance Departments were combined to form the Neighborhood Services Department.

<sup>5</sup> During FY 1998 and FY 1999 the Departments of Human Resources and the Office of Management and Budget were combined.

<sup>6</sup> Prior to FY 2006 Animal Care Services was part of SA Metropolitan Health District.

<sup>7</sup> During FY 2006 the External Relations Department divided to form the Intergovernmental Relations and the Communications and Public Affairs Departments.

**Statistical Data  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

Function/Program:	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police:</b>										
Physical Arrests	81,373	85,565	79,575	79,321	77,846	77,506	81,517	83,254	82,158	80,794
Parking Violations	94,625	89,221	87,904	86,666	91,174	104,833	104,968	86,128	111,863	93,888
Traffic Violations	227,432	262,418	259,563	230,229	232,820	264,390	256,588	274,152	271,655	222,326
<b>Fire:</b>										
Emergency Responses	137,922	53,784	59,812	63,305	66,735	67,677	68,441	73,472	84,573	89,426
Fires Extinguished	1,435	9,259	9,717	9,519	8,688	8,393	8,420	7,728	8,370	9,719
Inspections	11,262	11,039	11,952	13,359	13,604	14,125	15,243	15,485	16,223	16,612
<b>Environmental Services:</b>										
Refuse Collected (tons per day)	1,488	1,495	1,566	1,582	1,602	1,675	1,703	1,697	1,690	1,709
Recyclables Collected (tons per day)	109	106	97	106	100	96	94	92	98	100
<b>Other Public Works:</b>										
Street Resurfacing (miles)	208.41	266.30	281.74	231.53	205.05	177.84	157.50	159.25	128.46	115.46
Potholes Repaired <sup>2</sup>				1,646	6,591	6,380	12,379	24,467	27,294	17,290
<b>Parks and Recreation:</b>										
Athletic Field Permits Issued <sup>3</sup>	917	865	2,177	2,267	2,001	2,253	2,076	2,306	1,854	1,955
Community Center Reservations <sup>3</sup>	554	589	2,133	1,823	2,727	2,802	3,103	3,372	3,027	2,805
<b>Library:</b>										
Volumes in Collection	1,754,291	1,802,614	1,814,229	1,859,921	1,982,577	1,935,036	1,852,221	1,842,579	1,970,661	2,155,843
Total Volumes in Circulation	3,740,166	3,977,212	3,837,528	4,326,096	4,586,483	4,865,804	5,275,268	5,861,624	5,876,331	6,030,777
<b>Water:</b>										
Customers	272,531	276,897	282,359	289,293	294,286	297,661	306,958	306,363	315,000	325,944
Water Main Breaks <sup>1</sup>		2,155	2,767	2,105	2,916	1,665	1,395	1,480	1,305	2,577
Average Daily Consumption (millions of gallons)	147.5	167.6	158.7	161.6	148.5	172.2	144.3	149.4	143.7	172.2
Maximum Daily Consumption (millions of gallons)	312.8	271.4	307.9	268.8	270.4	274.0	229.5	303.2	196.5	278.1
<b>Wastewater:</b>										
Average Daily Sewage Treatment (millions of gallons)	121.99	126.24	129.74	120.12	131.36	125.42	136.80	137.97	130.64	113.39

Sources: Various City departments and San Antonio Water System.

<sup>1</sup> The number of Water Main Breaks for 1997 was incalculable. The numbers for years 2002 and 2004 are estimated figures.

<sup>2</sup> The number of Potholes repaired has only been tracked by the Public Works Department since 2000. Prior year information cannot be obtained.

<sup>3</sup> The figures for 1997 were estimated by the Parks and Recreation Department.

**Statistical Data**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program:	Fiscal Year																																																																																																																																																																																																																																																																																																																																								
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006																																																																																																																																																																																																																																																																																																																															
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	492	504	511	525	544	544	551	554	554	555	Fire:											Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500
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	492	504	511	525	544	544	551	554	554	555	Fire:											Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500											
Sub-Stations	6	6	6	6	6	6	6	6	6	6	Marked Patrol Units	492	504	511	525	544	544	551	554	554	555	Fire:											Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																						
Marked Patrol Units	492	504	511	525	544	544	551	554	554	555	Fire:											Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																	
Fire:											Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																												
Fire Stations	44	46	47	47	48	48	48	49	49	50	Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																							
Environmental Services:											Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																		
Garbage Trucks	136	136	127	126	131	131	131	133	129	137	Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																													
Recycling Trucks	50	50	50	50	50	50	50	50	46	46	Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																								
Other Public Works:											Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																			
Streets (miles) <sup>1</sup>									3,953	4,022	Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																														
Highways (miles) <sup>1</sup>									911	911	Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																									
Streetlights <sup>2</sup>											Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																				
Traffic Signals	995	1,012	1,024	1,039	1,067	1,090	1,111	1,121	1,139	1,153	Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																															
Parks and Recreation:											Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																										
Acreeage	7,390	7,575	7,565	7,898	11,252	13,898	14,463	15,600	16,151	16,660	Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																					
Playgrounds	88	90	91	93	99	100	110	113	115	116	Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																
Baseball/S softball Diamonds	108	109	110	110	110	110	111	111	111	112	Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																											
Soccer/Football Fields	56	57	57	57	58	59	61	61	61	62	Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																						
Golf Courses	6	6	6	6	6	6	6	6	6	6	Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																	
Swimming Pools	22	23	23	23	23	23	23	24	23	24	Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																												
Community Centers	24	25	25	25	25	25	25	25	26	26	Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																							
Water:											Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																		
Water Mains (miles)	3,791	3,852	3,930	3,994	4,032	4,076	4,162	4,251	4,324	4,404	Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																													
Fire Hydrants	18,522	18,997	19,514	20,046	20,440	20,815	21,463	22,117	22,691	23,212	Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																								
Storage Capacity (millions of gallons)	129.3	142.7	144.0	144.7	144.7	149.7	121.2	145.0	161.5	142.0	Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																																			
Wastewater:											Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																																														
Sanitary Sewers (miles)	3,741	3,774	4,635	4,741	4,845	4,892	4,967	5,088	5,164	4,714	Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																																																									
Storm Sewers (miles)	364.0	369.3	370.7	373.3	377.6	383.2	383.7	498.0	498.0	498.0	Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																																																																				
Permitted Treatment Capacity (millions of gallons)	223.784	223.784	223.784	223.784	223.784	223.784	225.784	225.604	225.604	225.500																																																																																																																																																																																																																																																																																																																															

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

<sup>1</sup> Figures available only for the last two fiscal years.

<sup>2</sup> Figure unavailable for 1997.