FY 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND OTHER REPORTS

— Restated —

— City of San Antonio, Texas —

Fiscal Year Ended September 30, 2014

CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report & Other Reports

Year-Ended September 30, 2014

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

Prepared by:
DEPARTMENT OF FINANCE

Ben Gorzell Jr., CPA
Chief Financial Officer

Troy Elliott, CPA
Finance Director

Melanie Seale, CPA
Assistant Director

Elizabeth Drouillard, CPA
Financial Reporting Manager

Victoria Roeder
Financial Reporting Manager

Jay Blackwell
General Ledger Manager

Financial Reporting
Jacqueline Bennett, CPA
Nathalie Bullock
Daisy Castillo
Kimberly Cervantes
Augustine Fannah
Randalyn Harlan
Joseph Kobilka, CPA
Mary Lara
Mark Ramirez
Patrice Wallace

General Ledger
Carlos Beechner
Veronica Flores
Denise Fuller
Gerry Gavia
Theresa Littlefield
Joe Vasquez

With Assistance From:

Financial Services
Margaret Villegas, Assistant Director
Cappi Arriola, Financial Management Administrator
Tina Murillo, Tax Assessor Administrator
Alejandro Tijerina, Financial Manager
Mike Martinez, Collections Manager

Accounting Services
Veronica Carrillo, Fiscal Administrator
Kay Grant, Accounts Payable Manager
Joni James, Payroll Administrator
Juanita Mack, CPA, Disbursement & Receivable Administrator
Department Fiscal Administrators

Public Utilities
Marion Gee, CPA, Assistant Director
Jeff Pullin, Public Utilities Administrator

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

FY 2014

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Letter of Transmittal

CITY OF SAN ANTONIO

March 24, 2015

To the Honorable Mayor, City Council and City Manager:

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) and Other Reports for the fiscal year-ended September 30, 2014. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Padgett Stratemann & Co., LLP. As reflected in the Independent Auditor's Report, the City's financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States. 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.

Management's 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.

CITY PROFILE

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

The City has twenty five legally separate entities that are considered part of the City's operations and, therefore, included in its annual financial statements. Fifteen of these entities are blended component units of the City, while the other ten entities are discretely presented. Based on the size and significance of four component units (CPS Energy, San Antonio Water System, San Antonio Fire and Police Pension Fund, and San Antonio Fire and Police Retiree Health Care Fund), the City has additionally included excerpts of these entities' footnotes within the CAFR. For additional details on each of these twenty-five entities and the basis for their respective presentation in our financial report, please refer to the Financial Section, Summary of Significant Accounting Policies.

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

FINANCE DEPARTMENT
PO BOX 839966 ◆ SAN ANTONIO, TX 78283-3966 ◆ TEL: 210-207-5734

CITY PROFILE (continued)

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, 45 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. As of September 30, 2014, the City's geographic area was approximately 467 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,409,019 citizens and is ranked as the seventh most populated city in the country.

Major employers in and around the San Antonio area include the Department of Defense through Joint Base San Antonio (Lackland, Fort Sam & Randolph), H.E.B. Food Stores, United Services Automobile Association, City of San Antonio, Northside, North East and San Antonio Independent School Districts, Methodist Health Care System, Baptist Health Systems, and Wells Fargo.

ECONOMIC CONDITIONS AND OUTLOOK

As a community, San Antonio has positioned itself for long-term growth and prosperity by successfully following a strategy to diversify its economy and improve quality of life for all citizens. The economic strategy resulting from SA2020 emerges as the City's roadmap to become a leader in job creation by maintaining growth in traditional industry sectors while specifically targeting job growth in the following sectors: Healthcare and Biosciences, Information Technology and Information Security, Aerospace, and the New Energy economy. The City's SA2020 goals are being pursued by utilizing San Antonio's unique assets, including its historical and cultural heritage, formidable local institutions (e.g. military bases, universities, medical center), and natural resources such as the Eagle Ford Shale formation in South Texas.

In addition to charting our course for continued economic prosperity, SA2020 also focuses on ongoing infrastructure improvements, neighborhood revitalization, workforce development initiatives, and downtown development. In February 2010, the City passed the Inner-City Reinvestment Infill Policy (ICRIP) to further support balanced and sustainable development throughout San Antonio's inner-city and southern sectors, which include Port San Antonio and Brooks City-Base. Both government and citizens are actively committed to increasing the caliber of educational and economic opportunities, expanding arts and leisure choices, revitalizing older neighborhoods, and planning for overall growth in the City. The City's cultural and geographic proximity to Mexico provides favorable conditions for international business relations. A cost-of-living that is below the national average and the high quality of life the City offers further enhances San Antonio's business appeal. In addition to the favorable economic climate, excellent weather conditions year round help encourage and enhance the operation of many of San Antonio's most important industries.

The City continues to foster economic growth and development with a business climate that received accolades from Forbes and Bloomberg for its ability to encourage job creation, business expansion, and attract new investments. The City has been recognized with an A+ rating for small business by Kauffman Foundation, has been named one of the Top 10 Cities for Global Trade by Global Trade Magazine, and has an unemployment rate that continues to stay below the national and state averages. San Antonio's business-friendly climate welcomes new company relocations, expansions and start up ventures.

Economic indicators tell the story of a resilient 2014 for San Antonio by exemplifying the comparative stability of the local economy as it outperformed comparable cities impacted by the national recession. The Brookings Metropolitan Policy Program issues the quarterly series, MetroMonitor, which provides an understanding of how the current economic recession has "affected America's metropolitan economies." According to the quarterly research performed by the Brookings Institution, San Antonio is ranked 38 out of 100 largest metropolitan areas in its overall recovery performance since the Great Recession of 2008.

ECONOMIC CONDITIONS AND OUTLOOK (continued)

San Antonio's average unemployment rate for fiscal year 2014 was 5.6% compared to the national rate of 6.3%. Many metros experienced a rise in unemployment rate through the onset of the recession, however, San Antonio's unemployment rate continues to remain lower than the national rate since the Great Recession.

San Antonio's housing market remained very strong in 2014. According to the September 2014 Multiple Listing Service report by the San Antonio Board of REALTORS® (SABOR), the average price of a single-family residential home in September 2014 rose to $220,366, a 7% increase from last year, and the median rose to $187,700, a 9% increase from September 2013.

San Antonio's resilient economy was fueled by several targeted industry projects in fiscal year 2014. The City utilized a combination of tax abatements, grant agreements, equity investments, impact fee waivers, and nominations for State project designations that assisted in enticing businesses to move to or remain in San Antonio. In 2014, the City, in partnership with the San Antonio Economic Development Foundation (SAEDF), worked with 27 companies to create 3,709 new and/or retain jobs in San Antonio and Bexar County. In an effort to revitalize downtown and central city neighborhoods and support economic development opportunities across the City, $1.75 million was provided in economic development incentive funds to retain, expand, and attract job creating businesses in fiscal year 2014. The City additionally budgeted $1.75 million to support economic development projects and stimulate development targeted towards neighborhoods in the downtown area.

MAJOR INITIATIVES – EDUCATION

Pre-K 4 SA began its second school year, with a total of four Education Centers completed at the end of fiscal year 2014. In August 2013, Pre-K 4 SA completed preparation of an existing facility to be utilized for the North Education Center, which has the capacity to serve up to 360 students. Construction was completed for the South Education Center in August 2013, which has the capacity to serve 350 students. Throughout the summer months, construction of the East and West Education Centers started and was completed by August 2014 in time to open the Centers for the 2014-2015 school year. The program places a heavy emphasis on early childhood education, parent engagement, and professional development.

The program aims to improve the educational trajectory of 22,400 four-year-old children over eight years while benefitting thousands more by training area school teachers, teacher's aides, community Pre-K providers, and education leaders. Toward this goal Pre-K 4 SA received over 4,000 student applications for the 2014-2015 school year, and selected a total of 1,500 students to attend all four Centers.

Pre-K 4 SA strongly emphasizes family engagement in early education. Through a multi-pronged approach, the program provides training and events, dedicates Family Specialists to work and provide services to families, collects feedback with surveys and evaluations, and offers a plethora of resources. Pre-K 4 SA also partnered with a variety of community groups, including the Baptist Health System's student program, which helped to coordinate screenings for vision and hearing to all students. All of the Pre-K 4 SA families attended their child's progress report conferences for the 2013-2014 school years. Family Specialists coordinated a variety of family events at Centers and throughout the community featuring topics like reading, stranger danger, nutrition and learning. Families were also encouraged to attend community events throughout San Antonio.

MAJOR INITIATIVES – EDUCATION (continued)

As part of the professional development portion of the program, Pre-K 4 SA program staff works with educators throughout San Antonio to provide guided observations of classrooms and activities, planning sessions, and other services open to public and private schools, as well as childcare facilities. Pre-K 4 SA teachers received over 30 days of trainings and workshops throughout year one. Professional Development coaches hosted a total of five summer academies to provide resources to 192 educators throughout San Antonio. In addition, the coaches also hosted 15 weekend academies throughout the school year. The coaches conducted lab school visits, coaching, small group planning and a variety of training events for educators throughout the City including training fairs for child care staff co-hosted by VOICES for Children and City Council.

Pre-K 4 SA contracted with Edvance Research, Inc. and the National Institute for Early Education Research in affiliation with Rutgers University to conduct an eight-year independent evaluation of the program. The evaluation will include an alignment study of prekindergarten readiness assessments used throughout Texas and an overall program assessment. In year one, the study measured six outcomes: cognitive, literacy, mathematics, oral language, physical ability, and socio-emotional behavior. The report showed that Pre-K 4 SA students met or exceeded a nationally-normed sample of children of the same age group. Though Pre-K 4 SA children began the program at a significantly lower level than the normed sample, over time students surpassed in three of six outcomes and were on par for the remaining three. The promising results are proof that Pre-K 4 SA is headed in the right direction.

MAJOR INITIATIVES – CAPITAL PROGRAMS

During the May 2012 election, citizens of San Antonio voted for and approved a $596 million General Obligation Bond Program. The 2012 General Obligation Bond Program, a five year program, is the City's largest bond program in history. There are 41 projects set for streets, bridges, and sidewalks; 17 projects set for drainage and flood control; 68 projects set for parks and recreation; 11 projects set for library, museum, and cultural arts facilities; and three projects set for public safety facilities. Of the $596 million approved, $378 million has been issued.

With the approval of the 2012 General Obligation Bond Program, $2 million was included for the construction of animal kennels to increase the City's capacity to house stray animals. This was completed in November 2014. The Animal Defense League will manage the City-owned facility through a 25 year lease. The new facility will consist of 3 buildings and will house a total of 48 dog kennels and utilize one building for puppies. This partnership will increase the total number of animals rescued by 3,184 annually, and require that the Animal Defense League maintain a live release rate of 90% or higher.

June 2014 marked the completion of the $35 million modernization project for San Antonio International Airport Terminal A. This project updated the finishes and furniture throughout the concourse, ticket lobby and baggage claim area and provided for all new restroom facilities. The project, funded by Airport generated revenue and bonds, enhances the travel experience by modernizing the 378,000 square-foot building. Separately, the Airport through a concession agreement with HMS Host, replaced seven food and beverage concessions. The new food establishments include local celebrity Chef Johnny Hernandez-designed concepts La Gloria, The Fruteria and Mission City Icehouse as well as Auntie Anne's Pretzels/Cinnabon, La Tapenade, Steak n Shake, and Famous Famiglia.

Currently under design at the San Antonio International Airport is a Master Plan-Approved Consolidated Rental Car (CONRAC) Facility. This project is intended to improve the rental car experience for millions of City's visitors by centralizing the car rental facilities in one location on airport property. Construction of the facility is funded by a customer facility charge included on all airport car rental transactions and is scheduled to open in 2018.

MAJOR INITIATIVES – CAPITAL PROGRAMS (continued)

The expansion of the Henry B. Gonzalez Convention Center, with a budget of $325 million, began construction in October 2013. Originally constructed in 1968, the Convention Center has been expanded and renovated four times, doubling its size to its current 1.3 million gross feet. This current expansion and transformation project remains on schedule and on budget. When completed in November 2016, the new convention center will span 1.65 million square feet. With a goal of continuing to be competitive for major national sporting events, a Request for Qualifications has been issued for Design/Build firms to renovate the 21-year old Alamodome. Expanded plazas and concourses and upgraded locker rooms, bathrooms, lighting and technology will bring the Alamodome up to the standards of similar professional sports stadiums throughout the country.

MAJOR INITIATIVES – CONVENTION AND TOURISM

Fiscal year 2014 was an extremely successful year for both the Convention Center and Alamodome. With more than 770,000 attendees throughout 327 events, the Convention Center exceeded its annual revenue budget by over $2 million. Similarly, the Alamodome exceeded its annual revenue budget by over $1.5 million, and hosted more than 1.1 million visitors at 138 events throughout the year. In 2015, the City will host the largest convention ever when the Seventh Day Adventist General Conference Session is held in July with an attendance estimated at 70,000. In 2018, the City will host the NCAA Men's Basketball Final Four tournament at the Alamodome. The City previously hosted the Final Four in 2008 with great success.

MAJOR INITIATIVES – ECONOMIC DEVELOPMENT

In June of 2014, San Antonio's new entrepreneurial resource center, Café Commerce, opened inside the Central Library. Café Commerce serves as a clearinghouse for over 73 small business resource partners throughout San Antonio. Café Commerce also provides programming geared towards developing an entrepreneurial mindset among San Antonio residents. To date, Café Commerce has assisted over 380 clients in person, 243 clients via phone, and over 500 clients have accessed the resource listing via the Café Commerce website (cafecommercesa.org). Café Commerce also received a $50 thousand Small Business Administration Growth Accelerator Fund Grant to develop San Antonio's first culinary arts business accelerator program.

In September of 2012, San Antonio was chosen to join the Global Cities Initiative (GCI), a joint program of the Brookings Institution and JP Morgan Chase. The GCI is a five-year project that aims to help leaders in U.S. metropolitan areas reorient their economies toward greater global engagement. In 2013, work focused on the development of the San Antonio Export Strategy. In 2014, San Antonio was chosen by Brookings as one of six pilot communities to develop foreign direct investment strategy based data, such as the number of jobs supported by foreign-owned enterprises and the density of foreign-owned enterprises in certain industries. The goal is to develop a comprehensive global trade & investment strategy that will complement the San Antonio Economic Development Foundation's Strategic Plan.

On December 4, 2014, the City Council directed the Department of Planning and Community Development to initiate limited purpose annexation and prepare a regulatory plan for five annexation priority areas in 2015 and 2016, which are contiguous to the city limits and within the San Antonio Extraterritorial Jurisdiction and Bexar County. Five priority areas were identified based on the evaluation criteria established by the City's annexation policy adopted in 2013. The areas encompass 66.47 square miles and have a population of approximately 117,517. The proposed annexation would protect the Edwards Aquifer Recharge Zone and the quality of development through the extension of zoning and city codes.

MAJOR INITIATIVES – ECONOMIC DEVELOPMENT (continued)

In addition, the City will capture emerging residential developments and commercial centers, expand the City's economic vitality as a regional center by providing certainty and predictability, preserve the U.S. military missions through land use controls, facilitate long range planning in environmentally sensitive areas and growth centers, and enhance the City's overall regional economic position in bringing new jobs, population, and investment to the region.

In the 2013 State of the Union address, President Obama announced that he would designate 20 Promise Zones nationwide: urban, rural, and tribal communities where the Administration would partner with local leaders to create jobs, increase economic activity, improve educational opportunities, and reduce violent crime. On January 9, 2014, the City was selected as one of the first five Promise Zones. The City created the EastPoint Promise Zone (EPZ), in partnership with the United Way of San Antonio and Bexar County, the San Antonio Housing Authority, San Antonio for Growth on the Eastside and SA2020 to handle the operations of the Administration's funding award. EPZ's additional support partners include San Antonio Independent School District, Judson Independent School District, St. Philip's College and private sector businesses, employers and investors.

Federal designation of the EPZ offers the opportunity to integrate and leverage these initiatives and make new, material improvements to the community's economic health and the residents' quality of life. Six key activities are planned for the EPZ in the next five years: job creation, increasing economic activity, improving education activities, reducing serious or violent crime, leveraging private capital, and reducing poverty and unemployment. As of February 2015, the Promise Zone partners have collectively been awarded approximately $32 million in federal funding, which will be used to achieve EPZ's goals.

MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS

As the population of the City continues to grow, there is an increasing need to revitalize its urban core and for the development and construction of new public facilities. In order to assist local governmental entities to meet their growing infrastructure needs, the State of Texas has enacted the Public and Private Facilities and Infrastructure Act to allow greater use of public-private partnerships (P3).

The City implemented a P3 program with a goal to encourage redevelopment of underdeveloped and underutilized properties, share risk and expense between the City and the contracting private entity, and participate in cash flow performance by organizing public-private partnerships. Through this contractual agreement, the assets and professional skills of each sector (public and private) are shared to deliver a facility and/or service for the use of the general public and each sector shares in the potential risks of the timely and efficient delivery of the service or facility.

The City is working with various developers on P3 projects such as the Dwyer P3, the Red Berry Estate P3, and the Water Street P3, managed by Hemisfair Park Area Redevelopment Corporation (HPARC). The city-owned property located at 307 Dwyer has been vacant since 2010. The selected developer, Landbridge Partners, will construct a $50 million mixed use development consisting of 272 housing units, approximately 50 thousand square feet of commercial space and 450 parking spaces. The project is expected to open in early 2017. The Red Berry Estate, located at 856 Gembler Road, consists of 84 acres and includes the Red Berry Mansion and a man-made lake. The City selected a development team proposing a $149.8 million project that includes approximately 600 multi-family housing units, 66 townhomes, and over 300 thousand square feet of office space, medical office space, retail, dining and entertainment venues. The first phase of the project will be completed in summer 2017 and the second phase will be completed in spring 2019.

MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS (continued)

With the expansion of the City's Convention Center, HPARC is moving forward to develop Hemisfair Park, an area famous for hosting the 1968 World's Fair. HPARC was established in 2009 by City Council to lead the redevelopment of the Hemisfair area, including expanding and improving the parkland and public areas. In February 2012, City Council approved HPARC's Master Plan. HPARC's vision of Hemisfair is for it to become one of the world's great public spaces. To accomplish this goal, HPARC will be relying on several P3 opportunities. The first P3 relating to this new development is the Water Street P3. The purpose of the Water Street P3 is to create a vertical structure within the southwest quadrant of Hemisfair to accommodate public parking and mixed-income residential units and commercial space. All lease payments will be directed towards the maintenance, operations and programming of Yanaguana Garden, a 4.1 acre free and accessible public park built for all ages and abilities. HPARC issued Request for Proposals on October 29, 2014 with responses due on January 16, 2015. On March 3, 2015 HPARC presented its selected vendor to the Economic and Community Development Committee, a subcommittee of City Council, and received approval to move forward with negotiations. A draft agreement is expected by early April, and upon completion of negotiations, HPARC will present the contract for approval to the City Council.

FINANCIAL INFORMATION

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 GAAP. The internal control structure provides reasonable assurance that the City's assets are safeguarded as well as the reliability of financial records for preparing financial statements. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondarily, the evaluation of costs and benefits require estimates and judgments by management.

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

Another budgetary control is the monthly revenue and expenditure report summarizing by department budget and actual balances with variances that are generated and reviewed by the Office of Management and Budget, Finance and the City Manager's Office. Each quarter, the Office of Management and Budget and Finance meet with department representatives to assess departments' expenditures based on actual to date and projected expenditures for the remainder of the fiscal year. These projected expenditures are compared against the legally adopted budget for analysis and recommendations to the City Manager's Office and are presented to City Council. During the mid-year budget assessments, an additional step is added to the review process related to formal adjustment recommendations to Council for adoption to modify the original budget. At fiscal year-end, as part of the annual review and close-out process, Council will be provided information and recommendations to again approve desired budget adjustments and carryforwards for the next fiscal year.

The City further implemented available budget controls within its system of record for capital projects and grants. The system warns when cumulative expenditures are within 75% of total budget and will not allow the processing of non-payroll transactions in excess of the budget.

FINANCIAL INFORMATION (continued)

Each year the City prepares a five-year financial forecast (Forecast) prior to the adoption of the annual operating budget. The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services. The Forecast also examines the local and national economic conditions that have an impact on the City's economy and, ultimately, its budget. The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast enables the Council and staff to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

After obtaining the priorities of Council and residents, and conducting reviews of each City department, the proposed City budget is presented to Council. The proposed budget represents the City staff's professional recommendation to utilize revenues and expenditures in order to achieve a balanced budget, while optimizing City service deliveries. Part of the recommendations presented to City Council for fiscal year 2014 included results from initiatives to reduce administrative overhead and implementation of process improvements. The Office of Management & Budget Innovation Team completed City-wide department consolidation and efficiency initiatives that were incorporated into the fiscal year 2014 budget. One initiative reduced administrative overhead by merging the Public Works Department and the Capital Improvements Management Services Department into the Transportation & Capital Improvements Department, resulting in approximately $200 thousand in savings. Another initiative made providing utility assistance faster and easier for residents, and also resulted in over $200 thousand in savings. The City continues its commitment to efficient and prioritized service delivery by leveraging operational improvements and investments in technology and will continue to utilize the Innovation Team to perform efficiency initiatives across the City to assist in finding new areas of improvements to leverage.

The annual budget serves as the foundation for the City's financial planning and control. The development of the City's annual budget begins in May, when all departments of the City are required to submit potential reductions and additional appropriation requests to the Office of Management and Budget. During this period, the Office of Management and Budget reviews department's base budgets, potential reductions and additional appropriation requests with each department and Executive Leadership Team members to develop budget recommendations for the City Manager's consideration. After obtaining the priorities of the community through hosting five Community Budget Input Hearings, meeting with City Council and conducting reviews of department budgets with the City Manager, the City Manager presents the proposed budget to the City Council for review in early August.

During City Council review, several budget work sessions were held to review the proposed service program details included in the proposed budget. The City held five additional Community Budget Input Hearings after the fiscal year 2014 Budget was proposed and two City-Wide Public Hearings for community input. The City is required to hold at least one public hearing on the proposed budget during the period of its consideration. City Council must adopt a final budget each year no later than September 27. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Finance Department).

The legal level of budgetary control is approved by City Council at the individual fund and departmental level. Expenditures by department and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document. The City Manager or designee may revise the approved department expenditure allotments during the fiscal year, but in no event shall the aggregate departmental expenditure allotment exceed the appropriation available to the department unless approved by City Council. The City Council may at any time transfer any unencumbered appropriation balance or any portion thereof within a department office or agency to another upon written recommendation by the City Manager.

FINANCIAL INFORMATION (continued)

As a means of managing the City's financial standing, the City established and maintains a budgeted financial reserve within the General Fund. The financial reserve provides budgetary flexibility for unexpected events, financial emergencies, and the usual fluctuation in revenue-expenditure patterns. Since 2005, the City has increased its financial reserves from 3.4% of total appropriations to 9.0% of total appropriations. The City has achieved and maintained financial reserves of 9% of General Fund appropriations since fiscal year 2009, with 2014 financial reserves totaling $89 million.

The City continues to evaluate the financial reserve policy as a means of fiscal prudence in consideration with City operations, implications to the City's credit rating, and City Council priorities in order to maintain a strong and solid financial position coupled with flexibility to adapt to changing economic conditions. Last summer, as part of the fiscal year 2014 budget development process, City Council requested a briefing on the City's financial policies and practices before development of the fiscal year 2015 budget process.

With the adoption of the 2015 Budget, updates to the City's Financial Policies were approved. These updated Financial Policies include: increase the General Fund budgeted financial reserves from 9 to 10%; establish a 1 to 3% target for 2 year budget plan for the General Fund; manage crowd-out within the General Fund and create a balance between Public Safety and Non-Public Safety budgets; manage the structural balance in the General Fund; use moderately conservative revenue projections based on current economic conditions and historical trends; establish $1 million contingency reserve for the General Fund and $3 million contingency reserve for the capital budget; address Internal Service Fund deficits within 3 to 5 years; and maintain an available fund balance target of 15% for the General Fund.

The City further 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, thus allowing the City to capitalize on market opportunities.

GRANT FUNDS

The City also actively seeks and applies for Federal and State grants that are in line with the City's core operations or initiatives, as an additional tool in providing services to the citizens of San Antonio. In 2014, the City was awarded $134.9 million in Federal assistance and $18.4 million in State assistance for a total of $153.3 million. The City would have been unable to undertake the construction of public improvements and the operation of programs without the support of these grants.

AWARDS

The City maintains a strong financial position with the three major rating agencies - Fitch, Moody's, and Standard & Poors, re-affirming, for the sixth year in a row, an 'AAA', 'Aaa', and 'AAA' general obligation bond rating, respectively. These ratings were maintained despite stricter grading requirements implemented by some rating agencies. The City is the only city with a population of more than 1 million to receive an 'AAA' or 'Aaa' rating from the three major rating agencies. The 'AAA' or 'Aaa' bond rating is the highest credit rating that an entity can receive.

AWARDS (continued)

The City earned the Platinum Leadership Circle Award from the Comptroller of Public Accounts for calendar year 2014. The award recognizes the City's transparency efforts in the Texas Comptroller Leadership Circle Program that provides easy access to the public to Financial and Budget Information. This is the fifth consecutive year the City has received the highest level of transparency awarded by the Comptroller's Office.

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 2014 Operating and Capital Budget for the 31st consecutive year.

The Office of Management and Budget additionally received the Performance Measurement Certificate of Excellence Award for the 3rd year in a row from the International City/County Management Association (ICMA). San Antonio is one of 28 jurisdictions receiving this highest level of recognition this year. According to the ICMA, "Jurisdictions meeting the qualifications have demonstrated leadership in continuous improvement and community engagement, and they serve as examples for other governments to follow."

The Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 17th consecutive year in recognition of organizational excellence in public procurement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2013. This was the 38th 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 GAAP and applicable legal requirements.

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

INDEPENDENT AUDITS

State statutes and the City's Charter require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Padgett Stratemann & Co., LLP. In addition to meeting the requirements set forth in State statutes and the City's Charter, 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 Auditor's Report on the basic financial statements, Management's Discussion and Analysis, required supplementary information, required disclosures and schedules are included in the Financial Section of this CAFR.

INDEPENDENT AUDITS (continued)

The Federal Single Audit Report has been prepared in accordance with OMB Circular A-133 promulgated to implement the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the AICPA Audit Guide "Government Auditing Standards and Circular A-133 Audits." The State Single Audit Report has been prepared in accordance with the State of Texas Single Audit Circular. The reports are comprised of the Schedules of Expenditures of Federal and State Awards, respectively, Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133, Independent Auditor's Report on Compliance for each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular, the Schedule of Findings and Questioned Costs, Corrective Action Plans, and the Summary Status of Prior Year Findings for both the Federal and State Single Audits.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Controller's Office in the Finance Department. Although much time and effort in preparation of this report lies in the Controller's Office, support was also provided from the Office of Management and Budget, the Finance Department, and other financial staff throughout the City. I would like to express my appreciation to all who assisted in this effort.

We acknowledge the thorough, professional, and timely manner in which our independent auditor, Padgett Stratemann & Co., LLP conducted the audit.

In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Managers, Assistant City Managers, and their staff for their continued support.

Respectfully submitted,

Ben Gorzell Jr., CPA
Chief Financial Officer

Government Finance Officers Association

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, 2013

Executive Director/CEO

City of San Antonio Mayor and City Council

Ivy R. Taylor
Mayor

Ron Nirenberg
District 8

Joe Krier
District 9

Mike Gallagher
District 10

Cris Medina
District 7

Ray Lopez
District 6

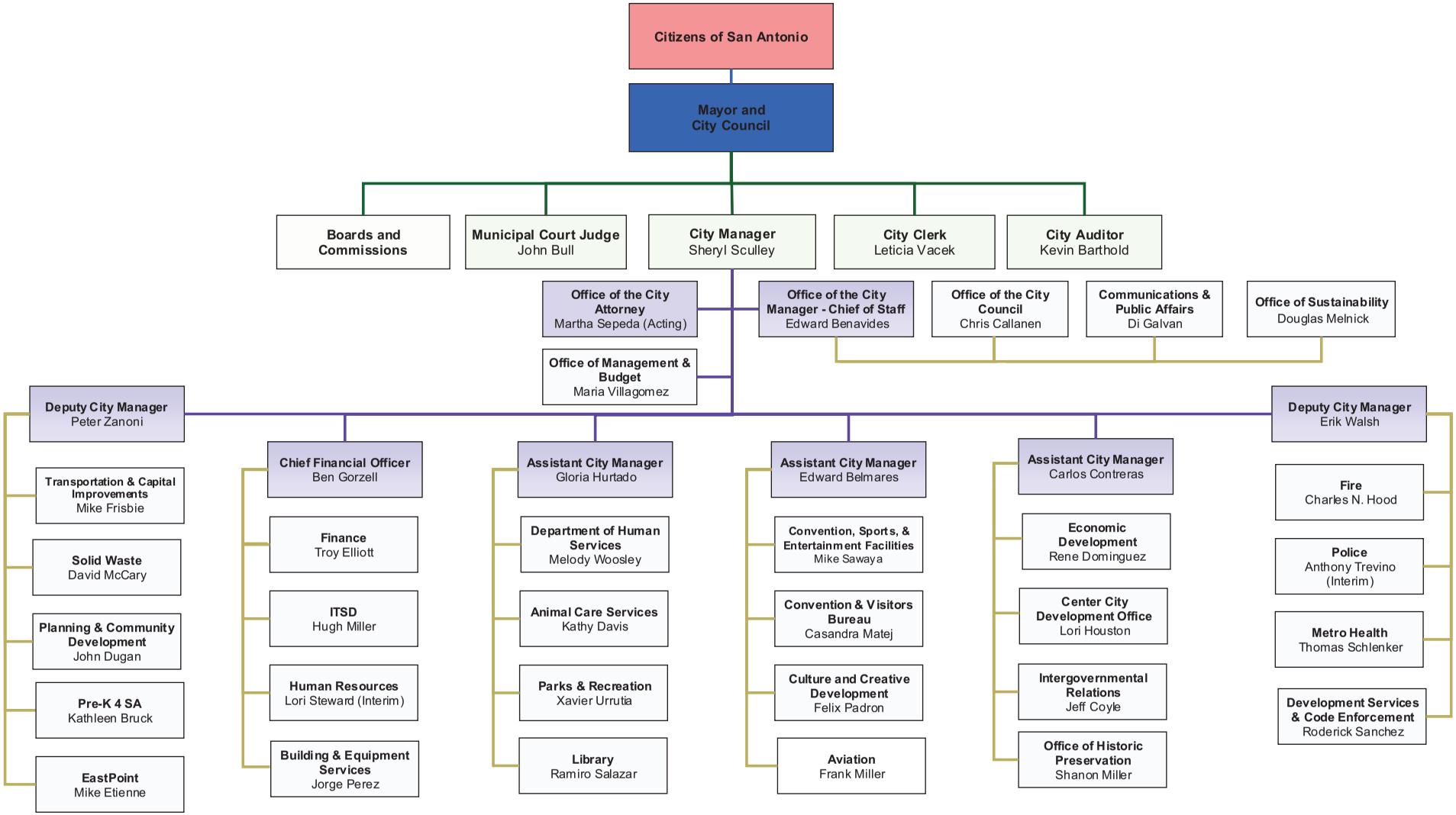
Roberto C. Treviño
District 1

Alan E. Warrick, II
District 2

Shirley Gonzales
District 5

Rey Saldaña
District 4

Rebecca Viagran
District 3


Citizens of San Antonio
Mayor and City Council
Boards and Commissions
Municipal Court Judge John Bull
City Manager Sheryl Sculley
City Clerk Leticia Vacek
City Auditor Kevin Barthold
Office of the City Attorney Martha Sepeda (Acting)
Office of Management & Budget Maria Villagomez
Office of the City Manager - Chief of Staff Edward Benavides
Office of the City Council Chris Callanen
Communications & Public Affairs Di Galvan
Office of Sustainability Douglas Melnick
Deputy City Manager Peter Zanoni
Transportation & Capital Improvements Mike Frisbie
Solid Waste David McCary
Planning & Community Development John Dugan
Pre-K 4 SA Kathleen Bruck
EastPoint Mike Etienne
Chief Financial Officer Ben Gorzell
Finance Troy Elliott
ITSD Hugh Miller
Human Resources Lori Steward (Interim)
Building & Equipment Services Jorge Perez
Assistant City Manager Gloria Hurtado
Department of Human Services Melody Woosley
Animal Care Services Kathy Davis
Parks & Recreation Xavier Urrutia
Library Ramiro Salazar
Assistant City Manager Edward Belmares
Convention, Sports, & Entertainment Facilities Mike Sawaya
Convention & Visitors Bureau Casandra Matej
Culture and Creative Development Felix Padron
Aviation Frank Miller
Assistant City Manager Carlos Contreras
Economic Development Rene Dominguez
Center City Development Office Lori Houston
Intergovernmental Relations Jeff Coyle
Office of Historic Preservation Shanon Miller
Deputy City Manager Erik Walsh
Fire Charles N. Hood
Police Anthony Trevino (Interim)
Metro Health Thomas Schlenker
Development Services & Code Enforcement Roderick Sanchez

FY 2014

FINANCIAL SECTION

Independent Auditor’s Report

PS&Co.

Padgett Stratemann

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended component units, which represent 78%, 84%, and 32%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 67%, 59%, and 79%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of

Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, and San Antonio Water System – District Special Project, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective October 1, 2013, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As described in Note 18 to the financial statements, the City restated beginning net position/fund balance for the adoption of GASB Statement No. 65. Our opinions are not modified with respect to these matters.

As described in Note 18 to the financial statements, the City also restated beginning net position/fund balance related to changes in component unit reporting, and to correct beginning net position/fund balance for previously unrecorded long-term receivable and to correct assets that should have been reported in a fiduciary capacity. Our opinions are not modified with respect to these matters.

As described in Note 1 to the financial statements, effective October 1, 2013, the City implemented GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Pre-K 4 SA, Schedule of Funding Progress, Schedule of Changes in the Net Pension Liability, Schedule of City's Contribution to the Fund, and Schedule of Investment Returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Financial Statements and Schedules, Supplementary Budget and Actual Schedules for Legally Adopted Funds, Capital Assets Used in the Operation of Governmental Funds, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards, as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Single Audit Circular*, and other information, such as the Introductory Section and the Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Financial Statements and Schedules, Supplementary Budget and Actual Schedules for Legally Adopted Funds, Capital Assets Used in the Operation of Governmental Funds, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements and Schedules, Supplementary Budget and Actual Schedules for Legally Adopted Funds, Capital Assets Used in the Operation of Governmental Funds, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Padgett, Stratemann + Co., L L P

San Antonio, Texas
March 24, 2015

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, 2014. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows by $3,094,357 (net position). Of this amount, $37,285 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,197,706, a decrease of $3,572 compared to the fiscal year 2013 fund balance. Of this amount, $10,220 is nonspendable and $1,187,486 is spendable. Of the total spendable fund balance, $854,689 is restricted in use, $148,065 has been committed, $24,890 is assigned and $159,842 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $164,654, which is 17.2% 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'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 position* reports the difference between assets, deferred outflows, liabilities and deferred inflows as net position. Over time, increases or decreases in net position may help determine whether the financial position of the City is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

The City maintains five individual governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Categorical Grant In-Aid, San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), Texas Public Facilities Corporation (TPFC), Convention Center Hotel Finance Corporation (CCHFC), and 2012 General Obligation Bonds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. *Enterprise Funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport System, Development Services, Market Square, Parking System, and Solid Waste Management. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, information services, other internal services, and capital improvements management services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements and are reported alongside the enterprise funds in the fund financial statements. Information is presented separately in the proprietary funds' statement of net position and in the proprietary funds' statement of revenues, expenses, and changes in fund net position for the Airport System, which is considered to be a major fund. The Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Data from the other enterprise funds are combined into a single, aggregated presentation labeled "Nonmajor Enterprise Funds." Individual fund data for each nonmajor enterprise fund and each internal service fund is provided in the form of respective combining statements elsewhere in this report.

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

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

Other information – In addition to the basic financial statements and the accompanying notes, this report also presents the required supplementary information of (a) the City's General Fund and Pre-K 4 SA's budgetary comparison schedules that demonstrate compliance with their budget, and (b) schedules of funding progress related to pension and postemployment plans. The Debt Service Fund, various Special Revenue Funds, and specific Permanent Fund budgets, which are legally adopted on an annual basis, are also included in the CAFR as supplementary schedules within the Combining Financial Statements and Schedules. Additionally, the report presents the Financial and Compliance Report on Federal and State Grants, or Single Audit report, in this document.

Government-Wide Financial Statement Analysis

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2014.

Net Position
Year-Ended September 30, 2014
(With Comparative Totals for September 30, 2013)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013 (Restated)*	2014	2013 (Restated)*	2014	2013 (Restated)*
Current and Other Assets	$ 1,766,400	$ 1,774,396	$ 211,262	$ 215,894	$ 1,977,662	$ 1,990,290
Capital Assets	4,136,416	3,956,121	655,691	651,064	4,792,107	4,607,185
Total Assets	5,902,816	5,730,517	866,953	866,958	6,769,769	6,597,475
Total Deferred Outflows of Resources	20,001		5,065		25,066	
Current and Other Liabilities	530,531	521,865	48,592	57,202	579,123	579,067
Long-term Liabilities	2,721,602	2,588,147	399,753	409,240	3,121,355	2,997,387
Total Liabilities	3,252,133	3,110,012	448,345	466,442	3,700,478	3,576,454
Net Position:						
Net Investment in Capital Assets	2,553,627	2,292,516	300,791	291,010	2,854,418	2,583,526
Restricted	100,264	72,643	102,390	91,418	202,654	164,061
Unrestricted	16,793	255,346	20,492	18,088	37,285	273,434
Total Net Position	$ 2,670,684	$ 2,620,505	$ 423,673	$ 400,516	$ 3,094,357	$ 3,021,021

* Amounts have been restated – see Note 18 Prior Period Restatements for more information.

For the year-ended September 30, 2014, total assets and deferred outflows exceeded liabilities and deferred inflows by $3,094,357. The largest portion of the City's net position, $2,854,418 (92.2%) represents its net investment in capital assets used to acquire those assets that are still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment, and intangibles.

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

Of the total net position, $202,654 (6.5%) represents resources that are subject to external restrictions on how they may be used. The remaining $37,285 (1.3%) represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and vendors.

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

Changes in Net Position
Year-Ended September 30, 2014
(With Comparative Totals for September 30, 2013)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013 (Restated)*	2014	2013 (Restated)*	2014	2013 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 204,850	$ 161,537	$ 219,462	$ 209,450	$ 424,312	$ 370,987
Operating Grants and Contributions	168,170	203,382			168,170	203,382
Capital Grants and Contributions	84,744	49,188	44,206	39,580	128,950	88,768
General Revenues:						
Property Taxes	423,781	402,298			423,781	402,298
Other Taxes	447,571	404,129			447,571	404,129
Revenues from Utilities	355,515	307,447			355,515	307,447
Investment Earnings	3,997	4,977	764	1,026	4,761	6,003
Miscellaneous	50,868	36,587	4,861	621	55,729	37,208
Total Revenues	1,739,496	1,569,545	269,293	250,677	2,008,789	1,820,222
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	112,845	118,442			112,845	118,442
Public Safety	721,930	674,432			721,930	674,432
Public Works	324,257	270,626			324,257	270,626
Sanitation	7,142	7,423			7,142	7,423
Health Services	55,014	44,076			55,014	44,076
Culture and Recreation	167,463	167,071			167,463	167,071
Convention and Tourism	31,579	30,352			31,579	30,352
Urban Redevelopment and Housing	25,949	19,508			25,949	19,508
Welfare	115,094	150,766			115,094	150,766
Education	8,530	6,381			8,530	6,381
Economic Development and Opportunity	25,909	25,044			25,909	25,044
Bond Issuance Costs	1,862	6,509			1,862	6,509
Interest on Long-Term Debt	93,313	115,016			93,313	115,016
Business-Type Activities:						
Airport System			106,033	102,041	106,033	102,041
Development Services			22,273	24,437	22,273	24,437
Market Square			2,558	2,135	2,558	2,135
Parking System			12,165	8,214	12,165	8,214
Solid Waste Management			98,555	93,056	98,555	93,056
Total Expenses	1,690,887	1,635,646	241,584	229,883	1,932,471	1,865,529
Change in Net Position						
Before Transfers	48,609	(66,101)	27,709	20,794	76,318	(45,307)
Transfers	1,570	(2,826)	(4,552)	(4,351)	(2,982)	(7,177)
Net Change in Net Position	50,179	(68,927)	23,157	16,443	73,336	(52,484)
Beginning, Net Position (Restated)	2,620,505	2,689,432	400,516	384,073	3,021,021	3,073,505
Ending, Net Position	$ 2,670,684	$ 2,620,505	$ 423,673	$ 400,516	$ 3,094,357	$ 3,021,021

* Amounts have been restated – see Note 18 Prior Period Restatements for more information.

The City's total revenues were $2,008,789 for fiscal year-ended September 30, 2014. Revenues from governmental activities totaled $1,739,496 and revenues from business-type activities totaled $269,293. General revenues represented 64.1% of the City's total revenue, while program revenues provided 35.9% of revenue received in fiscal year 2014. Expenses for the City totaled $1,932,471. Of total expenses, governmental activity expenses totaled $1,690,887 (87.5%) and business-type expenses totaled $241,584 (12.5%).

Governmental Activities

Program revenues for the City's Governmental Activities totaled $457,764, which is $43,657 higher than the previous fiscal year. General revenues for the City's Governmental Activities totaled $1,281,732 compared to $1,155,438 in the prior year. Expenses for Governmental Activities were $1,690,887 compared to prior year's expenses of $1,635,646.

Governmental Activities increased the City's net position by $50,179. The reason for the change is as follows:

- Charges for Services revenues increased by $43,313 due in large part to a Public Safety increase of $14,145 for the new Ambulance Supplemental Payment Program ($5,902) and the EMS fee increase ($6,200). In addition, $9,194 was due to the first full year of operations for the Medicaid Waiver Fund funded by the Texas Department of State Health Services, while the Parks Environmental and Sanitation Fund, increased charges for services by $6,672 with a new revenue stream. Community and Visitor Facilities' charges for services increased $3,697 due to larger and more successful events at the Convention Center and Alamodome. Due to a broader project scope, Right of Way and Tree Canopy Preservation and Mitigation Funds have increased revenues by $1,263 and $2,900, respectively.
- Operating Grants and Contributions decreased by a total of $35,212 in fiscal year 2014. The decrease was due to the Head Start Grant funds from Department of Health and Human Services being sent directly to other agencies instead of being passed through the City.
- There was an increase in Capital Grant and Contribution revenues of $35,556, which is mainly attributed to the recognition of federally, grant funded capital projects through TxDOT recorded in the current year.
- Property Tax Revenues increased by $21,483 due to the increase in the net taxable property value in the City of San Antonio of 5.3%.
- Other Taxes Revenues increased by $43,442 due in large part to a higher consumer confidence in the San Antonio area resulting in $36,668 more in General Sales and Use Tax and an uptick in tourism and convention business increasing Hotel Occupancy Taxes by $4,294 from the prior year.
- Revenues from Utilities increased by $48,068 due to a 4.3% increase in CPS Energy's rate as well as a favorable weather conditions that resulted in increased sales and a 5.1% increase in SAWS' rate.
- Miscellaneous Revenues increased by $14,281 due primarily to the reimbursement of administrative costs to support Pre-K 4 SA.
- The change in Public Safety expenses of $47,498 is driven by the increase in personnel expenses to include health care for Fire and Police as required by the Collective Bargaining Agreement.
- The increase of $53,631 in Public Works expenses is due primarily to the recognition of federally grant funded capital projects through TxDOT recorded in the current year.
- Health Services saw an increase in expenses of $10,938 for the first full year of operations for the Medicaid Waiver Fund funded by the Texas Department of State Health Services.
- Welfare expenses decreased $35,672 due to the Department of Health and Human Services providing Head Start grant funds directly to other agencies instead of being passed through the City.
- Interest on Long-Term Debt decreased by $21,703 due to a decrease in amortization. With the implementation of GASB 65, the City no longer amortizes the expense associated with bond issuance costs. In fiscal year 2013, amortization of bond issuance costs was $28,164. Interest paid on issued bonds increased $3,700.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $263,668, which is $14,638 higher than the previous fiscal year. The remaining revenues were a result of investment earnings and other miscellaneous items. Expenses for Business-Type Activities were $241,584 compared to prior year's expenses of $229,883.

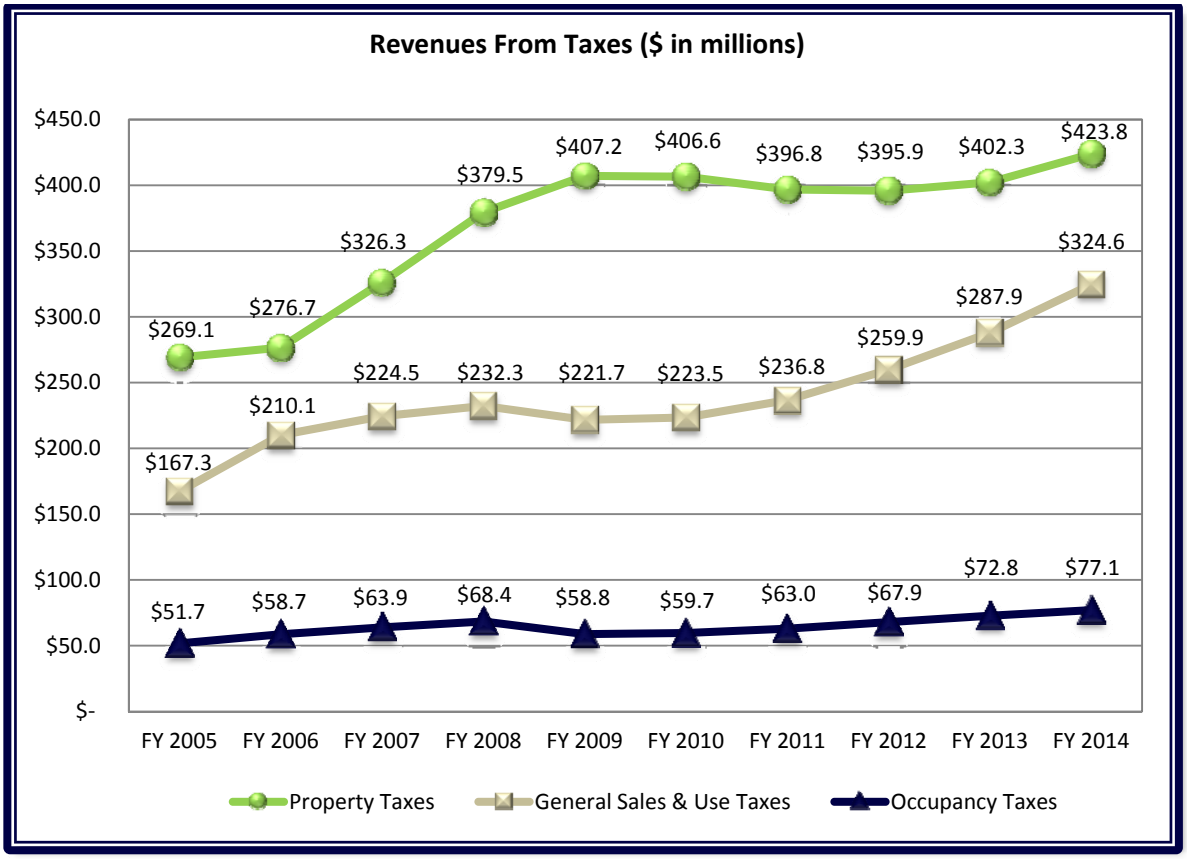
Business-Type Activities increased the City's net position by $23,157 primarily because of the following:

- Charges for Services increased by $10,012 due to an increase in Airport System revenues of $3,775, as Terminal A's modernization projects were completed. Additionally, Solid Waste charges for services increased by $3,517 due to an approved 25 cent increase to both the Solid Waste Fee and the Environmental Service Fee. Development Services saw increases in charges for services of $2,664 for new and existing commercial and new residential permit valuation by 51% and 9%, respectively. The top projects associated with Development Services' increase were Henry B Gonzalez Convention Center Expansion, Frost Bank Westover Hills location, and the new Microsoft location.
- Capital Grants and Contributions increased $4,626 due to more grants received for construction on Taxiway G and work on the Residential Acoustical Treatment Program.
- Miscellaneous Revenues increased by $4,240. Parking System and Solid Waste Management System miscellaneous revenues increased by $1,115 and $79, respectively, due to a debt restructure. In addition, Solid Waste miscellaneous revenues increased by $726, due to a recovery of costs from Greenfield Energy taking over the methane gas recovery from the Rigsby Closed landfill. Lastly, City South was dissolved in fiscal year 2014; excess funds of $1,781 were deposited to the Development Services fund, the original source of the funding.

Financial Analysis of Governmental Funds

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

Revenues from taxes increased by $64,925, which is primarily attributable to: (1) a $36,668 increase in general sales and use tax revenues mainly in the General Fund ($16,891) and Early Education Development Fund ($16,485), (2) a $21,483 increase in property tax revenues in the General Fund ($11,454) and the Debt Service Funds ($7,109), and (3) a $4,294 increase in occupancy taxes in the Community and Visitors Facilities and Hotel/Motel 2% Revenue Funds. The increase in general sales and use taxes and occupancy taxes are a reflection of a strong consumer confidence in the San Antonio area and increased activity associated with tourism and convention business.



The total fund balance of the General Fund at year-end was $218,595, an increase of $33,431 from the total fund balance of $185,164 in fiscal year 2013. The total spendable General Fund balance for fiscal year 2014 is $213,091, which represents $1,032 in restricted, $46,882 in committed, $523 in assigned and $164,654 in unassigned fund balances. The unassigned fund balance represents financial reserve amounts held by the City as well as amounts available for additional appropriations at the end of the fiscal year.

The total fund balance of the Debt Service Fund at year-end was $46,808, a decrease of $7,172 from the total fund balance of $53,980 in fiscal year 2013. The entire fund balance is restricted for payment of debt service.

Categorical Grant In-Aid had a fund balance of $0 for both fiscal year 2014 and 2013.
Pre-K 4 SA and TPFC, both blended component units, had ending fund balances of $17,557 and $225,437, respectively. Pre-K 4 SA's fund balance is restricted for education. TPFC's fund balance is restricted for capital project expenditures on the Convention Center Expansion.

CCHFC had an ending fund balance of $6,085 for fiscal year 2014, which was an increase of $22 from the fiscal year 2013 ending balance of $6,063. The fund balance is restricted for expenditures related to the Grand Hyatt San Antonio.

The total fund balance of the 2012 General Obligation Bonds at year-end was $266,475, an increase of $93,341 from the total fund balance of $173,134 in fiscal year 2013. The increase is from the sale of General Obligation Bonds issue to support capital expenditures associated with the $596,000 bond program approved by voters in fiscal year 2012.

General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund	Original Budget	Final Budget	Actual Results
General Government	$ 70,062	$ 70,543	$ 70,166
Public Safety	656,116	661,846	664,257
Public Works	52,154	56,149	56,044
Health Services	22,514	22,664	22,695
Culture and Recreation	86,186	85,445	85,459
Convention and Tourism	606	611	671
Urban Redevelopment and Housing	14,422	15,356	15,248
Welfare	33,167	34,706	33,563
Economic Development and Opportunity	7,269	16,078	16,031
Debt Service:			
Principal Retirement	11,305	11,305	11,305
Interest	399	399	399
Transfers to Other Funds	27,633	49,061	49,031
Total	$ 981,833	$ 1,024,163	$ 1,024,869

Changes in original budget appropriations to the final amended budget appropriations resulted in a net $42,330 increase in appropriations. This increase can be summarized by the following:

- Public Safety increased by $5,730, due to an increase of $73 in carryforward commitments and $5,657 in Mid-Year budget adjustment increases needed to cover Retirement Pension, Court Duty, and Retiree and Bonus Day Payout.
- The increase of $8,809 in Economic Development and Opportunity was primarily due to budget carryforwards of $8,532 for Café Commerce, UTHSC grant to SAEDC, InCube and Mini Med.
- The $21,428 increase in Transfers to Other Funds consisted of a $17,715 increase from budget carryforwards. The larger carryforwards were for Capital Projects ($15,866) and Grants ($1,800). Other increases of $3,713 were for ordinance and other budget adjustments primarily in the 2014 Streets Maintenance Projects.

Final budgeted appropriations for the General Fund were $1,024,163, while actual expenditures on a budgetary basis were $1,024,869, creating an unfavorable variance of $706. Significant variances are as follows:

- Public Safety had an unfavorable variance of $2,411 primarily due to the Fire Department reporting higher than expected costs associated with overtime, additional pharmaceutical drugs added to inventory along with higher cost of drugs, and an increase in the cost and quantity of automotive parts and janitorial supplies.
- Welfare reported a favorable variance to budget of $1,143. This is primarily due to savings in the San Antonio Education Partnership (SAEP) scholarship program. It was anticipated that about 8,000 scholarships would be awarded. However, only 6,493 scholarships were awarded.

Financial Analysis of Proprietary Funds

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

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to $4,792,107 (net of accumulated depreciation). This investment in capital assets includes land, other non-depreciable assets, buildings, improvements, infrastructure, machinery and equipment, intangible assets and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $184,922, which is comprised of an increase of $180,295 in governmental activities and a $4,627 increase in business-type activities.

Capital Assets
Year-Ended September 30, 2014
(With Comparative Totals for September 30, 2013)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013 (Restated)*	2014	2013	2014	2013 (Restated)*
Land	$ 1,404,226	$ 1,399,010	$ 14,599	$ 14,599	$ 1,418,825	$ 1,413,609
Construction in Progress	422,488	308,352	62,673	64,212	485,161	372,564
Non-Depreciable Intangible Assets	123,169	97,847			123,169	97,847
Other Non-Depreciable Assets	2,844	2,844			2,844	2,844
Depreciable Intangible Assets	1,426	2,233			1,426	2,233
Buildings	557,967	518,365	268,656	279,056	826,623	797,421
Improvements	479,846	482,426	290,680	271,581	770,526	754,007
Infrastructure	969,165	962,595			969,165	962,595
Machinery and Equipment	175,285	182,449	19,083	21,616	194,368	204,065
Total	$ 4,136,416	$ 3,956,121	$ 655,691	$ 651,064	$ 4,792,107	$ 4,607,185

* Amounts have been restated – see Note 18 Prior Period Restatements for more information.

During fiscal year 2014, the City transferred $231,074 of construction in progress to non-depreciable and depreciable asset classes for completed capital projects, mainly comprised of city-wide streets and drainage projects, terminal improvements at the San Antonio International Airport, two Pre-K 4 SA buildings, Callaghan Road Service Center, and improvements to the City's information technology systems.

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

Change in Capital Assets Year-Ended September 30, 2014	Governmental Activities	Business-Type Activities	Total
Beginning Balance (Restated)*	$ 3,956,121	$ 651,064	$ 4,607,185
Additions	413,935	43,327	457,262
Deletions	(144,230)	(14,923)	(159,153)
Accumulated Depreciation	(89,410)	(23,777)	(113,187)
Total	$ 4,136,416	$ 655,691	$ 4,792,107

* Amounts have been restated – see Note 18 Prior Period Restatements for more information.

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

Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $2,739,559 in bonds, certificates, contractual obligations, and notes outstanding, an increase of 2.8% 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.

Outstanding Debt Year-Ended September 30, 2014 (With Comparative Totals for September 30, 2013)	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Bonds Payable:				
Tax-Exempt General Obligation Bonds	$ 950,405	$ 850,645	$ 1,255	$ 1,230
Taxable General Obligation Bonds	191,550	191,550	12,120	1,360
Tax-Exempt Certificates of Obligation	282,235	328,140	1,635	1,830
Tax Notes	38,070	19,190		
Contractual Obligation	17,500	2,233		
Revenue Bonds	870,919	878,564	342,885	361,550
Revenue Notes	28,055	18,460		
Capital Appreciation Bonds (CAB)	2,930	1,332		
Total	$ 2,381,664	$ 2,290,114	$ 357,895	$ 365,970

Governmental Activities

On October 31, 2013, the City issued $17,500 in Public Property Finance Contractual Obligations, Series 2013. The Obligations were issued to refund $5,317 of certain outstanding capital lease indebtedness and $12,183 was used to finance the acquisition of new personal property and equipment for the Fire Department, Police Department, Parks Department, and City vehicles for various departments.

On December 17, 2013, the City issued $20,900 in Revenue Notes, Taxable Series 2013A. The Revenue Notes, Taxable Series 2013A were issued to finance the acquisition, improvement, and equipping of certain facilities for Pre-K 4 SA.

On July 9, 2014, the City issued $1,400 Tax Notes, Series 2014. The Tax Notes, Series 2014 were issued to finance the reconstruction of street improvements in the Mission del Lago subdivision approved in the Mission del Lago Tax Increment Reinvestment Zone Settlement Agreement approved by City Council on May 1, 2014.

On July 11, 2014, the City issued $17,740 in Tax Notes, Series 2014A. The Tax Notes, Series 2014A were issued to finance improvements to public safety facilities, streets drainage, parks, municipal facilities, and libraries.

On August 20, 2014, the City issued $5,970 in Tax Notes, Series 2014B. The Tax Notes, Series 2014B were issued to finance improvements to streets, sidewalks, and drainage improvements necessary or incidental thereto, and the acquisition of real property for City purposes.

On August 20, 2014, the City issued $227,275 in General Improvement and Refunding Bonds, Series 2014 to finance improvements to: streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open space; library, museum, and cultural arts facilities; and public safety facilities; and to pay the costs of issuing the Bonds; and to refund certain obligations of the City (refunded obligations). Solid Waste Management was allocated $245 from the refunded obligations.

Standard & Poor's, Moody's, and Fitch's underlying rating for City obligations during fiscal year 2014 were as follows:

Bond Ratings
Year-Ended September 30, 2014

	Standard & Poor's	Moody's	Fitch
General Obligation/Certificates of Obligation/Tax Notes	AAA	Aaa	AAA
Airport System	A+	A1	A+
Airport PFC	A-	A2	A
Municipal Drainage Utility System Revenue Bonds	AA+	Aa2	AA

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits see Note 6 Long-Term Debt. The total gross assessed valuation for the fiscal year-ended 2014 was $86,983,209, which provides a debt ceiling of $8,698,321.

Currently Known Facts

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

Requests for Information

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

Basic Financial Statements

Statement of Net Position
As of September 30, 2014
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 34,831	$ 6,123	$ 40,954	$ 502,414
Investments	336,549	63,124	399,673	117,251
Receivables, Net	125,999	11,194	137,193	373,500
Materials and Supplies, at Cost	7,025	778	7,803	178,524
Internal Balances	6,995	(6,508)	487	
Due From Other Governmental Agencies, Net	6,499	58	6,557	1,552
Deposits	138		138	
Prepaid Expenses	833	7	840	114,218
Other Assets				360
Restricted Assets:				
Cash and Cash Equivalents	371,069	19,414	390,483	377,098
Securities Lending Collateral				8,106
Investments	577,967	115,160	693,127	1,347,254
Receivables, Net	90,319	1,423	91,742	78,837
Materials and Supplies, at Cost	930		930	
Deposits	1		1	
Prepaid Expenses	35	489	524	
Due From Other Governmental Agencies	17,518		17,518	
Total Current Assets	1,576,708	211,262	1,787,970	3,099,114
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	1,952,727	77,272	2,029,999	1,737,659
Depreciable, Net	2,183,689	578,419	2,762,108	10,569,341
Assets Held for Resale				2,247
Receivables, Net	189,692		189,692	15,092
Prepaid Expenses				645,991
Other Noncurrent Assets				201,258
Total Noncurrent Assets	4,326,108	655,691	4,981,799	13,171,588
Total Assets	5,902,816	866,953	6,769,769	16,270,702
Total Deferred Outflows of Resources	20,001	5,065	25,066	127,961
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	115,589	7,107	122,696	422,987
Accrued Interest		70	70	
Unearned Revenue	310	1,657	1,967	28,991
Current Portion of Long-term Obligations	82,341	8,967	91,308	
Due To Other Governmental Agencies				3
Restricted Liabilities:				
Accounts Payable and Current Liabilities	70,674	7,289	77,963	37,061
Accrued Interest	15,796	4,315	20,111	26,599
Securities Lending Obligation				8,106
Unearned Revenue	89,915		89,915	
Due To Other Governmental Agencies	3,970		3,970	
Current Portion of Long-term Obligations	151,936	19,187	171,123	324,640
Total Current Liabilities	530,531	48,592	579,123	848,387
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	2,721,602	399,753	3,121,355	9,840,123
Total Noncurrent Liabilities	2,721,602	399,753	3,121,355	9,840,123
Total Liabilities	3,252,133	448,345	3,700,478	10,688,510
Total Deferred Inflows of Resources				6,500
Net Position:				
Net Investment in Capital Assets	2,553,627	300,791	2,854,418	4,076,940
Restricted for:				
Debt Service	39,955	22,716	62,671	50,625
Capital Projects	45,088	79,674	124,762	813,566
Operating and Other Reserves	253		253	1,501
Perpetual Care:				
Expendable	11,306		11,306	
Nonexpendable	3,662		3,662	
Unrestricted	16,793	20,492	37,285	761,021
Total Net Position	$ 2,670,684	$ 423,673	$ 3,094,357	$ 5,703,653

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

Statement of Activities

Year-Ended September 30, 2014

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
Primary Government:								
Governmental Activities:								
General Government	$ 112,845	$ 27,710	$ 4,495	$ 65	$ (80,575)	$ -	$ (80,575)	
Public Safety	721,930	49,363	13,765		(658,802)		(658,802)	
Public Works	324,257	47,342	35,278	72,240	(169,397)		(169,397)	
Sanitation	7,142	7,491	73		422		422	
Health Services	55,014	18,844	18,137		(18,033)		(18,033)	
Culture and Recreation	167,463	53,698	2,773	132	(110,860)		(110,860)	
Convention and Tourism	31,579		4,737		(26,842)		(26,842)	
Urban Redevelopment and Housing	25,949		5,829		(20,120)		(20,120)	
Welfare	115,094		75,677		(39,417)		(39,417)	
Education	8,530	267	1,693		(6,570)		(6,570)	
Economic Development and Opportunity	25,909	135	5,713	12,307	(7,754)		(7,754)	
Bond Issuance Costs	1,862				(1,862)		(1,862)	
Interest on Long-Term Debt	93,313				(93,313)		(93,313)	
Total Governmental Activities	1,690,887	204,850	168,170	84,744	(1,233,123)		(1,233,123)	
Business-Type Activities:								
Airport System	106,033	84,410		44,188		22,565	22,565	
Development Services	22,273	27,646				5,373	5,373	
Market Square	2,558	2,598		18		58	58	
Parking System	12,165	8,487				(3,678)	(3,678)	
Solid Waste Management	98,555	96,321				(2,234)	(2,234)	
Total Business-Type Activities	241,584	219,462		44,206		22,084	22,084	
Total Primary Government	$ 1,932,471	$ 424,312	$ 168,170	$ 128,950	(1,233,123)	22,084	(1,211,039)	
Discretely Presented Component Units:								
CPS Energy	$ 2,492,227	$ 2,424,071	$ -	$ 40,116				$ (28,040)
San Antonio Water System	449,460	462,339		70,725				83,604
Brooks Development Authority	13,827	8,240	220	750				(4,617)
Port Authority of San Antonio	35,251	36,284						1,033
SA Energy Acquisition Public Facility Corporation	47,616	46,711						(905)
San Antonio Housing Trust Finance Corp.	7	23						16
SA Water System District Special Project	66,601	67,257	7,718					8,374
San Antonio Housing Trust Foundation, Inc.	318							(318)
San Antonio Housing Trust Public Facility Corp.	94	469						375
Total Component Units	$ 3,105,401	$ 3,045,394	$ 7,938	$ 111,591				59,522
General Revenues:								
Taxes:								
Property					423,781		423,781	
General Sales and Use					324,612		324,612	
Selective Sales and Use					7,554		7,554	
Gross Receipts Business					34,784		34,784	
Occupancy					77,064		77,064	
Penalties and Interest on Delinquent Taxes					3,557		3,557	
Revenues from Utilities					355,515		355,515	
Investment Earnings					3,997	764	4,761	55,265
Miscellaneous					50,868	4,861	55,729	12,735
Special Items								3,371
Adjustment for STP Pension Cost								39,063
Transfers, net					1,570	(4,552)	(2,982)	
Total General Revenues, Special Items, and Transfers					1,283,302	1,073	1,284,375	110,434
Change in Net Position					50,179	23,157	73,336	169,956
Net Position - Beginning of Fiscal Year (restated)					2,620,505	400,516	3,021,021	5,533,697
Net Position - End of Fiscal Year					$ 2,670,684	$ 423,673	$ 3,094,357	$ 5,703,653

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

Balance Sheet
Governmental Funds
As of September 30, 2014
(In Thousands)

	MAJOR FUNDS								
	GENERAL	DEBT SERVICE	CATEGORICAL GRANT IN-AID	PRE-K 4 SA	TEXAS PUBLIC FACILITIES CORP.	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:									
Cash and Cash Equivalents	$ 9,145	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,454	$ 23,599
Investments	95,781							114,922	210,703
Receivables, Net	119,010							6,621	125,631
Materials and Supplies, at Cost	5,340							87	5,427
Prepaid Expenditures	164							1	165
Due From Other Funds	48,900								48,900
Due From Other Governmental Agencies, Net	3,430							1,267	4,697
Restricted Assets:									
Cash and Cash Equivalents	254	16,510	2,084	15,204	253,102	14,557	23,456	45,902	371,069
Investments	776	29,451	873				260,376	286,491	577,967
Receivables, Net	2	5,792		559	2	189,547	250	83,714	279,866
Materials and Supplies, at Cost			635					295	930
Deposits								1	1
Prepaid Expenditures								35	35
Due From Other Funds		327	138	2,944				64,177	67,586
Due From Other Governmental Agencies, Net			13,374					4,144	17,518
Total Assets	$ 282,802	$ 52,080	$ 17,104	$ 18,707	$ 253,104	$ 204,104	$ 284,082	$ 622,111	$ 1,734,094
Liabilities, Deferred Inflows, and Fund Balances:									
Liabilities:									
Vouchers Payable	$ 7,392	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,070	$ 10,462
Accounts Payable - Other	8,287							6,949	15,236
Accrued Payroll	9,502							620	10,122
Accrued Leave Payable	8,954							6	8,960
Unearned Revenue	306								306
Due To Other Funds	2,282							283	2,565
Restricted Liabilities:									
Vouchers Payable			3,282	413				26,424	30,119
Accounts Payable - Other			3,191	737				26,585	30,513
Accrued Payroll			475					1,075	1,550
Accrued Leave Payable								2	2
Unearned Revenue			2,689					87,226	89,915
Amounts Held in Trust						8,492			8,492
Due To Other Funds			7,467		27,667		17,607	49,152	101,893
Due To Other Governmental Agencies								3,970	3,970
Total Liabilities	36,723		17,104	1,150	27,667	8,492	17,607	205,362	314,105
Deferred Inflows of Resources	27,484	5,272				189,527			222,283
Fund Balances:									
Nonspendable	5,504		635					4,081	10,220
Restricted	1,032	46,808		17,557	225,437	6,085	266,475	291,295	854,689
Committed	46,882							101,183	148,065
Assigned	523							24,367	24,890
Unassigned	164,654		(635)					(4,177)	159,842
Total Fund Balances	218,595	46,808		17,557	225,437	6,085	266,475	416,749	1,197,706
Total Liabilities, Deferred Inflows and Fund Balances	$ 282,802	$ 52,080	$ 17,104	$ 18,707	$ 253,104	$ 204,104	$ 284,082	$ 622,111	$ 1,734,094

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

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of September 30, 2014
(In Thousands)

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

Fund Balances - Total Governmental Funds		$ 1,197,706
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets:		
Land	1,404,226	
Other Non-Depreciable Assets	2,844	
Construction In Progress	422,488	
Non-Depreciable Intangible Assets	123,169	
Depreciable Intangible Assets	3,855	
Buildings	919,960	
Improvements	694,891	
Infrastructure	2,780,934	
Machinery and Equipment	292,991	
Less: Accumulated Depreciation	(2,582,209)	
Total Governmental Capital Assets		4,063,149
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as unearned revenues.		
Revenues previously recorded as unavailable revenue in the fund financial statements		222,428
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		103,008
Deferred outflows of resources		20,001
Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.		
Governmental Bonds Payable	(2,381,664)	
Unamortized Discount/(Premium) on Bonds, Net	(107,224)	
Capital Lease Liability	(8,916)	
Notes Payable	(41,320)	
Net OPEB Pension Obligation	(171,649)	
Accrued Interest Payable	(15,796)	
Pollution Remediation Payable	(1,496)	
Accrued Leave Payable	(207,045)	
Other Payable	(498)	
		(2,935,608)
Net Position of Governmental Activities		$ 2,670,684

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2014
(In Thousands)

	MAJOR FUNDS								
	GENERAL	DEBT SERVICE	CATEGORICAL GRANT IN-AID	PRE-K 4 SA	TEXAS PUBLIC FACILITIES CORP.	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:									
Taxes:									
Property	$ 258,268	$ 154,468	$ -	$ -	$ -	$ -	$ -	$ 12,680	$ 425,416
General Sales and Use	247,862							76,750	324,612
Selective Sales and Use	7,554								7,554
Gross Receipts Business	31,764							3,020	34,784
Occupancy								77,064	77,064
Penalties and Interest on Delinquent Taxes	2,130	1,272						155	3,557
Licenses and Permits	7,396								7,396
Intergovernmental	8,301		181,232	1,785				49,529	240,847
Revenues from Utilities	348,480								348,480
Charges for Services	56,796							97,199	153,995
Fines and Forfeits	13,204							393	13,597
Miscellaneous	12,254	3,556	398	267				34,480	50,955
Investment Earnings	627	35	3	33	28	1	654	2,124	3,505
Contributions			13,015			12,909		4,655	30,579
Total Revenues	994,636	159,331	194,648	2,085	28	12,910	654	358,049	1,722,341
Expenditures:									
Current:									
General Government	65,818	674	188		1		142	8,079	74,902
Public Safety	663,164		12,003					13,820	688,987
Public Works	52,078		76,451					36,239	164,768
Health Services	22,472		17,536					12,491	52,499
Sanitation			127					6,923	7,050
Welfare	31,505		80,636					933	113,074
Culture and Recreation	83,523		687					58,327	142,537
Convention and Tourism	669							20,300	20,969
Urban Redevelopment and Housing	14,823		1,500					8,928	25,251
Education				21,491				13,259	34,750
Economic Development and Opportunity	12,947							12,577	25,524
Capital Outlay								379,309	379,309
Debt Service:									
Principal Retirement	11,305	110,340				2,895		5,872	130,412
Interest	399	69,294			21,208	9,993		4,523	105,417
Issuance Costs		416					1,117	329	1,862
Total Expenditures	958,703	180,724	189,128	21,491	21,209	12,888	1,259	581,909	1,967,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,933	(21,393)	5,520	(19,406)	(21,181)	22	(605)	(223,860)	(244,970)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt							159,980	63,575	223,555
Refunding Debt Issued		67,050							67,050
Payments to Refunded Bond Escrow Agent		(76,531)							(76,531)
Premium/(Discount) on Long-Term Debt		9,696					21,450	309	31,455
Transfers In	27,699	14,006	8,301	30,488	21,208			426,551	528,253
Transfers Out	(30,201)		(13,821)		(73,469)		(87,484)	(327,409)	(532,384)
Total Other Financing Sources (Uses)	(2,502)	14,221	(5,520)	30,488	(52,261)		93,946	163,026	241,398
Net Change in Fund Balances	33,431	(7,172)		11,082	(73,442)	22	93,341	(60,834)	(3,572)
Fund Balances October 1 (restated)	185,164	53,980		6,475	298,879	6,063	173,134	477,583	1,201,278
Fund Balances September 30	$ 218,595	$ 46,808	$ -	$ 17,557	$ 225,437	$ 6,085	$ 266,475	$ 416,749	$ 1,197,706

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, 2014

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$	(3,572)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current year.			
Expenditures for Capital Assets	380,719		
Pollution Remediation Capitalization	1,333		
Donated Capital Assets	614		
Less: Current Year Depreciation	(141,808)		
Less: Current Year Deletions	(64,407)		
			176,451
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.			14,527
The issuance of long-term debt (e.g. bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond, Note and Loan Amounts Issued	(290,605)		
(Premium)/Discount on Long-term Debt	(31,455)		
Payments to Escrow Agent	76,531		
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	13,395		
Principal Payments	130,412		
			(101,722)
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Interest Expense	(1,290)		
Accrued Leave Payable	(8,083)		
Net OPEB Obligation	(22,576)		
Pollution Remediation	22		
Principal Amounts on Leases and Notes	479		
Other Expenses	(47)		
			(31,495)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The change in net position remaining after allocation of business-type activities of the Internal Service Funds is reported with governmental activities.			(4,010)
Change in Net Position of Governmental Activities		$	50,179

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

Statement of Net Position
Proprietary Funds
As of September 30, 2014
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 3,000	$ 3,123	$ 6,123	$ 11,232
Investments	33,505	29,619	63,124	125,846
Receivables, Net	2,840	8,354	11,194	368
Materials and Supplies, at Cost	748	30	778	1,598
Deposits				138
Prepaid Expenses	7		7	668
Due From Other Funds		1	1	943
Due From Other Governmental Agencies, Net	58		58	1,802
Total Unrestricted Assets	40,158	41,127	81,285	142,595
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	7,699	435	8,134	
Investments	13,942	4,880	18,822	
Receivables, Net		9	9	
Construction Accounts:				
Cash and Cash Equivalents	1,356	2,681	4,037	
Investments	15,390	25	15,415	
Prepaid Expenses	489		489	
Receivables, Net	54	2	56	
Improvement and Contingency Accounts:				
Cash and Cash Equivalents	6,700	543	7,243	
Investments	74,763	6,160	80,923	
Receivables, Net	1,340	18	1,358	
Total Restricted Assets	121,733	14,753	136,486	
Total Current Assets	161,891	55,880	217,771	142,595
Noncurrent Assets:				
Capital Assets:				
Land	5,322	9,277	14,599	
Buildings	365,136	31,080	396,216	179
Improvements	435,700	22,454	458,154	244
Machinery and Equipment	14,091	34,801	48,892	170,637
Depreciable Intangible				250
Construction in Progress	58,463	4,210	62,673	
Total Capital Assets	878,712	101,822	980,534	171,310
Less: Accumulated Depreciation	285,007	39,836	324,843	98,043
Net Capital Assets	593,705	61,986	655,691	73,267
Total Noncurrent Assets	593,705	61,986	655,691	73,267
Total Assets	755,596	117,866	873,462	215,862
Total Deferred Outflows of Resources	3,673	1,392	5,065	

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

Statement of Net Position
Proprietary Funds
As of September 30, 2014
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 1,364	$ 1,590	$ 2,954	$ 5,157
Accounts Payable-Other	576	1,777	2,353	3,619
Claims Payable				26,848
Accrued Payroll	605	1,195	1,800	1,291
Accrued Interest	16	54	70	
Current Portion of Accrued Leave Payable	1,850	2,220	4,070	2,524
Unearned Revenue	1,655	2	1,657	4
Current Portion of Capital Lease Liability	182	4,612	4,794	
Current Portion of Landfill Postclosure Costs		103	103	
Due To Other Funds	8	167	175	12,310
Total Payable from Current Unrestricted Assets	6,256	11,720	17,976	51,753
Payable from Restricted Assets:				
Vouchers Payable	6,385	363	6,748	
Accrued Interest	4,173	142	4,315	
Current Portion of Bonds and Certificates (net of premium/discount)	18,009	1,178	19,187	
Other Payables		541	541	
Total Payable from Restricted Assets	28,567	2,224	30,791	
Total Current Liabilities	34,823	13,944	48,767	51,753
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	332,626	13,914	346,540	
Claims Payable				42,854
Accrued Leave Payable (net of current portion)	589	231	820	447
Capital Lease Liability (net of current portion)	2,559	9,118	11,677	
Net OPEB and Pension Obligation	12,760	25,624	38,384	24,134
Pollution Remediation	1,274		1,274	
Landfill Postclosure Costs (net of current portion)		1,058	1,058	
Total Noncurrent Liabilities	349,808	49,945	399,753	67,435
Total Liabilities	384,631	63,889	448,520	119,188
Net Position:				
Net Investment in Capital Assets	260,748	40,043	300,791	73,267
Restricted:				
Debt Service	17,534	5,182	22,716	
Capital Projects	78,096	1,578	79,674	
Unrestricted	18,260	8,566	26,826	23,407
Total Net Position	$ 374,638	$ 55,369	$ 430,007	$ 96,674
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(6,334)	
Net position of business-type activities			$ 423,673	

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2014
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:				
Charges for Services	$ 84,410	$ 135,052	$ 219,462	$ 293,941
Total Operating Revenues	84,410	135,052	219,462	293,941
Operating Expenses:				
Personal Services	30,882	56,684	87,566	63,972
Contractual Services	8,559	31,986	40,545	37,650
Commodities	2,161	7,220	9,381	2,158
Materials				31,151
Claims				127,104
Other	7,918	28,415	36,333	20,407
Depreciation	26,864	6,305	33,169	24,025
Total Operating Expenses	76,384	130,610	206,994	306,467
Operating Income (Loss)	8,026	4,442	12,468	(12,526)
Nonoperating Revenues (Expenses):				
Investment Earnings	560	204	764	563
Other Nonoperating Revenue	498	4,363	4,861	1,293
Gain (Loss) on Sale of Capital Assets	(554)	(947)	(1,501)	265
Interest and Debt Expense	(16,208)	(1,545)	(17,753)	
Other Nonoperating Expense	(12,147)	(2,383)	(14,530)	(112)
Total Nonoperating Revenues (Expenses)	(27,851)	(308)	(28,159)	2,009
Change in Net Position Before Capital Contributions and Transfers	(19,825)	4,134	(15,691)	(10,517)
Capital Contributions	44,188	18	44,206	
Transfers In (Out):				
Transfers In		6,046	6,046	9,731
Transfers Out	(227)	(10,371)	(10,598)	(4,030)
Total Transfers In (Out)	(227)	(4,325)	(4,552)	5,701
Change In Net Position	24,136	(173)	23,963	(4,816)
Net Position - October 1 (restated)	350,502	55,542		101,490
Net Position - September 30	$ 374,638	$ 55,369		$ 96,674
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(806)	
Change in Net Position of Business-Type Activities			$ 23,157	

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

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2014
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 85,699	$ 134,633	$ 220,332	$ 293,210
Cash Payments to Suppliers for Goods and Services	(19,070)	(68,267)	(87,337)	(213,317)
Cash Payments to Employees for Service	(28,739)	(52,939)	(81,678)	(60,740)
Cash Received from Other Nonoperating Revenues	231	2,573	2,804	1,293
Net Cash Provided by Operating Activities	38,121	16,000	54,121	20,446
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds		6,046	6,046	9,731
Transfers Out to Other Funds	(227)	(10,371)	(10,598)	(4,030)
Due to Other Funds	(1,731)	(3,286)	(5,017)	11,682
Due from Other Funds	1,769	251	2,020	268
Cash Received from Other Noncapital Financing Activities	267	1,790	2,057	
Net Cash Provided by (Used for) Noncapital Financing Activities	78	(5,570)	(5,492)	17,651
Cash Flows from Capital and Related Financing Activities:				
Contributed Capital	44,188		44,188	
Acquisitions and Construction of Capital Assets	(51,227)	(3,268)	(54,495)	(34,809)
Principal Payments on Long-Term Debt	(19,249)	(1,311)	(20,560)	
Interest and Fees Paid on Long-Term Debt	(16,468)	(1,234)	(17,702)	
Interest Paid on Notes and Leases	(100)	(331)	(431)	
Principal Payments on Notes and Leases	(177)	(3,927)	(4,104)	
Proceeds from Sale of Assets				3,468
Net Cash (Used for) Capital and Related Financing Activities	(43,033)	(10,071)	(53,104)	(31,341)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(180,363)	(43,465)	(223,828)	(134,447)
Maturity of Investment Securities	181,804	44,596	226,400	125,392
Purchases of Investments for Securities Lending	3,216	1,079	4,295	3,081
Proceeds from Cash Collected for Securities Lending Cash Collateral	(3,216)	(1,079)	(4,295)	(3,081)
Investments Earnings	543	200	743	450
Net Cash Provided by (Used for) Investing Activities	1,984	1,331	3,315	(8,605)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,850)	1,690	(1,160)	(1,849)
Cash and Cash Equivalents, October 1	21,605	5,092	26,697	13,081
Cash and Cash Equivalents, September 30	$ 18,755	$ 6,782	$ 25,537	$ 11,232
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 8,026	$ 4,442	$ 12,468	$ (12,526)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	26,864	6,305	33,169	24,025
Other Nonoperating Revenues	231	2,573	2,804	1,293
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(384)	(421)	(805)	(50)
(Increase) Decrease in Due from Other Governmental Agencies	18	(2)	16	(678)
Decrease in Materials and Supplies	50	24	74	261
(Increase) Decrease in Prepaid Expenses	(493)		(493)	209
Increase in Vouchers Payable	54	425	479	326
Increase in Claims Payable				3,378
Increase (Decrease) in Accounts Payable - Other	(277)	(439)	(716)	979
Increase in Accrued Payroll	63	225	288	158
Increase (Decrease) in Accrued Leave Payable	169	(104)	65	(92)
(Decrease) in Landfill Postclosure Liability		(726)	(726)	
Increase in Net OPEB and Pension Obligation	1,911	3,696	5,607	3,166
Increase in Pollution Remediation Liability	234		234	
Increase (Decrease) in Unearned Revenue	1,655	2	1,657	(3)
Net Cash Provided by Operating Activities	$ 38,121	$ 16,000	$ 54,121	$ 20,446
Noncash Investing, Capital and Financing Activities				
Acquisitions and Construction of Capital Assets from Debt Proceeds and Leases	$ -	$ 4,470	$ 4,470	$ -
Contributed Capital		18	18	

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

Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2014
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM	AGENCY FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 170,512	$ 24	$ 9,891
Security Lending Collateral	111,942		
Investments:			
Common Stock	1,041,509		
U.S. Government Securities	73,228		4,282
Corporate Bonds	443,295		
Mutual Funds	76,069		
Hedge Funds	401,284		
Real Estate	300,629		
Alternative	487,346		
Receivables:			
Accounts	4,626		19
Accrued Interest	10,204		5
Prepaid Expenses	24		
Total Current Assets	3,120,668	24	14,197
Capital Assets:			
Machinery and Equipment	426		
Buildings	654		
Total Capital Assets	1,080		
Less: Accumulated Depreciation	346		
Net Capital Assets	734		
Total Assets	$ 3,121,402	$ 24	$ 14,197
Liabilities:			
Vouchers Payable	$ 4,777	$ -	$ -
Accounts Payable - Other	17,919		14,197
Claims Payable	3,019		
Accrued Payroll	282		
Securities Lending Obligation	111,942		
Total Liabilities	137,939		$ 14,197
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,983,463	$ 24	

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2014
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 102,489	$ -
Employee	51,239	
Other Contributions	1,165	
Total Contributions	154,893	
Investment Earnings:		
Net Increase in Fair Value of Investments	207,115	
Real Estate Income, Net	9,332	
Interest and Dividends	44,166	
Securities Lending	412	
Other Income	78	
Total Investment Earnings	261,103	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(14,045)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(14)	
Net Investment Earnings	247,044	
Total Additions	401,937	
Deductions:		
Benefits	147,914	
Refunds of Contributions	362	
Administrative Expense	4,949	
Total Deductions	153,225	
Change in Net Position	248,712	
Net Position - October 1	2,734,751	24
Net Position - September 30	$ 2,983,463	$ 24

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2014
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 287,833	$ 131,763	$ 82,818	$ 502,414
Investments	61,797	55,454		117,251
Receivables, Net	298,048	60,965	14,487	373,500
Materials and Supplies, at Cost	172,344	6,136	44	178,524
Due from Other Governmental Agencies			1,552	1,552
Prepaid Expenses	78,139	2,708	33,371	114,218
Other Assets			360	360
Total Unrestricted Assets	898,161	257,026	132,632	1,287,819
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	1,248	1	19,095	20,344
Investments		53,566	9,702	63,268
Receivables - Accrued Interest			85	85
Capital Projects Accounts:				
Cash and Cash Equivalents	67,786	138,134		205,920
Investments	158,393	53,416		211,809
Receivables - Accrued Interest	27			27
Ordinance Accounts:				
Cash and Cash Equivalents	118,847			118,847
Investments	345,304			345,304
Receivables - Accrued Interest	1,733			1,733
Other Restricted Accounts:				
Cash and Cash Equivalents	23,822	15	8,150	31,987
Securities Lending Collateral	8,106			8,106
Investments	469,739	257,134		726,873
Receivables	11,309		65,683	76,992
Total Restricted Assets	1,206,314	502,266	102,715	1,811,295
Total Current Assets	2,104,475	759,292	235,347	3,099,114
Noncurrent Assets:				
Capital Assets:				
Land	157,912	85,813	50,204	293,929
Depreciable Intangible Assets		1,347		1,347
Infrastructure			71,602	71,602
Buildings			238,507	238,507
Utility Plant in Service	11,468,358	4,408,337	380,315	16,257,010
Machinery and Equipment	248,447	190,997	23,298	462,742
Construction in Progress	668,985	506,829	24,810	1,200,624
Water Rights and Other Non-Depreciable Intangible Assets		243,106		243,106
Nuclear Fuel	791,074			791,074
Total Capital Assets	13,334,776	5,436,429	788,736	19,559,941
Less: Accumulated Depreciation	5,517,496	1,472,429	263,016	7,252,941
Assets Held for Resale			2,247	2,247
Net Capital Assets	7,817,280	3,964,000	527,967	12,309,247
Other Noncurrent Assets:				
Receivables		6,189	8,903	15,092
Prepaid Expenses	338,075		307,916	645,991
Other Noncurrent Assets	198,668		2,590	201,258
Total Noncurrent Assets	8,354,023	3,970,189	847,376	13,171,588
Total Assets	10,458,498	4,729,481	1,082,723	16,270,702
Deferred Outflows of Resources	80,749	39,315	7,897	127,961

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2014
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	$ 362,161	$ 45,760	$ 15,066	$ 422,987
Unearned Revenues	22,561		6,430	28,991
Due to Other Governmental Agencies			3	3
Current Portion of Long-term Lease/Notes Payable			3,738	3,738
Current Portion of Other Payables	27,855	7,310	160	35,325
Total Payable from Current Unrestricted Assets	412,577	53,070	25,397	491,044
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		37,061		37,061
Accrued Bond and Certificate Interest		13,857	12,742	26,599
Securities Lending Obligation	8,106			8,106
Current Portion of Bonds and Certificates	182,235	57,850	34,707	274,792
Current Portion of Commercial Paper		3,105		3,105
Other Payables			7,680	7,680
Total Payable from Restricted Assets	190,341	111,873	55,129	357,343
Total Current Liabilities	602,918	164,943	80,526	848,387
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	5,185,213	2,290,984	668,671	8,144,868
Commercial Paper (net of current portion)	360,000	183,550		543,550
Long-Term Lease/Notes Payable (net of current portion)			39,033	39,033
Lease/Leaseback (net of current portion)	385,409			385,409
Net Pension and OPEB Obligation		91,094		91,094
Other Payables (net of current pPortion)	615,582	14,158	6,429	636,169
Total Noncurrent Liabilities	6,546,204	2,579,786	714,133	9,840,123
Total Liabilities	7,149,122	2,744,729	794,659	10,688,510
Deferred Inflows of Resources	6,500			6,500
Net Position:				
Net Investment in Capital Assets	2,091,074	1,762,856	223,010	4,076,940
Restricted for:				
Debt Service	769	39,710	10,146	50,625
Capital Projects	699,720	103,216	10,630	813,566
Operating and Other Reserves			1,501	1,501
Unrestricted	592,062	118,285	50,674	761,021
Total Net Position	$ 3,383,625	$ 2,024,067	$ 295,961	$ 5,703,653

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

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2014
(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTALS
CPS Energy	$ 2,492,227	$ 2,424,071	$ -	$ 40,116	$ (28,040)	$ -	$ -	$ (28,040)
San Antonio Water System	449,460	462,339		70,725		83,604		83,604
Nonmajor Component Units	163,714	158,984	7,938	750			3,958	3,958
Total	$ 3,105,401	$ 3,045,394	$ 7,938	$ 111,591	(28,040)	83,604	3,958	59,522
General Revenues:								
Investment Earnings					47,787	5,410	2,068	55,265
Miscellaneous						1,075	11,660	12,735
Special Items					3,371			3,371
Adjustment for STP Pension Cost					39,063			39,063
Total General Revenues and Special Items					90,221	6,485	13,728	110,434
Change in Net Position					62,181	90,089	17,686	169,956
Net Position - Beginning of Fiscal Year (restated)					3,321,444	1,933,978	278,275	5,533,697
Net Position - End of Fiscal Year					$ 3,383,625	$ 2,024,067	$ 295,961	$ 5,703,653

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

Comprehensive Annual Financial Report
Notes to Financial Statements
Year-Ended September 30, 2014

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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. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*. The underlying concept of the financial reporting entity is improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

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

Using the criteria of GASB Statement No. 61 outlined below, potential component units were evaluated for inclusion in or exclusion from the reporting entity, whether the organizations were financially accountable or not, and were further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others were discretely presented.

The following criteria (as set forth in GASB Statement No. 61) 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 with financial benefit to or burden on the City
3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete
4) Service rendered by the potential component unit is provided entirely or almost entirely to the City
5) The City or its component units, are entitled to, or have the ability to access the majority of the resources received or held by the separate organization.

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined on the previous page were excerpted from GASB Statement No. 39 and 61. 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, 2014, published by GASB, Section-2600. GASB Statement No. 39 further clarifies that a "not for profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Blended Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 61, for inclusion in the reporting entity and are such that the financial statements are blended with those of the City.

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

Convention Center Hotel Finance Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret Villegas Telephone No. (210) 207-5734	The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio. CCHFC's governing board is substantially the same as the City's governing board and met the financial benefit/burden criteria.
HemisFair Park Area Redevelopment Corporation c/o City of San Antonio 434 S. Alamo Street San Antonio, TX 78205 Contact: Omar Gonzalez Telephone No. (210) 560-5733	The HemisFair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within HemisFair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by eleven members appointed by the City Council of San Antonio and it provides services entirely to the City. The City has the ability to impose its will.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

Municipal Golf Association – San Antonio
2315 Avenue B
San Antonio, TX 78215
Contact: James E. Roschek
Telephone No. (210) 268-5110

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

San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Kathleen Bruck
Telephone No. (210) 206-2752

The San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City to develop and run authorized programs for early childhood education services. Pre-K 4 SA is governed by a board of trustees appointed by the City Council of San Antonio. Pre-K 4 SA's debt, including leases, is expected to be repaid almost entirely with the resources of the City, the 1/8 cent sales tax increase approved by San Antonio residents. The City has the ability to impose its will.

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

The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council of San Antonio. The City Council may remove a director at any time without cause. EDC's budget is not effective until approved by the City Council. EDC provides services entirely to the City, as contracts or agreements cannot be executed without City Council approval. EDC also met the fiscal dependency and financial benefit/burden criteria, and the City has the ability to impose its will.

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The San Antonio Education Facilities Corporation (EFC), formerly the City of San Antonio Higher Education Authority was established in 1984, in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities in accordance with, and subject to the provisions of Section 53.35 (b) Texas Education Code (the Code), all to be done on behalf of the City and its duly constituted authority and instrumentality. The Code authorizes EFC to issue revenue bonds, for which the City is not obligated in any manner to finance qualified projects that meet the purpose of the Code. The EFC is governed by a board of directors, which is comprised of the City Council of San Antonio. The City has the ability to impose its will and EFC also meets the financial benefit/burden and operational responsibility criteria.

San Antonio Fire and Police Pension Fund
11603 W. Coker Loop, Ste 201
San Antonio, TX 78216
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 two members of the City Council of San Antonio, the Mayor or her appointee, two active police officers, two active firefighters, and two uniformed retirees. 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. The Pension Fund provides services entirely to the City.

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

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989, in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide post-employment 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 San Antonio Fire and Police Retiree Health Care Fund (Health Fund), was created to provide these post-employment health care benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including two members of the City Council of San Antonio and the Mayor or her appointee. The City, active employees and retirees on behalf of their dependents are obligated to make all contributions to the Health Fund in accordance with rates established by state laws. Benefits are established pursuant to legislation enacted by the State with the Health Fund Board's ability to modify those benefits within certain parameters. The Health Fund provides services entirely to the City.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The San Antonio Health Facilities Development Corporation (HFDC) was established by Ordinance No. 55400, dated June 3, 1982, in accordance with state laws for the purposes of, and to act on behalf of the City as, a corporation under the Texas Health Facilities Development Act of 1981. The HFDC is authorized to issue tax-exempt health facility revenue bonds, for which the City is not obligated in any manner, to finance health related projects in support of the promotion, expansion, and improvement of health facilities. The City Council comprises the board of directors that govern HFDC. The City has the ability to impose its will and HFDC also meets the financial benefit/burden and operational responsibility criteria.

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

The San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100 dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as a corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects, which may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and public welfare. The IDA is governed by a board of directors, which is comprised of the City Council of San Antonio. The City has the ability to impose its will and IDA also meets the financial benefit/burden and operational responsibility criteria.

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

The San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state laws for the purposes of, and to act on behalf of the City in acquiring, constructing, equipping, financing, operating, and maintaining land and other municipal facilities for the City. The TMFC is governed by a board of directors, which is comprised of the City Council of San Antonio. The City can impose its will and TMFC also meets the operational responsibility criteria.

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

The Starbright Industrial Development Corporation (SIDC) was established in fiscal year 2003 in accordance with state laws for the purposes of, and to act on behalf of the City in the promotion and development of commercial, industrial, and manufacturing enterprises, to advance and encourage employment and public welfare, including but not limited to the acquisition of land. The SIDC is governed by a board of directors, which is comprised of the City Council of San Antonio. The City has the ability to impose its will and SIDC also meets the financial benefit/burden and the operational responsibility criteria.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

Texas Public Facilities Corporation (TPFC) was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City, to effectuate the buyout of the City's existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds. The TPFC is governed by a board of directors, which is comprised of the City Council of San Antonio. The City has the ability to impose its will. TPFC meets the operational responsibility criteria.

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

The Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio (OUR SA) was created under the provisions of the Urban Renewal Law of the State of Texas. OUR SA is responsible for implementing the City's Urban Renewal Program and may designate for urban renewal in such areas as it deems advisable, subject to approval by the City Council of San Antonio. OUR SA receives a majority of its operating funds from the City. OUR SA is governed by a six-member board of commissioners appointed by the City Council of San Antonio. OUR SA provides services entirely to the City and has met the fiscal dependency and financial benefit/burden criteria.

Westside Development Corporation
2300 W. Commerce, Ste 207
San Antonio, TX 78207-3839
Contact: Martin Herrera
Telephone No. (210) 207-3916

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

The blended component unit with a different fiscal year-end from the City is Pre-K 4 SA with a fiscal year-end of June 30th. The financial data disclosed in the City's financial statements for OUR SA and EDC is as of fiscal year 2013, as the City has not received their fiscal year 2014 audited financial statements.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

The relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statement No. 61, for inclusion in the reporting entity as discretely presented component units.

Brooks Development Authority 3201 Sidney Brooks Brooks City-Base, TX 78235-5355 Contact: Milo Nitschke Telephone No. (210) 678-3306	Brooks Development Authority (BDA) is a special district and political subdivision of the State of Texas. It was established on September 27, 2001, as a defense base development authority in accordance with state laws for the purposes of, and to act on behalf of the City in, improving mission effectiveness, reducing the cost of providing quality installation support through improved capital asset management, and promoting economic development for Brooks Air Force Base and in the surrounding community. An eleven-member board of directors appointed by the City Council of San Antonio governs the BDA for two-year terms and oversees the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City's ability to impose its will on BDA is through the City Council having the power to remove board members.
CPS Energy P.O. Box 1771 San Antonio, TX 78296-1771 Contact: Gary W. Gold Telephone No. (210) 353-2523	CPS Energy, a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS Energy is governed by a board of trustees, which is comprised of four members appointed by the City Council of San Antonio and has the City's Mayor as an ex-officio member. The user rates for services and charges and the issuance of bonds are approved by the City Council.
SA Energy Acquisition Public Facility Corporation P.O. Box 1771 San Antonio, TX 78296-1771 Contact: Gary W. Gold Telephone No. (210) 353-2523	SA Energy Acquisition Public Facility Corporation (SAEAPFC) was established in 2007, in accordance with state laws for the purposes of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City. SAEAPFC is governed by a seven-member board of directors appointed by the City Council of San Antonio for two-year terms. Board members are subject to removal by the City Council for cause, or at will. The issuance of bonds is approved by the City Council.

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Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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

The Port Authority of San Antonio dba Port San Antonio (the Port) is a special district and political subdivision of the State of Texas that was originally established in 1996 as a local development authority under the Development Corp Act of 1979 for the purpose of monitoring the proposed closing of Kelly Air Force Base (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 at will by the City Council of San Antonio. The Port is authorized to issue bonds which the City is not obligated in any manner, to finance projects as permitted by state laws.

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

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

San Antonio Water System District Special Project
P.O. Box 2449
San Antonio, TX 78298-2449
Contact: Doug Evanson
Telephone No. (210) 233-3803

On November 8, 2011, voters in the Bexar Metropolitan Water District (BexarMet) voted to dissolve the utility and transfer responsibility to SAWS. As authorized by Senate Bill 341 by the Texas Legislature and approved by the City Council of San Antonio, the San Antonio Water System District Special Project (DSP) will operate as a component unit of the City during the transition of BexarMet's operations into SAWS for a period lasting up to five years. The board of trustees includes the City's Mayor as an ex-officio member, along with six members appointed by the City Council for four-year staggered terms. The rates for user charges and bond issuance authorizations are approved by the City Council.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Housing Trust Finance Corporation P.O. Box 15915 San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	The San Antonio Housing Trust Finance Corporation (HTFC) was established in 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC's board of directors is appointed by the City Council of San Antonio, and consists of five City Council members.
San Antonio Housing Trust Reinvestment Corp. 2515 Blanco Rd San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council of San Antonio to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30, an audit is not deemed necessary in fiscal year 2014.
San Antonio Housing Trust Foundation, Inc. 2515 Blanco Rd. San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Foundation, Inc. (HTF) is a nonprofit entity incorporated in 1990 under the laws of the State of Texas. HTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low- and middle-income families, promoting public health, safety, convenience, and welfare, revitalizing neighborhoods and the downtown area through appropriate housing activities, and to provide administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Special Revenue Fund of the City. HTF is governed by an eleven-member board of directors appointed by the City Council of San Antonio.
San Antonio Housing Trust Public Facility Corporation 2515 Blanco Rd. San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Public Facility Corporation (HTPFC) was established in fiscal year 2010 as a nonprofit corporation, organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. HTPFC enables housing resources to be better coordinated and directed to accomplish the City's revitalization goals, and gives the City another tool to establish housing in downtown and other areas targeted for development. HTPFC's board of directors is appointed by the City Council, and consists of five City Council members.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Related Organizations

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

Basic Financial Statements - GASB Statement No. 34

Government-Wide and Fund Financial Statements – The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all nonfiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, the effect of interfund activity has been removed from the statements.

The Statement of Net Position – Reflects both short-term and long-term assets and liabilities, as well as deferred inflows and outflows. In the government-wide Statement of Net Position, governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues, whereas business-type activities are normally supported by user fees and charges for services. Long-term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflow and outflow, are now reported in the governmental activities. The components of Net Position are presented in three separate categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. The net amount of interfund transfers between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Position. Discretely Presented Component units are also reported in the Statement of Net Position.

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

A reconciliation detailing the change in net position 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 Position and Statement of Revenues, Expenses, and Changes in Net Position related to the Internal Service Fund allocation.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

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

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

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

- The General Fund is always presented as a major fund.
- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, except those that are accounted for in enterprise funds.
- The Categorical Grant-In-Aid Fund, a special revenue fund, accounts for the receipt and disbursement of all federal and state grants (with non-cash in-kind contributions from external agencies for federal grants), except for Community Development Block Grants, HUD 108 loans, HOME Investment Partnership Grants, Confiscated Property, and the American Recovery and Reinvestment Act Grants.
- The City has designated Pre-K 4 SA as a major fund due to the high-profile nature and fiscal transparency for the program, which was funded by a voter-increased sales tax.
- The Texas Public Facilities Corporation, accounts for the receipt and disbursement of $550,374 in revenue bonds issued to finance the acquisition, construction, and equipping of the Convention Center Expansion Project and refunding of the City's outstanding indebtedness related to the Convention Center.
- The Convention Center Hotel Finance Corporation, a blended component unit, accounts for the receipt and disbursement of resources within the local economy in order to stimulate business and commercial activity in the City. It was created to issue debt for the construction of the Grand Hyatt and to further promote tourism within the City.
- The 2012 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of $596,000 in bond sales for physical infrastructure development and improvement projects approved by a bond election held on May 13, 2012.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The following is a brief description of the major enterprise fund that is separately presented 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's operations is provided by user fees, while financing for the Airport System's capital is primarily funded by City issued revenue bonds (repaid with user fees), grants and facility charges assessed to users.

Governmental Funds

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

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

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

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

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

The governmental funds that have legally adopted budgets are the General Fund, Debt Service Fund, Special Revenue Funds (excluding HOME Program, Categorical Grant-In-Aid, HUD 108 Loan Program, Community Development Program, American Recovery and Reinvestment Act, Tax Increment Reinvestment Zone, San Antonio Housing Trust, and most Community Services Funds), City Cemeteries, and Pre-K 4 SA.

Proprietary Funds

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Proprietary Funds (Continued)

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

Fiduciary Funds

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

Measurement Focus and Basis of Accounting

Primary Government (City)

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Position 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. Other taxes and fees are recognized as revenue in the year they are earned. Revenues from grants and similar items are recognized in the fiscal year the qualifying expenditures are made and all other eligibility requirements have been satisfied.

Program revenues are presented in the government-wide Statement of Activities. The City reports program revenues in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. 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 resources to specific programs.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

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, and flat rate parking fees. Fines and forfeitures, license and permits and intergovernmental revenues as reported in the General Fund are also reported under charges for services.
2) Operating grants and contributions are those revenues that are restricted in the way they may be spent for operations of a particular program.
3) Capital grants and contributions are also restricted revenues whose resources may only be spent to purchase, build or use 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 and revenues are recognized in the accounting period in which they become available and measurable. “Available” means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues from property taxes, sales and use taxes, occupancy taxes, gross receipts taxes, municipal court fines and fees, licenses, revenues from utilities, investment earnings, and charges for services are recorded on the modified accrual basis of accounting, and therefore, are considered susceptible to accrual. The City’s availability period is no more than 60 days beyond the end of the fiscal year. Grant revenues are recognized when reimbursable expenditures are made, all other eligibility requirements imposed by the provider have been met and the City receives reimbursement within 60 days of the fiscal year-end. Grant funds received in advance and delinquent property taxes are recorded as unearned revenue until earned and available.

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

Expenditures are recognized in the accounting period in which the fund liability is incurred; however, accrued leave, debt service expenditures, claims and judgments, arbitrage rebates, post-employment obligations, and pollution remediation are recorded only when the liability is matured.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

Proprietary, Pension, Private Purpose Trust, Health Funds, and governmental and business-type activities are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and accrued leave, are recognized when they are incurred. These funds are accounted for on a cost of services or "economic resources" measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent), as well as deferred inflow and outflow associated with their activity, are included in their balance sheets. The reported proprietary fund net position is segregated into three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

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

CPS Energy

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

CPS Energy revenues are recorded when earned. Customers' meters are read, or periodically estimated and bills are prepared monthly based on billing cycles. Rate tariffs include adjustment clauses that permit recovery of electric and gas fuel costs. CPS Energy has used historical information from the relative prior fiscal years as partial bases to estimate and record earned revenue not yet billed. This process has involved an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue are the over/under-recoveries of electric and gas fuel costs and regulatory assessments. Unbilled revenue receivable recorded at January 31, 2014, including estimates for electric fuel and gas costs, was $55,514.

CPS Energy's electric fuel cost adjustment clause also permits recovery of regulatory assessments. Specifically, beginning in March 2000, CPS Energy began recovering assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges, and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas (ERCOT), for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities. Regulatory assessments for fiscal year 2014 were $72,480.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

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

Nonoperating revenue consists primarily of investment income, including fair market value adjustments, and grant programs. The amortization of net gains from the lease/leaseback of J.K. Spruce Unit 1 is also included. Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating revenue when they are not directly identified with the electric or gas systems. These amounts for fiscal year 2014 were recorded net of expenses.

CPS Energy accounts for decommissioning by recognizing a liability and expense for a pro rata share of projected decommissioning costs as determined by the most recent cost study. A new cost study is performed every five years, and in years subsequent to the latest study, estimated annual decommissioning expense and an increase in the liability is calculated by applying the effects of inflation and the ratio of years of plant usage to total plant life.

Additionally, due to requirements under the Code of Federal Regulations governing nuclear decommissioning trust funds, guidance pertaining to regulated operations provided in *GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* has been followed. Under this guidance, the zero net position approach is applied in accounting for the Decommissioning Trusts. In accordance with GASB Statement No. 62, the cumulative effect of activity in the Trusts has been recorded as a regulatory liability reported on the Statements of Net Position as STP decommissioning net costs refundable since any excess funds are payable to customers. Going forward, prolonged unfavorable economic conditions could result in the assets of the Trusts being less than the estimated decommissioning liability. In that case, instead of an excess as currently exists, there would be a deficit that would be reported as STP decommissioning net costs recoverable. This amount would be receivable from customers.

To reflect funding methodology, the Allowance for Funds Used During Construction (AFUDC) rate includes both a debt and an equity component. The blended rate is composed of 50.0% equity and 50.0% debt based on construction funding forecasts. The investment rate is reviewed quarterly to determine if any adjustments are necessary. Alternate AFUDC rates are applied to projects costing more than $100,000, reflecting the method by which they are funded.

Periodically, federal grants are made available to CPS Energy as a subrecipient for a portion of grant funds allocated to the state of Texas. Grant receipts are recorded as nonoperating income and generally reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. This accounting treatment results in no impact to CPS Energy's net position. Revenues associated with the grant-related programs are exempt from payments of a percentage of gross revenues made to the City. Grant funding received by CPS Energy is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

San Antonio Water System (SAWS)

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

SAWS' principal operating revenues are charges to customers for water supply, water delivery, wastewater, and chilled water and steam services. Operating expenses include the cost of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deferred Inflows and Outflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Primary Government (City)

Deferred outflows of resources in the statement of net position consisting of loss on bond refunding totaled $25,066 ($20,001 in governmental activities and $5,065 in business-type activities).

Deferred inflows of resources in the governmental fund financial statements related to the unavailable revenues associated with property taxes, EMS collections, fines and collections totaled $32,756. Additionally the CCHFC has a deferred inflow reported in the governmental fund financial statements for unavailable receipts from the Grand Hyatt hotel totaling $189,527.

Discretely Presented Component Units

CPS - Deferred outflows of resources consisting of unrealized losses on fuel hedges and reacquisition costs totaled $80,749. Deferred inflows of resources related to the sale of future revenues associated with the sale of the communication towers totaled $6,500.

SAWS - Deferred outflows of resources consisting of loss on bond refunding and accumulated decrease of fair value of hedging derivatives totaled $39,315.

BDA – Deferred outflows of resources related to a derivative instrument totaled $2,397.

The Port - Deferred outflows of resources related to a derivative instrument totaled $987.

DSP – Deferred outflows of resources consisting of loss on bond refunding totaled $4,513.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations

In fiscal year 2014, the City implemented the following GASB Statements:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes them as outflows of resources or inflows of resources. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4, *Elements of Financial Statements*. The Statement also provides other financial reporting guidance related to the impact of the financial statement element changes to include changes in the determination of the major fund calculations and limiting the use of the term "deferred" in financial statement presentations.

Implementation of GASB Statement No. 65 resulted in restatement of the City's beginning Net Position for the amount of prior unamortized bond issuance costs. The financial impact of this restatement can be found in Note 18, Prior Period Restatement.

GASB Statement No. 66, Technical Corrections—2012 (*an amendment of GASB Statements No. 10 and No. 62)*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance.* This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments, (2) investments of purchased loan or group of loans, and (3) service fees related to mortgage loans. These changes clarify how to apply GASB Statement No. 13*, Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48*, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Implementation of the provisions of this Statement did not result in changes to the City's accounting and financial reporting in fiscal year 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)* will improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions. Implementation of the provisions of this Statement did not result in changes to the City's accounting in fiscal year 2014. However, the Fire and Police Pension Fund, a blended component unit of the City, did implement this Statement in fiscal year 2014; therefore, disclosures and RSI implementations are presented in fiscal year 2014 CAFR.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units, and requires new information to be disclosed by governments that receive nonexchange financial guarantees. Because the City does not make any such nonexchange financial guarantees, no change in accounting and financial reporting was required in fiscal year 2014 with the implementation of this Statement.

Future GASB Statement Implementations

GASB Statement No. 68**,** *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50*,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014. The City will implement this Statement in fiscal year 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for financial statements for fiscal years beginning after December 15, 2013. The City will implement this Statement in fiscal year 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68*), addresses the issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB Statement 68, as amended, requires that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014. The City will implement this Statement in fiscal year 2015, simultaneously with the provisions of Statement 68.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement is effective for financial statements for periods beginning after June 15, 2015. The City will implement this Statement in fiscal year 2016.

The City has not fully determined the effects that implementation of these statements will have on the City's financial statements.

Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. Fair market value of the City's investments is determined by quoted market prices. As of September 30, 2014, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way, except as noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 3 Cash and Cash Equivalents and Investments.

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

For purposes of the statement of cash flows, the City, CPS Energy, and SAWS consider all highly liquid investments with an original maturity of approximately 90 days or less to be cash equivalents.

Materials and Supplies and Prepaid Items

Materials and supplies consist principally of expendable items held for consumption and are stated at cost, based on first-in first-out and lower of average cost or market methods. For governmental and proprietary fund types, the "consumption" method is used to account for certain materials and supplies. Under the consumption method, these acquisitions are recorded in materials and supplies accounts and charged as expenditures for governmental funds and as expenses for proprietary funds 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 Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The City has established capitalization thresholds for buildings, improvements, infrastructure, machinery and equipment, furniture and office equipment, and intangible assets (e.g. right of ways, easements, internally generated software). Some intangible assets may have an indefinite life. For those assets, depreciation is not calculated. The estimated useful lives and capitalization thresholds applied are as follows:

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

CPS Energy

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

CPS Energy's utility plant is stated at the cost of construction, including expenses for contracted services; direct equipment, material and labor; indirect costs, including general engineering, labor, equipment and material overheads; and AFUDC, or capitalized interest. AFUDC is applied to projects that require 30 days or more to complete.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Proceeds from customers to partially fund construction expenditures are reported as contributed capital in the Statement of Revenues, Expenses and Changes in Net Position increasing net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for contributed capital was $40,116 for January 31, 2014, including donated assets of $6,469. The portion of these balances that represent contributions received from customers as payments for utility extensions and services was $33,647 at January 31, 2014.

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 3.3% for fiscal year 2014.

The estimated useful lives of capital assets were as follows:

Assets	Useful Life (Years)
Buildings and Structures	20-60
Systems and Improvements:	
Generation	18-60
Transmission and Distribution	20-55
Gas	50-65
Intangibles – Software	10
Intangibles – Other	30
Machinery and Equipment	4-30
Mineral Rights and Other	20-40
Nuclear Fuel	Units of Production

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2014 were as follows:

Assets	Capitalization Threshold
Land, Land Improvements and Certain Easements	Capitalize All
Buildings and Building Improvements	$ 10
Computer Software:	
Purchased	50
Internally Developed	50
Enhancements/Upgrades	50
Computer Hardware	3
All Other Assets	3

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to $5. Utility plant additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Also included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity related to new service areas, and development costs for internally generated computer software. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated fair market value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. Capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains and intangible assets. Groups of mains are depreciated on the straight-line method using rates estimated to fully depreciate the costs of the asset group over their estimated average useful lives. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Assets	Useful Life (Years)
Structures and Improvements	25-50
Pumping and Purification Equipment	10-50
Distribution and Transmission System	17.5-50
Collection System	50
Treatment Facilities	25
Equipment and Machinery	5-20
Furniture and Fixtures	3-10
Computer Equipment	5
Software	3-10
Intangible Assets (Definite Useful Life)	20

General Bonded Debt Service

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured in accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements—an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statements No. 10, 16, and 18,* (payable from available resources) for both civilian and uniformed employees. In addition, the City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay in accordance with the respective collective bargaining agreements, which state that uniformed employees must provide notice in writing ahead of the first pay period in October to be eligible for buyback. Because notice is provided to the City by fiscal year-end, the City accrues uniformed employees' eligible buyback, as it is due and payable by September 30, 2014.

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

CPS Energy

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

San Antonio Water System (SAWS)

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

Insurance

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

The City is insured for property loss on a primary basis through Factory Mutual Insurance Company. The City is completely self-insured for liability claims. Related liabilities are accrued based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported prior to the end of the fiscal year. The City determines and accrues loss liabilities based on an actuarial assessment of historical claim data and industry trends performed annually.

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

The City also provides employee health insurance, which includes a pro rata share of retiree health benefits, workers' compensation, and unemployment benefits under its self-insurance programs. The City is a member of the Texas Municipal League Workers' Compensation Joint Insurance Fund, and uses this fund as a mechanism for administering workers' compensation claims that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third-party administrators. The City records all workers' compensation loss contingencies, including claims incurred but not reported. The City determines and accrues workers' compensation liabilities based on an actuarial assessment of historical claim data and industry trends performed annually. The City has been completely self insured for workers' compensation claims since May 1, 2013.

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

Regarding unemployment compensation, the City is subject to the State of Texas Employment Commission Act. Under this Act, the City's method for providing unemployment compensation is to reimburse the State for claims paid by the State.

All insurance carriers providing coverage for the City are required to possess an A.M. Best Company rating of A- or better; where A- denotes "Excellent." A.M. Best is an industry recognized rating service for insurance companies. For a more detailed explanation of the City's self-insurance programs, see Note 13, Risk Financing.

Fund Balance

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

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or imposed by law through enabling legislation.
- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Manager, Executive Leadership Team, and Department Directors. Under the city charter, the City Manager, Executive Leadership Team, and Department Directors are authorized to assign individual amounts up to $50 and City Council is authorized to assign amounts over $50.
- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the General Fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

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

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 2014, general government expenditures were reduced by $12,104, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $8,803 and $3,301, respectively.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the debt. Deferred charge on refunding (the difference between the reacquisition price and the carrying value of the existing debt) are deferred and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Bond Issuance Costs

Bond issuance costs are recognized as expenditures or expenses in the financial statements in the period in which the bonds are issued unless the issuance costs relate to prepaid insurance.

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity

Elimination of internal activity, particularly related to Internal Service Fund and blended component unit 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. The main objective in eliminating the effect of funding and reimbursement of costs between the primary government and blended component unit is to remove duplication of same activities. 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 Position and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports Internal Service Fund balances in both governmental and business-type activities, based on the pro rata share of the amounts charged to the participating funds/functions.

The City has four Internal Service Funds: Other Internal Services, Information Services, Self-Insurance Funds, and CIMS. Other Internal Services and Information Services charge user fees for requested goods or services. Building maintenance, a component of the Other Internal Services Fund, charges are based on the space occupied by departments. Information Services also charges a monthly amount based on the number of personnel positions in each department. Through the tracking of these charges to the applicable departments, the net income or loss is allocated back to the user department, based on actual charges incurred.

The Self-Insurance Funds and Purchasing, a component of the Other Internal Service Funds, generate their revenues through fixed assessments charged to the various funds each year. The Employee Benefits Fund additionally charges pro rata user fees to employees and retirees. Purchasing charges an assessment to departments based on prior year contract activity. The net income or loss generated by the Self-Insurance Funds and Purchasing are allocated back, based on the same allocation by which the revenues are received over time.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the City, CPS Energy, and SAWS to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Application of Restricted and Unrestricted Net Position

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

Note 2 Property Taxes

Property taxes are levied and due upon receipt on October 1, attached as an enforceable lien on property as of January 1, and become delinquent the following February 1. Property tax billing and collections are performed via an inter-local agreement with the Bexar County Tax Assessor/Collector's Office.

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation (note amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2014, was $0.56569 per $100 taxable valuation, which means that the City has a tax margin of $1.93431 per $100 taxable valuation (note that tax rate amounts are not reflected in thousands). This could raise an additional $1,443,229 per year based on the net taxable valuation of $74,612,067 before the limit is reached.

The City has approved a “TIF Manual” for the utilization of Tax Increment Financing (TIF) and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF as a vehicle to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2014, there were 20 existing TIRZ with one of these TIRZ in the process of being closed out; the remaining 19 TIRZ have a total taxable captured value of $1,350,754 from the City’s taxable value. For fiscal year 2014, this total taxable captured value produced $7,402 in tax increment revenues for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. The existing TIRZ have initial terms ranging from 15 years to 30 years and are anticipated to expire starting in fiscal year 2014 through fiscal year 2037. It is estimated that the City will contribute approximately $350,221 in tax increment revenues in aggregate over the life of these TIRZ projects.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

Totals from Statement of Net Position	City [1]	Fire and Police Pension Fund [2]	Fire and Police Retiree Health Care Fund [2]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 40,954	$ 156,722	$ 13,790	$ 287,833	$ 131,763
Security Lending Collateral		107,230	4,712		
Investments	399,673	2,527,539	295,821	61,797	55,454
Total Unrestricted	440,627	2,791,491	314,323	349,630	187,217
Restricted:					
Cash and Cash Equivalents	400,398			211,703	138,150
Security Lending Collateral				8,106	
Investments	697,409			973,436	364,116
Total Restricted	1,097,807			1,193,245	502,266
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,538,434	$ 2,791,491	$ 314,323	$ 1,542,875	$ 689,483

[1] Private Purpose Trust and Agency Funds security lending collateral and investments are included in the City's pooled cash, security lending collateral and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Private Purpose Trust and Agency assets are presented above as Restricted Cash and Cash Equivalents of $9,915 and Investments of $4,282.

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

[3] For the fiscal year ended January 31, 2014.

[4] For the fiscal year ended December 31, 2013.

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

Summary of Cash and Cash Equivalents	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
Deposits with Financial Institutions	$ 72,099	$ 279	$ 17	$ 19,917	$ 122,779
Investments with Original Maturities of Less than Ninety Days	351,619	156,443	13,773	479,522	147,104
Cash with Other Financial Agents	17,335				
Petty Cash Funds	90			97	
Cash on Hand	209				30
Total Cash and Cash Equivalents	$ 441,352	$ 156,722	$ 13,790	$ 499,536	$ 269,913

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

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

Summary of Investments

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
U.S. Treasury, Government Agencies, Money Market Mutual Funds, and Governmental Investment Pool	$ 1,446,745	$ 156,443	$ 13,773	$ 1,192,586	$ 566,674
Repurchase Agreements	1,656				
Corporate Bonds		443,295		93,208	
Foreign Bonds				17,121	
Government & Agency Notes		73,228			
Common Stock		1,026,373	15,136	165,847	
Mutual Funds			76,069		
Real Estate		249,564	51,065	45,238	
Preferred Stock	300			755	
Hedge Funds		394,077	7,207		
International Equities - Common Stock					
Alternative Investment		341,002	146,344		
Total Investments	1,448,701	2,683,982	309,594	1,514,755	566,674
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(351,619)	(156,443)	(13,773)	(479,522)	(147,104)
Total	$ 1,097,082	$ 2,527,539	$ 295,821	$ 1,035,233	$ 419,570

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

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, repurchase agreements, money market mutual funds and government investment pools. 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 Position, as of September 30, 2014.

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

Primary Government (City)

The City's policy with respect to money market investments that have a remaining maturity of one year or less at the time of purchase is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The increase in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $230 for the year-ended September 30, 2014.

On July 2012, the City began participating in TexPool, a government investment pool. The TexPool investments consist exclusively of United States government securities, its agencies or instrumentalities, repurchase agreements collateralized by United States government securities, its agencies or instrumentalities, and AAA-rated no-load money market mutual funds. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"), which is authorized to operate TexPool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. Although TexPool is not registered with the Security and Exchange Commission as an investment company, the City believes TexPool operates as a Rule 2a-7-like pool, as described in GASB Statement No. 59, *Financial Instruments Omnibus*. As such, TexPool uses amortized cost to report net position and share prices, since that amount approximates fair value.

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

A summary of the City's cash and cash equivalents is provided at the beginning of Note 3, with a comparison to the Statement of Net Position and Statement of Fiduciary Net Position.

City Investments

	Carrying Amount [1]	Fair Value [1]	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 927,890	$ 927,925	64.1%	AA+/A-1+	.59 years
U.S. Treasuries	168,662	168,857	11.7%	N/A	.50 years
Money Market Mutual Fund	319,697	319,697	22.1%	AAAm	1 day
Government Investment Pool	30,266	30,266	2.1%	AAAm	1 day
Preferred Stock[4]	300	300	0.0%	N/A	
Repurchase Agreement	1,656	1,656	0.1%	N/A	1 day
Total City Investments	$ 1,448,471	$ 1,448,701	100.0%		

[1] The Carrying Amount and Fair Value include blended component unit investments for SIDC, TMFC, CCHFC, and SATPFC, which total $268,402.

[2] The allocation is based on fair value.

[3] Standard & Poors Rating

[4] The SAEDC was created by the City as a nonprofit corporation in May 2010. Through the SAEDC, the City can invest in economic development projects and take out an equity postion in projects to potentially achieve a return on the public investment. As of September 30, 2014 the SAEDC had a $300 investment in preferred stock of Innovative TramaCare, Inc.

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

Primary Government (City) (Continued)

Custodial Credit Risk (Deposits) – Collateral pledged for demand accounts and certificates of deposit is required to be held in the City's name in the custody of a third-party institution that customarily provides such custodial services at 102.0% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the U.S. government and its agencies and obligations of the State and its municipalities, school districts, and district corporations.

Written custodial agreements are required which provide, among other things, that the collateral securities are held separate from the assets of the custodial banks. The City periodically determines that the collateral has a market value adequate to cover the deposits (not less than 102.0% of the deposit amount) and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository with securities consisting of U.S. government and its agencies or U.S. government guaranteed obligations held in book entry form by the Federal Reserve Bank in the City's name.

Custodial Credit Risk (Investments) – The City's investment securities are held at the City's depository bank's third-party custodian, The Bank of New York Mellon, in the depository bank's name "as a custodian for the City". Assets pledged as collateral must generally be a type of security specifically authorized to be held as a direct investment; must be held by an independent third party; and must be pledged in the name of the City.

Interest Rate Risk – The City manages exposure to value losses resulting from rising interest rates by limiting the investment portfolio's weighted-average maturity to five years. Per the City's Investment Policy, investments are diversified across issuers and maturity dates so that fewer funds will be subject to interest rate risk occurrence at any given time. In addition, the City generally follows a laddered approach to investing, whereby blocks of roughly the same increments are invested at similarly increased maturity lengths. This approach provides security that all investments will not become due at one particularly advantageous or disadvantageous period of time, thereby spreading the risk. Weighted-average maturity is defined as the weighted-average time to the return of a dollar of principal. It is used as an estimate of the interest rate risk of a fixed income investment. The City invests in money market mutual funds and government investment pool with 100.0% overnight liquidity. Additionally, the City has entered into a repurchase agreement with 100.0% overnight liquidity.

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2014, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pool consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market mutual fund and governmental investment pool were rated 'AAAm' by Standard & Poor's, and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

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

Primary Government (City) (Continued)

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2014, the U.S. government agency's 64.1% securities allocation was as follows: Federal National Mortgage Association 19.9%, Federal Home Loan Mortgage Corporation 20.7%, Federal Home Loan Bank 17.9%, Federal Agricultural Mortgage Corporation 2.8%, and Farm Federal Credit Bank 2.8%.

Securities Lending – The City engages in securities lending transactions under a contract with its lending agent, Frost Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (the Act) and the City's Investment Policy. The City has authorized Frost Bank to loan up to 100.0% of the par value of its investments in the Pooled Operating Funds Portfolio, consisting of agency and treasury securities, in securities lending transactions for fiscal year 2014.

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

In securities lending transactions, the City, through its lending agent, transfers securities to approved borrowers in exchange for collateral and simultaneously agrees to return the collateral for the same securities in the future. Cash collateral received from borrowers may be invested in 'AAA'-rated money market mutual funds or investments that adhere to the Act and the City's Investment Policy. The liquidity provided by the money market mutual funds allows for the easy return of collateral upon termination of a security loan. As of September 30, 2014, all cash collateral was invested in next day money market funds. The money market mutual funds' overnight liquidity is a shorter maturity than the term of the securities lending loan which can vary for one day to the length of the maturity of the security.

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

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

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

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

Primary Government (City) (Continued)

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

At September 30, 2014, the City had no custodial credit risk exposure to borrowers because the amount of collateral held by the City exceeded the amount of the securities loaned to the borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2014.

As of September 30, 2014, the City had no credit risk exposure to borrowers because the amounts the City owed to borrowers exceeded the amounts the borrowers owed.

At September 30, 2014, there was a total of $915,884 in securities, or 86.6% of the market value of the City's Pooled Operating Funds Portfolio, plus accrued interest, on loan. There was no cash collateral investment, however, the City received $934,183 in securities collateral, or 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions, net of rebates to borrowers of $3, amounted to $3,183 in fiscal year 2014, of which 30.0% was paid as fees to the lending agent totaling $955.

Fire and Police Pension Fund

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Pension Fund are reported at fair value and include corporate bonds, common stock, U.S. Treasury securities, U.S. government agency securities, notes, mortgages, hedge funds, contracts and real estate. Equity and fixed income securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Notes, mortgages, and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. The fair values of private equity investments are estimated by the General Partners based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with GAAP, and other financial information provided by the General Partners of investee-limited partnerships. Investment income is recognized as earned. Net appreciation/(depreciation) in fair value of investments includes gains and losses that are being recognized based on the change in the market value of the investments, but have not been realized because the assets have not been sold or exchanged as of the balance sheet date. The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash and investments are $2,791,491. A summary of the Pension Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Policy – The Pension Fund's policy in regard to the allocation of invested assets is established and may be amended by the Fund's Board of Trustees. The primary long-term objective will be to achieve a return of at least the actuarial return assumption. Preservation of capital and consistent capital appreciation are the key considerations in establishing acceptable levels of risk, however, since the Fund enjoys a very long-term investment horizon, significant short-term fluctuations in value can be tolerated. Based on existing contribution rates and benefit payments current income from investments should be addressed in the management of these assets. To pursue the foregoing objectives at a acceptable risk level, the following policy (i.e. long-term) allocation is considered appropriate as updated in July, 2013 and compared to actual allocations at September 30:

Investment Type	Target Allocation	2014 Actual Allocation
Large Cap U.S. Equities	15.0%	14.9%
Small Cap U.S. Equities	3.0%	3.4%
Developed International Equities	15.0%	13.8%
Emerging International Equities	6.0%	6.6%
Hedge Funds	10.0%	9.0%
Private Equity	7.0%	5.1%
Sub Total Equity	56.0%	52.8%
Risk Parity	5.0%	5.9%
High Yield	7.0%	5.3%
Bank Loans	6.0%	5.4%
Global Fixed Income	0.0%	3.3%
Emerging Market Debt	7.0%	5.4%
Private Debt	7.0%	3.2%
Real Estate	9.0%	9.2%
Real Assets	3.0%	4.4%
Cash*	0.0%	5.1%
Sub Total Fixed Income	44.0%	47.2%
Total Investments	100.0%	100.0%

*This percentage does not include cash and short term securities help by asset managers. This amount is about 0.7% if the Pension Fund's total investments and is included with the allocation to the respective asset manager's asset class.

Money Weighted Rate of Return – The money weighted rates of return for the year ended September 30, 2014 was 9.2%. The returns are net investment expenses and adjusted for the changing amounts actually invested.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Credit Risk – Credit Risk is the risk that an issuer will not fulfill its obligations. Using Standard and Poor's rating system for fixed income securities as of September 30, 2014, 1.0% of the Pension Fund's bonds were rated 'AAA', 4.0% were rated 'AA', 8.0% were rated 'A', 22.0% were rated 'BBB', 16.0% were rated 'BB', 33.0% were rated 'B', 2.0% were rated 'CCC', and 14.0% were unrated or not rated.

Credit risk for derivative instruments held by the Pension Fund results from counterparty risk, which is essentially that the counterparty will be unable to fulfill its obligations, which are then assumed by the Pension Fund. Information regarding the Pension Fund's credit risk related to derivatives is found under the derivatives disclosures. Policies regarding credit risk pertaining to credit risk associated with the Pension Fund's securities lending program are found under the securities lending disclosures.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the Pension Fund's investment in a single issue. As of September 30, 2014, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net assets.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Pension Fund will not be able to recover the value of the investment or collateral in possession of the counterparty. The Pension Fund does not have an investment policy regarding custodial credit risk. The Pension Fund considers only demand deposits as cash. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to $250 at each financial institution. As of September 30, 2014, the Pension Fund had cash deposits held by investment managers in the amount of $1,320 that were uninsured and uncollateralized.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of fixed income securities will adversely affect the fair value of an investment. 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. The Pension Fund does not have an investment policy specifically regarding interest rate risk. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of the Pension Fund's fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken.

Securities that are subject to interest rate risk as of September 30, 2014 amount to $516,523 and have a weighted-average maturity (WAM) of 7.60 years. Securities that are subject to interest rate risk are shown in the following table.

Investment Type	Fair Value	Weighted-Average Maturity WAM (Years)
Corporate Bonds	$ 84,000	6.07
Government Agencies	9,305	3.50
Government Bonds	58,845	13.43
Municipal/Provincial bonds	5,078	14.63
Non-Government Backed C.M.O.s	3,683	27.06
Bank Loans	147,014	5.66
Ashmore[1]	60,956	
GoldenTree[2]	64,748	
Wellington Emerging Market Debt[3]	82,894	
Total Interest Rate Sensitive Securities	$ 516,523	

[1] Ashmore is a commingled fund invested in emerging market debt. They report effective duration in lieu of WAM. The effective duration was 4.79 as if September 30, 2014.

[2] GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration in lieu of WAM as 2.92 as of September 30, 2014.

[3] Wellington, a commingled fund, also invests in emerging market debt. They report the effective duration of the portfolio in lieu of WAM. The effective duration for Wellington was 6.79 as of September 30, 2014.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

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, 2014 amounted to $501,485 in equities, $91,626 in bonds and $1,320 in cash, detailed as follows:

Country	Equities	Bonds	Cash	Total
Australian Dollar	$ 15,924	$ 6,948	$ 302	$ 23,174
Bermuda Dollar	118			118
Brazilian Real	25,062	6,227		31,289
Canadian Dollar	15,211			15,211
Swiss Franc	19,149		5	19,154
Chinese Yuan	7,280	1,475		8,755
Chilean Peso	364	157		521
Colombian Peso		2,362		2,362
Czech Republic Krona	132			132
Danish Krone	2,456			2,456
Euro	101,301	14,233	667	116,201
British Pound	55,948	4,931	169	61,048
Hong Kong Dollar	28,176		44	28,220
Hungarian Forint	118	3,132		3,250
Indonesian Rupiah	2,349	5,285		7,634
Israeli New Shekel	3,615		6	3,621
Indian Rupee	18,695			18,695
Japanese Yen	70,414		39	70,453
South Korean Won	34,380	3,875		38,255
Kazakhstan Tenge	740			740
Mexican Peso	9,050	18,473		27,523
Malaysian Ringgit	5,929	3,875	15	9,819
Nigerian Naira	787	647		1,434
Norwegian Krone	6,422		17	6,439
New Zealand Dollar	635	3,136	12	3,783
Pakistani Rupee	1,111			1,111
Peruvian Nuevo Sol	231	489		720
Philippine Peso	382			382
Polish Zloty	3,760	4,162		7,922
Qatari Riyal	324			324
Russian Ruble	1,979	3,651		5,630
Swedish Krona	7,648			7,648
Singapore Dollar	4,993		17	5,010
Thai Baht	10,864	1,774		12,638
Turkish Lira	5,847	829		6,676
Taiwan Dollar	29,993			29,993
UAE Dirham	324			324
South African Rand	9,774	5,965	27	15,766
	$ 501,485	$ 91,626	$ 1,320	$ 594,431

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodial bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity to the interest reset date of 49 days at September 30, 2014.

As of September 30, 2014, the Pension Fund had lending arrangements outstanding with a total market value of $106,513 which were fully collateralized with cash and securities. Cash collateral of $107,230 is recorded in the accompanying Statements of Fiduciary Net Position. Net income for the year-ended September 30, 2014, under the securities lending arrangement, was $392.

Cash Collateral Pool	
U.S. Treasury	$ 13
U.S. Asset Backed Securities	3,117
U.S. Corporate Notes	1,686
U.S. Repo Agreements	23,662
U.S. Sweep Vehicle	628
U.S. Agencies Bonds	8,252
U.S. Certificates of Deposit	9,575
U.S. Commercial Paper	2,246
International Commercial Paper	8,711
International Certificates of Deposit	41,890
International Time Deposits	4,630
International Sovereign	702
International Corporate Notes	2,118
Total	$ 107,230

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Investments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The fair value of structured financial instruments held by the Pension Fund at September 30, 2014, was approximately $3,309 in commercial mortgage obligations and is included with investments in the Statement of Fiduciary Net Position. The Pension Fund also invests in hedge funds which may employ the use of derivatives to reduce volatility. The Pension Fund's total investment in hedge funds was $394,077 as of September 30, 2014.

As of September 30, 2014, the Pension Fund held foreign currency forward contracts as follows:

Currency	Market Value	Nominal Amount USD	Maturity Date
Australian Dollar	$ 236	$ (4,204)	11/12/2014
Australian Dollar	(103)	1,675	11/12/2014
Chilean Peso	(58)	813	10/10/2014
Chilean Peso	(75)	1,410	10/24/2014
Chilean Peso	(59)	1,747	11/18/2014
Chilean Peso	(27)	1,425	12/15/2014
Chilean Peso	6	1,283	1/26/2015
Euro	585	(10,701)	11/7/2014
Indian Rupee	(70)	4,218	12/17/2014
Indonesian Rupia	35	(1,583)	10/22/2014
Indonesian Rupia	(55)	1,583	10/22/2014
New Zealand Dollar	145	(3,053)	1/16/2015
Poland Zloty	(27)	1,474	10/27/2014
Poland Zloty	243	(3,428)	10/27/2014
Turkish Lira	(68)	1,183	10/17/2014
Turkish Lira	68	(1,183)	10/17/2014
Total	$ 776	$ (7,341)	

Fire and Police Retiree Health Care Fund

The Fire and Police Retiree Health Care Fund (Health Fund) Board of Trustees administers investments of the Health Fund, a blended component unit. Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

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

The Health Fund's assets are invested as authorized by the Investment Policy. The Health Fund utilizes an investment consultant that makes recommendations to the Health Fund as to the appropriate target portfolio weightings among the major asset classes (e.g. stocks, mutual funds, limited liability partnerships, cash, etc.) within the Health Fund. Additionally, the Health Fund has hired certain investment managers to exercise full discretionary authority as to all buy, hold, and sell decisions for each security under management, subject to the guidelines as defined in the Investment Policy. All of the Health Fund's assets are held by a custodial bank, Frost Bank of San Antonio, Texas.

Investments authorized by the Health Fund's Investment Policy include U.S. equities, including common stocks, securities convertible into common stock, and open or closed end mutual funds; international equity; certain fixed income assets such as corporate bonds and certificates of deposit; commercial paper; private equity; and alternative investments, including real estate, absolute return hedge funds, and natural resources. The cash portion of the Health Fund will be invested in a short-term money market mutual fund administered by the custodian bank.

The fair value of the Health Fund's cash and investments at September 30, 2014 is $314,323. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Custodial Credit Risk (Deposits) – The Health Fund's deposits that are held with Frost Bank in non-interest bearing demand accounts are covered under the new FDIC Transaction Account Guarantee Program. Under this program, through December 31, 2014, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's general deposit rules. It does not appear that deposits the Health Fund holds in demand accounts are exposed to custodial credit risk as of September 30, 2014.

The Health Fund does not have deposit or investment policies related to custodial credit risk as of September 30, 2014. The Health Fund is aware of these risks and monitors such risks, if any, as part of its day-to-day operations and through its daily dealings with the custodian bank.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At September 30, 2014, the Health Fund's common stock investments are held at Frost Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

Credit Risk – In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S&P). At September 30, 2014, the money market mutual fund was rated 'AAAm' by S&P.

The Health Fund's investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical ranking organization.

Concentration of Credit Risk – Concentration risk is the exposure to loss that can result from failing to diversify investments. Accordingly, a government should disclose investments that represent 5.0% or more of its total investments that are invested in a single issuer. Concentration risk does not arise in connection with U.S. government obligations and obligations explicitly guaranteed by the U.S. government; mutual funds; and, similar pooled investments which are designed, in part, to provide diversification. The Health Fund's investments in Catalyst Fund Limited Partnership III amount to $19,433 and represent 6.3% of the Health Fund's total investments.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to 2 years at time of purchase. At September 30, 2014, the money market fund weighted average to maturity is 47 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income.

Securities Lending – The Health Fund participates in a securities lending program as a means to augment income. The program is operated in accordance with a contract between the Health Fund and its custodian bank, Frost Bank, and compliance with State statutes and Health Fund policies. Securities are lent to select borrowers for a fee. It is the policy of the Health Fund and the custodian bank to require that collateral equal 100.0% of the loaned security's market value plus accrued interest for domestic government or agency securities loaned, and 102.0% of the loaned security's market value plus accrued interest for approved, domestic nongovernment or agency securities loaned. Collateral is maintained by the custodian bank and may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Health Fund may suffer a loss. Management of the Health Fund considers the possibility of such a loss to be remote.

At September 30, 2014, the Health Fund was not exposed to credit risk to borrowers because the amounts owed to borrowers exceeded the amount the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses in fiscal year 2014.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

At September 30, 2014, there was a total of $4,548 in securities out on loan to borrowers. In exchange, the Health Fund received $4,712 in securities collateral invested in open-ended money market type mutual funds, or 103.6% of the market value of the corresponding securities loaned.

Subscribed Capital Commitments – As of September 30, 2014, the Fund had non-binding commitments to invest capital in 28 investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to $95,971. As of September 30, 2014, $19,270 of this total had been called.

CPS Energy

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

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

The Repair and Replacement Account is restricted in accordance with CPS Energy's bond ordinances. Prior to fiscal year 2014, in compliance with a bond ordinance, CPS Energy's board of trustees authorized that a portion of the Repair and Replacement Account be designated a Community Infrastructure and Economic Development (CIED) Fund. Effective February 1, 2012, the Board found that the objectives underlying the establishment of the CIED Fund had been successfully accomplished and authorized the termination of the policy providing for annual contributions to the fund. Balances remaining in the CIED Fund at January 31, 2012, can continue to be earmarked to support qualified capital projects for up to three years. Any funds designated for use by a suburban city that were not used for approved projects are being paid to the suburban city following execution of an Agreement Incident to Termination. CIED distributions of $3,371 were paid out to multiple suburban cities in fiscal year 2014.

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

CPS Energy (Continued)

CPS Energy's cash deposits at January 31, 2014 were either insured by federal depository insurance or collateralized by banks. All noninterest-bearing cash deposits were fully insured by the FDIC in accordance with the Dodd-Frank financial reform legislation that was enacted in the summer of 2010. CPS Energy's Investment Policy was revised effective March 1, 2011, to allow for a reduction in collateral to the extent of FDIC coverage. For deposits that were collateralized, the securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York in CPS Energy's name.

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

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

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

Cash and Cash Equivalents as of January 31, 2014	
Cash and Cash Equivalents:	
Petty Cash funds on hand	$ 97
Deposits with financial institutions:	
Unrestricted CPS Energy Deposits	19,004
Restricted CPS Energy Deposits:	
Capital Projects	6
Debt Service	734
Project Warm	173
Investments with original maturities of less than 90 days:	
CPS Energy unrestricted (current)	268,732
CPS Energy restricted (noncurrent)	187,154
Decommissioning Trusts - restricted (noncurrent)	23,636
Total Cash and Cash Equivalents	$ 499,536

CPS Energy's investments and the investments held in the Decommissioning Trusts are subject to the rules and regulations of the Public Funds Investment Act (PFIA). The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports to be produced at least quarterly, and provides for the selection of authorized brokers.

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

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

CPS Energy (Continued)

CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Strategy Committee, the Trust Agreements and State law, as well as Public Utility Commission of Texas (PUCT) and Nuclear Regulatory Commission (NCR) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy, as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities. During calendar year 2012, an asset allocation change was executed in the Trusts in a strategic effort to reduce risk. The result of the change was a new target allocation of 60.0% fixed-income investments, 30.0% equities and 10.0% real estate investment trusts.

Permissible Investments		
Investment Description	**CPS Energy Direct Investments**	**Decommissioning Trusts**
U.S. Government, Government Agency, or U.S. Government-guaranteed obligations	✓	✓
Collateralized mortgage obligation issued by the U.S. Government	✓	✓
Fully secured certificates of deposit issued by a state, national or savings bank domiciled in the State of Texas	✓	✓
Direct repurchase agreements	✓	✓
Reverse repurchase agreements	✓	✓
Defined bankers' acceptances and commercial paper	✓	✓
No-load money market mutual funds	✓	✓
Investment pools	✓	N/A
Equities	N/A	✓
Investment quality obligations	✓	✓
Corporate bonds	N/A	✓
International securities	N/A	✓
No-load commingled funds	N/A	✓
Securities lending	✓	✓
Other specific types of secured or guaranteed investments	✓	✓

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

CPS Energy (Continued)

Cash, Cash Equivalents, Securities Lending Collateral and Investments by Fund as of January 31, 2014	
Unrestricted	
Cash and Cash Equivalents	$ 287,833
Investments	61,797
Total Unrestricted (current)	349,630
Restricted	
Debt Service	
Cash and Cash Equivalents	1,248
Total Debt Service	1,248
Capital Projects	
Cash and Cash Equivalents	67,786
Investments	158,393
Total Capital Projects	226,179
Ordinance	
Cash and Cash Equivalents	118,847
Investments	345,304
Total Ordinance	464,151
Other	
Project Warm	
Cash and Cash Equivalents	186
Investments	7,391
Total Project Warm	7,577
Decommissioning Trusts	
Cash and Cash Equivalents	23,636
Securities Lending	8,106
Investments	462,348
Total Decommissioning Trusts	494,090
Total Other	501,667
Total Restricted	
Cash and Cash Equivalents	211,703
Securities Lending	8,106
Investments	973,436
Total Restricted (noncurrent)	1,193,245
Total Cash, Cash Equivalents and Investments (unrestricted and restricted)	$ 1,542,875

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

CPS Energy (Continued)

CPS Energy's cash equivalents and fixed-income investments are exposed to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk. Equity investments are exposed to credit risk (including custodial credit risk and concentration of credit risk) and foreign currency risk. Interest rate risk is the exposure to fair market value losses resulting from rising interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligations (will be unable to make timely principal and interest payments on the security). Foreign currency risk is the exposure to fair market value losses arising from changes in exchange rates. Cash, cash equivalents, and fixed-income investments are also exposed to inflation, liquidity, political, legal, event, reinvestment and timing (call) risks. Additionally, equity investments are exposed to political, legal, event and general economic risks. Due to market fluctuations, it is possible that substantial changes in the market value of investments could occur after the end of the reporting period.

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

Summary of Investments (Including Cash Equivalents) by Organizational Structure and Type as of January 31, 2014	
CPS Energy Investments	
U.S. Treasury, Government Agencies and Money Market Funds	$ 1,028,771
Decommissioning Trusts	
U.S. Treasury, Government Agencies and Money Market Funds	163,815
Corporate Bonds	93,208
Foreign Bonds	17,121
Subtotal	274,144
Common Stock	165,847
Real Estate Investment Trusts	45,238
Preferred Stock	755
Total Decommissioning Trusts	485,984
Grand Total - all Investments	$ 1,514,755

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

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

CPS Energy (Continued)

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

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

Interest Rate Risk – In accordance with its Investment Policy, CPS Energy manages exposure to fair value losses resulting from rising interest rates by placing a limit on the portfolio's WAM. The definition of WAM is the weighted-average time to return a dollar of principal based on the investments' stated final maturity. It is used as an estimate of the interest rate risk of a fixed-income investment. Prior to January 31, 2013, the Investment Policy limited the WAM to two years or less. Effective January 31, 2013, the Investment Policy was revised to reflect a WAM limitation of three years or less, which continues to allow for the management of risk while optimizing returns. CPS Energy invests securities lending cash collateral and other funds in money market mutual funds that have no fixed maturities.

Concentration of Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to concentration of credit risk through diversification and by limiting its investment in each federal agency to 35.0% and investment in any other issuer of debt securities to 5.0% of the total fixed-income portfolio. Additionally, certificates of deposit are limited to 35.0% per issuer.

Investment Type	Carrying Value	Market Value	Allocation	Weighted-Average Maturity (Years)
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	$ 112,759	$ 112,755	11.0%	4.4
Federal National Mortgage Assn.	112,556	112,556	10.9%	5.3
Federal Home Loan Bank	114,126	114,133	11.1%	0.9
Federal Farm Credit Bank	60,859	60,859	5.9%	6.3
Small Business Administration	11,720	11,720	1.1%	6.1
Municipal Bonds	69,232	69,240	6.7%	1.8
Certificates of Deposit	1,738	1,738	0.2%	0.6
Commercial Paper	89,894	89,894	8.7%	0.3
Investment pools	51,034	51,034	5.0%	N/A
Money Market Mutual Funds	404,853	404,853	39.4%	N/A
Total Fixed-Income Investments	$ 1,028,771	$ 1,028,782	100.0%	1.8

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

CPS Energy (Continued)

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting its fixed-income investments to a credit rating of "A-" or better. As of January 31, 2014, CPS Energy held no debt securities with a long-term credit rating below A-, or equivalent, or short-term credit rating below "A-1+/P-1/F-1+."

Credit Rating	Carrying Value	Market Value	Allocation
AAA	$ 337,409	$ 337,409	32.8%
AA+	419,195	419,198	40.8%
AA	16,278	16,278	1.6%
AA-	13,298	13,298	1.3%
A+	3,560	3,560	0.4%
A	98,171	98,171	9.5%
A-	2,358	2,358	0.2%
Short-term:			
S-P1+ / MIG 1	11,527	11,535	1.1%
A-1+ / P-1 / F-1+	89,894	89,894	8.7%
Not rated	37,081	37,081	3.6%
Total Fixed-Income Investments	$ 1,028,771	$ 1,028,782	100.0%

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

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

To mitigate this interest rate risk, a limitation is placed on the weighted-average duration of the fixed-income portfolio. Weighted-average duration is defined as the weighted-average time to return a dollar of principal and interest and also incorporates potential changes in the timing of principal and interest return that may occur as a result of changes in interest rates. It makes assumptions regarding the most likely timing and amounts of variable cash flows and is used as an estimate of the interest rate risk of a fixed-income investment – especially those with payment terms dependent on market interest rates. The overall portfolio duration should not deviate from the weighted-average duration of the Investment Strategy Committee's specified fixed-income index by more than +/- 1.5 years. The Investment Strategy Committee's fixed-income index is based on the Barclays Capital Aggregate Index, which is 5.6 for 2013.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each government-sponsored entity to 30.0% and investments in any nongovernment-sponsored issuer to 5.0% of the total fixed-income portfolio (excluding cash collateral from securities lending). At December 31, 2013, total other debt securities (corporate and foreign issuers) amounted to 47.3% of the fixed-income portfolio for the 28% Decommissioning Trust and 20.7% for the 12% Decommissioning Trust.

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

CPS Energy (Continued)

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

	28% Interest			12% Interest		
Investment Type	Market Value [1]	Allocation	Weighted-Average Duration (Years)	Market Value [1]	Allocation	Weighted-Average Duration (Years)
U.S. Treasuries	$ 17,884	9.6%	4.8	$ 27,109	37.3%	4.8
U.S. Agencies:						
Federal National Mortgage Assn.	32,856	17.6%	4.6	8,898	12.3%	5.1
Federal Home Loan Mortgage Corp.	23,196	12.5%	5.8	9,368	12.9%	6.3
Small Business Admin	3,884	2.1%	5.5			
Government National Mortgage Assn.	2,617	1.4%	2.4	1,044	1.4%	5.8
Municipal Bonds - Texas	656	0.4%	7.8	296	0.4%	7.8
Municipal Bonds - Other States	9,921	5.3%	8.8	2,450	3.4%	6.7
Corporate Bonds	78,210	42.0%	6.4	14,998	20.7%	6.4
Foreign Bonds	17,121	9.2%	6.0			
Money Market Mutual Funds	15,181	7.5%	N/A	8,455	11.6%	N/A
Total Fixed-income Investments	$ 201,526	107.5%	5.9	$ 72,618	100.0%	5.6
Cash Collateral - Securities Lending	8,106					
Total Fixed-income Portfolio	$ 209,632			$ 72,618		
Combined Decommissioning Trust Funds Total	$ 282,250					

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

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of "BBB-", or equivalent, or better from at least two nationally recognized credit rating agencies. If a security's rating falls below the minimum investment grade rating of "BBB-" after it has been purchased, the Investment Policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the following tables, which list the fixed-income holdings by credit rating, investments with a credit rating below BBB- totaled 1.3% of the fixed-income portfolio for the 28% Trust at December 31, 2013. There were no securities with a credit rating below BBB- held in the 12% Trust at December 31, 2013.

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

CPS Energy (Continued)

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

Credit Rating	28% Interest		12% Interest	
	Market Value [1]	Allocation	Market Value [1]	Allocation
U.S. Treasuries (AA+)	$ 17,884	8.5%	$ 27,109	37.3%
AAA	31,118	14.8%	9,579	13.2%
AA+	65,124	31.1%	20,167	27.8%
AA	1,842	0.9%	1,196	1.7%
AA-	3,039	1.5%	403	0.6%
A+	6,882	3.3%	1,172	1.6%
A	12,915	6.2%	2,688	3.7%
A-	25,080	12.0%	4,615	6.4%
BBB+	16,005	7.6%	3,283	4.5%
BBB	19,989	9.5%	2,406	3.3%
BBB-	7,059	3.4%		0.0%
BB+	801	0.4%		0.0%
BB-	246	12.0%		
B+	161	0.1%		0.0%
CCC		0.0%		0.0%
CC		0.0%		0.0%
D		0.0%		0.0%
Not rated	1,487	0.7%		0.0%
Total Fixed-income Portfolio	$ 209,632	100.0%	$ 72,618	100.0%

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are U.S. dollars. This reduces the potential foreign currency risk exposure to the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $17,121 as of December 31, 2013. In accordance with the Investment Policy, investments in international portfolios are limited to international commingled funds, American Depository Receipts and Exchange Traded Funds that are diversified across countries and industries. The international portfolio will be limited to 20.0% of the total portfolio. At December 31, 2013, total foreign equity securities amounted to 16.6% of the 28% Trust's total portfolio. At December 31, 2013, total foreign equity securities held by the 12% Trust amounted to 5.5% of the Trust's portfolio.

Securities Lending – CPS Energy and the Decommissioning Trusts engage in securities lending transactions under a contract with their lending agent, Frost Bank. Authority to engage in these transactions is granted under each entity's Investment Policy. CPS Energy and the Decommissioning Trusts are authorized to loan up to 70.0% and 100.0%, respectively, of their investments in securities lending transactions.

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

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

CPS Energy (Continued)

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

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

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

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

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

At January 31, 2014, neither CPS Energy nor the Decommissioning Trusts had any credit risk exposure to borrowers because the amounts CPS Energy and the Decommissioning Trusts owed to borrowers exceeded the amounts the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2014.

Direct Investments – At January 31, 2014, there was a total of $157,890 in securities, or 15.3% of CPS Energy's direct investments, out on loan to brokers/dealers. In exchange, CPS Energy received $161,017 in securities collateral, or 101.9% of the market value of the corresponding securities loaned. Income generated from securities lending transactions amounted to $779 in fiscal year 2014, of which 30.0% was paid as fees to the lending agent.

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

CPS Energy (Continued)

Decommissioning Trusts – For the 28% Decommissioning Trust at December 31, 2013, there was a total of $23,052 in securities, or 6.4% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $8,106 in cash collateral and $15,436 in securities collateral, or a total of 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for the Decommissioning Trust amounted to $103 in calendar year 2013, of which 30.0% was paid as fees to the lending agent.

For the 12% Decommissioning Trust at December 31, 2013, there was a total of $26,304 in securities, or 20.7% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $26,853 in securities collateral, or a total of 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for this Decommissioning Trust amounted to $85 in calendar year 2013, of which 30.0% was paid as fees to the lending agent.

San Antonio Water System (SAWS)

SAWS is permitted by City Ordinance No. 75686, SAWS' Investment Policy and Texas state law, to invest in direct obligations of the U.S. or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk, which may affect the value at which these investments are recorded. Investments other than money market investments are reported at fair value. Under the provisions of GASB Statement No. 31, money market investments, including U.S. Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost. San Antonio Water System Retirement Plan (SAWSRP) unallocated separate accounts are valued at fair value. A summary of SAWS cash, cash equivalents, and investments can be found at the beginning of Note 3.

Custodial Credit Risk (Deposit) – All funds are deposited in demand and savings accounts or certificates of deposit at Frost Bank, SAWS' general depository bank. Additionally funds have been deposited in certificates of deposit at BBVA-Compass Bank and Bank of America. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2013, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. As of December 31, 2013, the bank balance of demand and savings account was $39,419 and the reported amount was $37,809 which included $30 of cash on hand, and certificates of deposits totaled $85,000.

Custodial Credit Risk (Investment) – Investments include securities issued by the United States government and its agencies and instrumentalities along with municipal bonds and funds held in escrow. Securities issued by the U.S. government and its agencies and instrumentalities along with municipal bonds are held in safekeeping by SAWS' depository bank, Frost Bank and registered as securities of SAWS. Funds held in escrow are Money Market Funds managed by Frost Bank, Bank of New York Mellon, U.S. Bank and Wells Fargo Bank and are invested in securities issued by the U.S. government or by U.S. Agencies.

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

San Antonio Water System (SAWS) (Continued)

As of December 31, 2013, SAWS had the following investments and maturities:

Investments Maturities (in Days)						
Investment Type	90 Days or Less	91 to 180	181 to 365	Greater than 365	Fair Value	Reported
U.S. Treasury Securities	$ 20,022	$ 26,904	$ -	$ -	$ 46,926	$ 46,922
U.S. Agency Discount Notes	71,295	51,832			123,127	123,121
U.S. Agency Coupon Notes	72,845	97,098	39,708	33,546	243,197	243,199
Municipal Bonds	2,263			4,066	6,329	6,331
Money Market Funds:						
Bank of New York Mellon	121,324				121,324	121,324
Frost Bank	12,088				12,088	12,088
U.S. Bank	2,568				2,568	2,568
Wells Fargo Bank	11,121				11,121	11,121
	$ 313,526	$ 175,834	$ 39,708	$ 37,612	$ 566,680	$ 566,674
Percentage of Portfolio	55.3%	31.0%	7.0%	6.7%	100.0%	

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' Investment Policy limits its investment maturities to no more than five years. As indicated in the table above, 93.3% of SAWS' investment portfolio is invested in maturities less than one year.

Credit Risk – In accordance with its Investment Policy, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of 'A' or better. Additionally, any short-term investments require a rating of at least 'A-1' or 'P-1'. As of December 31, 2013, SAWS held no direct investments with a credit rating below 'AA'.

Credit Rating	Carrying Value	Market Value	Allocation	Investment Policy Limit
A-1/AAA	$ 270,222	$ 270,228	47.7%	Max. = 100.0%
AA+	290,121	290,123	51.2%	Max. = 100.0%
AA	6,331	6,329	1.1%	Max. = 100.0%
Total Portfolio	$ 566,674	$ 566,680	100.0%	

Concentration of Credit Risk – SAWS' Investment Policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, SAWS' Investment Policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 20.0% of the total investment portfolio on any non-government issuer unless it is fully collateralized. As of December 31, 2013, the following investments in any one organization that represent more than 5.0% of total SAWS investments are: 40.0% in Federal Home Loan Bank, 7.0% in Federal National Mortgage Association, and 5.0% in Federal Home Loan Mortgage Corporation.

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

San Antonio Water System (SAWS) (Continued)

The following is a reconciliation of deposits and investments disclosed in the Note to the amounts presented for cash and cash equivalents and investments in the balance sheet for 2013:

	December 31, 2013
Reported amounts in Note for:	
Deposits, including certificates of deposit	$ 122,809
Investments	566,674
Total Deposits and Investments	$ 689,483
Totals for Statement of Net Position:	
Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	$ 131,763
Restricted cash and cash equivalents:	
Debt Service Fund	1
Capital Projects Accounts	138,134
Other Restricted Accounts:	
Reserve Fund	15
Total Cash and Cash Equivalents	$ 269,913
Investments:	
Unrestricted current investments	$ 55,454
Restricted current investments:	
Debt Service Accounts	53,566
Capital Project Accounts	53,416
Other Restricted Accounts:	
Operating reserve	140,018
Customer deposits	117,116
Total Other Restricted Accounts	257,134
Total Current Investments	$ 419,570
Total Cash, Cash Equivalents and Investments	$ 689,483

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Note 4 Capital Assets

Primary Government (City)

Impairments of $706 were identified and reduced in capital assets for governmental activities. Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2014 is as follows:

Capital Assets - Governmental Activities

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,399,010	$ 5,226	$ (10)	$ -	$ 1,404,226
Construction in Progress	308,352	341,273	(33,119)	(194,018)	422,488
Non-Depreciable Intangible Assets	97,847	25,322			123,169
Other Non-Depreciable Assets	2,844				2,844
Total Non-Depreciable Assets	1,808,053	371,821	(33,129)	(194,018)	1,952,727
Depreciable Assets:					
Intangible Assets	4,083			22	4,105
Buildings	857,059		(2,631)	65,711	920,139
Improvements	667,775	34	(4,069)	31,395	695,135
Infrastructure	2,715,313		(28,857)	94,478	2,780,934
Machinery and Equipment	494,680	42,080	(75,544)	2,412	463,628
Total Depreciable Assets	4,738,910	42,114	(111,101)	194,018	4,863,941
Accumulated Depreciation:					
Intangible Assets	(1,850)	(829)			(2,679)
Buildings	(338,694)	(23,896)	418		(362,172)
Improvements	(185,349)	(30,915)	975		(215,289)
Infrastructure	(1,752,718)	(62,426)	3,375		(1,811,769)
Machinery and Equipment	(312,231)	(47,767)	71,655		(288,343)
Total Accumulated Depreciation	(2,590,842)	(165,833)	76,423		(2,680,252)
Total Depreciable Assets, net	2,148,068	(123,719)	(34,678)	194,018	2,183,689
Total Capital Assets, net	$ 3,956,121	$ 248,102	$ (67,807)	$ -	$ 4,136,416

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 20,888
Public Safety	11,953
Public Works	82,403
Health Services	896
Sanitation	48
Welfare	1,188
Culture and Recreation	14,570
Convention and Tourism	9,126
Urban Redevelopment and Housing	176
Economic Development and Opportunity	128
Education	432
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	24,025
Total Depreciation Expense for Governmental Activities	$ 165,833

The capital assets of internal service funds are included in governmental activities. In fiscal year 2014, internal service funds capital assets increased by $31,269, and decreased by $59,967, of which $329 are impairments, resulting in an ending balance of $171,310. Depreciation expense of $24,025, less the $56,567 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $98,043. Net book value is $73,267.

Note 4 Capital Assets (Continued)

Primary Government (City) (Continued)

The City capitalizes interest incurred on construction projects, in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In fiscal year 2014, the City capitalized construction period interest for the Airport System in the amount of $434. Interest costs for nonmajor enterprise funds were not capitalized as construction in progress, but were funded by capital contributions from governmental funds. Impairments of $670 were identified for the Airport System and reduced in capital assets during fiscal year 2014. The nonmajor enterprise funds did not have impaired assets.

Capital asset activity for business-type activities for the year-ended September 30, 2014, is as follows:

Capital Assets - Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,322	$ -	$ -	$ -	$ 5,322
Nonmajor Enterprise Fund	9,277				9,277
Total Land	14,599				14,599
Construction in Progress:					
Airport System	62,523	33,307	(1,090)	(36,277)	58,463
Nonmajor Enterprise Fund	1,689	4,440	(1,140)	(779)	4,210
Total Construction in Progress	64,212	37,747	(2,230)	(37,056)	62,673
Total Non-Depreciable Assets	78,811	37,747	(2,230)	(37,056)	77,272
Depreciable Assets:					
Buildings:					
Airport System	365,201		(349)	284	365,136
Nonmajor Enterprise Fund[1]	30,428	21		631	31,080
Total Buildings	395,629	21	(349)	915	396,216
Improvements:					
Airport System[2]	399,430	1,470	(1,193)	35,993	435,700
Nonmajor Enterprise Fund[1]	22,341		(35)	148	22,454
Total Improvements	421,771	1,470	(1,228)	36,141	458,154
Machinery and Equipment:					
Airport System[2]	17,054	1,215	(4,178)		14,091
Nonmajor Enterprise Fund	38,865	2,874	(6,938)		34,801
Total Machinery and Equipment	55,919	4,089	(11,116)		48,892
Total Depreciable Assets	873,319	5,580	(12,693)	37,056	903,262
Accumulated Depreciation:					
Buildings:					
Airport System	(104,191)	(10,505)	349		(114,347)
Nonmajor Enterprise Fund[1]	(12,382)	(831)			(13,213)
Total Buildings	(116,573)	(11,336)	349		(127,560)
Improvements:					
Airport System[2]	(144,631)	(16,685)	373		(160,943)
Nonmajor Enterprise Fund[1]	(5,559)	(981)	9		(6,531)
Total Improvements	(150,190)	(17,666)	382		(167,474)
Machinery and Equipment:					
Airport System[2]	(12,721)	(1,144)	4,148		(9,717)
Nonmajor Enterprise Fund	(21,582)	(4,502)	5,992		(20,092)
Total Machinery and Equipment	(34,303)	(5,646)	10,140		(29,809)
Total Accumulated Depreciation	(301,066)	(34,648)	10,871		(324,843)
Total Depreciable Assets, net	572,253	(29,068)	(1,822)	37,056	578,419
Total Capital Assets, net	$ 651,064	$ 8,679	$ (4,052)	$ -	$ 655,691

[1] Nonmajor Enterprise transferred an asset from improvements to buildings with a book value of $21 and depreciation of $9.

[2] Airport System transferred a fully depreciated asset from machinery and equipment to improvements with a book value of $1,470.

Note 4 Capital Assets (Continued)

CPS Energy

CPS Energy's plant-in service includes four power stations that are solely owned and operated by CPS Energy. In total, there are 21 generating units at these four power stations—four are coal-fired and 17 are gas-fired. Two of the gas-fired generating units at the Leon Creek power station were retired in fiscal year 2014. The following is a list of power stations and relative generating units in service at January 31, 2014:

Power Station	Generating Units	Type
Calaveras	6	Coal (4)/Gas (2)
Braunig	8	Gas
Leon Creek	4	Gas
Rio Nogales	3	Gas

In fiscal year 2012, CPS Energy announced plans to mothball its J.T. Deely Units 1 and 2 coal-fired power plants in fiscal year 2018 instead of the originally projected dates of fiscal year 2032 and fiscal year 2033, respectively. Therefore, depreciation for these two units was accelerated beginning in fiscal year 2013. To continue operating the units past the announced mothball dates, CPS Energy would need to install $550,000 in flue gas desulfurization equipment (commonly referred to as scrubbers) to cut sulfur dioxide emissions in order to be compliant with new, more stringent environmental regulations scheduled to take effect in the future.

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

Included in the general plant are: the Energy Management Center; the main office complex; the construction and customer service centers; the Villita Assembly Building; and a fleet of automobiles, trucks, and work equipment. On January 31, 2012, CPS Energy purchased approximately eight acres of land and a shell building in northwest San Antonio to serve as the site of a new data and control center and other customer and support staff functions. Before construction on the new data center was started, a more suitable site was located in northwest San Antonio and was purchased in July 2013 to serve as the site of the new data and control center. CPS Energy continues to evaluate its options for the property initially purchased.

Intangible assets consist of easements, software, a tax exemption settlement and other intangible items.

In fiscal year 2014, CPS Energy entered into an agreement for $41,000 to sell 69 existing communication towers to an independent third party, including provisions for CPS Energy's continued use of select space on those towers, the purchaser's use of space in CPS Energy's communication shelters located near the towers, and the assignment of existing license agreements with other third parties using space on the towers. Title to 62 of the towers was conveyed to the purchaser in January 2014. Because the towers are subject to group depreciation as permitted under guidance provided in GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, no gain or loss was recognized on the sale transaction. Instead, proceeds allocated to the sale were credited to accumulated depreciation.

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

In accordance with the sale agreement, the purchaser has six months from the closing date to complete their review of outstanding environmental and structural issues related to the conveyed towers. CPS Energy agreed to receive into escrow $2,000 of the total purchase price to be used for any damage payments that might be required related to any identified issues. The escrowed balance will not be reported on CPS Energy's Statements of Net Position until the conditions for its release have been met. Once the due diligence work has been completed on the 62 conveyed towers, the remaining escrow balance released to CPS Energy will represent a purchase price adjustment and be recorded to accumulated depreciation.

Of the total purchase price, $3,336 was allocated to the seven towers not initially transferred to the purchaser pending resolution of easement issues and was recorded as a current liability. Upon completion of the easement due diligence work on these sites and conveyance of title to the purchaser, this amount will be reclassified from a current liability to accumulated depreciation.

Plant Purchase – In the first quarter of fiscal year 2013, taxable senior lien bonds were issued to purchase the Rio Nogales combined-cycle natural gas electric generating plant in Seguin, Texas. The 800-MW plant is being utilized to provide a portion of its power to a third party that has executed a multiyear agreement for an option to call on power from the plant, with the remaining power available for CPS Energy to sell into the ERCOT market or to utilize to meet its commitments. Over the next few years, CPS Energy will be integrating the Rio Nogales plant into its rate base to provide generation capacity that will not otherwise be available once J.T. Deely Units 1 and 2 are mothballed.

In conjunction with the purchase, CPS Energy entered into a Tax Exemption Settlement Agreement in which CPS Energy agreed to pay $25,504 to certain parties to compromise, terminate claims and settle any disputes relating to exemption of ad valorem taxes involving the parties to this agreement. The payment was recorded as an intangible asset that will be amortized over the life of the agreement, which runs through December 2041.

The purchase price of the Rio Nogales plant was allocated to major subsets of assets including land, transmission lines, water treatment facilities, combustion and steam turbines, and switchyard assets. Other than the plant assets, the tax exemption settlement and normal working capital settlements, CPS Energy incurred no other material acquisition costs, nor did they assume any material liabilities with the purchase of the plant.

Impairments – No capital asset impairments were identified for fiscal year 2014.

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

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

On October 29, 2007, the CPS Energy board of trustees approved a resolution enabling CPS Energy to participate in development activities related to new nuclear generation units to be constructed near Bay City, Texas, on a site where STP Units 1 and 2 currently operate. These generation units are referred to as STP Units 3 and 4. At January 31, 2010, CPS Energy held a 50.0% interest in the development. As a result of a litigation settlement with CPS Energy's partner in the project, Nuclear Innovation North America, Inc. (NINA), CPS Energy's ownership in STP Units 3 and 4 was reduced from 50.0% to 7.6% effective March 1, 2010. Including AFUDC of $21,000, project costs incurred by CPS Energy to date of $391,322 are included as construction in progress. Effective fiscal year 2012, AFUDC is not being recorded for the STP Units 3 and 4 project since efforts have been limited primarily to licensing-related activities. For more detailed information on project development and legal events associated with STP Units 3 and 4, see Note 10, CPS Energy South Texas Project for more information.

STP Capital Investment, Net	
	January 31, 2014
STP Capital Assets, net	
Land	$ 5,701
Construction in progress, STP Units 1&2	38,636
Construction in progress, STP Units 3&4	391,354
Electrical and general plant	971,521
Software	24
Nuclear Fuel	114,081
Total STP Capital Assets, net	$ 1,521,317
Total CPS Energy Capital Assets, net	$ 7,817,280
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	19.5%

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

The following tables provide more detailed information on the activity of CPS Energy's net capital assets as presented on the balance sheet, including capital asset activity for fiscal year 2014:

Capital Assets - CPS Energy					
	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 60,674	$ 761	$ 7,844	$ -	$ 69,279
Land Easements	88,193		440		88,633
Construction in Progress	591,725	380,034	(302,774)		668,985
Total Non-Depreciable Assets	740,592	380,795	(294,490)		826,897
Depreciable Capital Assets:					
Utility Plant in Service:					
Electric Plant	9,838,640	39,472	233,874	(72,874)	10,039,112
Gas Plant	746,308	4,806	25,658	(45)	776,727
General Plant	657,913	10,054	20,870	(36,318)	652,519
Intangibles:					
Software	205,600	59	14,088	(4)	219,743
Other	28,704				28,704
Nuclear Fuel	746,297	44,777			791,074
Total Depreciable Capital Assets	12,223,462	99,168	294,490	(109,241)	12,507,879
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant[1]	(3,889,773)	(315,443)		78,652	(4,126,564)
Gas Plant	(288,178)	(16,972)		619	(304,531)
General Plant[1]	(230,934)	(44,545)		(3,478)	(278,957)
Software[1]	(114,910)	(12,248)		(1,022)	(128,180)
Other[1]	(1,251)	(1,007)		(13)	(2,271)
Nuclear Fuel	(642,968)	(34,025)			(676,993)
Total Accumulated Depreciation Depletion and Amortization	(5,168,014)	(424,240)		74,758	(5,517,496)
Total Capital Assets, net	$ 7,796,040	$ 55,723	$ -	$ (34,483)	$ 7,817,280

[1] Salvage and removal costs are also included in the accumulated depreciation; therefore there is not a corresponding reduction in the asset.

Cash flow information – Cash paid for additions and net removal costs was $389,875. This included $435,186 in additions to construction in progress and electric, gas and general plant, and excludes salvage and removal costs of $34,337, $4,698 in AFUDC and $6,469 in donated assets.

Other – Depreciation and amortization expense for the period totaled $390,215, while amortization of nuclear fuel of $34,025 was reported as fuel expense on the Statements of Revenues, Expenses and Change in Net Position.

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS)

SAWS' interest expense during the construction period is capitalized as part of the cost of capital assets. For the year-ended December 31, 2013, interest capitalized was $9,271. Capital asset activity for SAWS is as follows:

Capital Assets - San Antonio Water System					
	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 94,971	$ -	$ (8,675)	$ (483)	$ 85,813
Intangible Assets:					
Acquisition of Water Rights	213,219		29,517		242,736
Other	370				370
Construction in Progress	571,547	297,656	(361,025)	(1,349)	506,829
Total Non-Depreciable Assets	880,107	297,656	(340,183)	(1,832)	835,748
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	554,885	7	51,660	(213)	606,339
Pumping and Purification	152,468	332	3,452	(170)	156,082
Distribution and Transmission System	1,766,303	2,313	67,309	(3,259)	1,832,666
Treatment Facilities	1,606,951		206,329	(30)	1,813,250
Total Utility Plant in Service	4,080,607	2,652	328,750	(3,672)	4,408,337
Machinery and Equipment:					
Machinery and Equipment	134,819	3,993	10,872	(5,574)	144,110
Furniture and Fixtures	5,100	8			5,108
Computer Equipment	14,697	1,213		(274)	15,636
Software	24,436	1,173	561	(27)	26,143
Total Machinery and Equipment	179,052	6,387	11,433	(5,875)	190,997
Intangible Assets	1,347				1,347
Total Depreciable Assets	4,261,006	9,039	340,183	(9,547)	4,600,681
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(131,060)	(13,155)		124	(144,091)
Pumping and Purification	(37,443)	(3,828)		33	(41,238)
Distribution and Transmission System	(519,657)	(39,802)		3,259	(556,200)
Treatment Facilities	(584,256)	(37,226)		22	(621,460)
Machinery and Equipment:					
Machinery and Equipment	(66,656)	(12,921)		5,095	(74,482)
Furniture and Fixtures	(4,538)	(188)			(4,726)
Computer Equipment	(8,732)	(2,275)		271	(10,736)
Software	(17,375)	(1,912)		27	(19,260)
Intangible Assets	(168)	(68)			(236)
Total Accumulated Depreciation	(1,369,885)	(111,375)		8,831	(1,472,429)
Total Depreciable Assets, net	2,891,121	(102,336)	340,183	(716)	3,128,252
Total Capital Assets, net	$ 3,771,228	$ 195,320	$ -	$ (2,548)	$ 3,964,000

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design costs were charged off totaling $1,349 in fiscal year 2013.

Note 5 Receivables and Payables

Primary Government (City)

Disaggregation of Receivables

Net receivables at September 30, 2014 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 114,832	$ 21,856	$ 251,982	$ 1,555	$ 15,785	$ 406,010
Business-Type Activities:						
Airport System	$ 3,676	$ -	$ 333	$ 225	$ -	$ 4,234
Nonmajor Enterprise Funds	8,306			77		8,383
Total Business-Type Activities	$ 11,982	$ -	$ 333	$ 302	$ -	$ 12,617

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $122,214 against customer accounts, $6,422 against property and occupancy taxes, and $59,522 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $1,871 against customer accounts.

Of the $251,982 recorded in notes and loans, $251,267 is not expected to be collected within one year. Included in the $251,267 that is expected to be repaid over 25 years is a loan receivable for $189,547 associated with CCHFC.

The remaining $61,720 note and loan receivable not expected to be collected within one year is related to Urban Redevelopment and Housing and Economic Development and Opportunity, net of allowance for doubtful accounts of $10,860. The $10,860 allowance is fully comprised of forgivable non-interest bearing notes and loans. The $61,720 notes and loans have a corresponding unearned revenue balance recorded within the respective funds.

Disaggregation of Payables

Payables at September 30, 2014 are as follows:

	Accounts	Accrued Payroll	Claims Payable	Total Payables
Governmental Activities	$ 103,598	$ 12,963	$ 69,702	$ 186,263
Business-Type Activities:				
Airport System	$ 8,325	$ 605	$ -	$ 8,930
Nonmajor Enterprise Funds	4,271	1,195		5,466
Total Business-Type Activities	$ 12,596	$ 1,800	$ -	$ 14,396

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances

As of September 30, 2014, 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 fiscal year-end. Of the $48,900 due from other funds in the General Fund, $39,987 is a result of overdraws of pooled cash. Except for the internal loan from the Other Internal Service Fund of $41 to the General Fund, all interfund balances are expected to be paid within one year.

Different fiscal year ends exist between the City and Pre-K 4 SA component unit, September 30 and June 30, therefore interfund receivables and payables do not eliminate by $487. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2014. These transactions are in accordance with legislative and contractual requirements.

The following is a summary of interfund receivables and payables for the City as of September 30, 2014:

Summary Table of Interfund Receivables and Payables
As of September 30, 2014

	Due from Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 327
Categorical Grant In-Aid	7,456	138
Nonmajor Governmental Funds	29,168	1,603
Nonmajor Enterprise Funds	5	1
Internal Service Funds	12,271	213
Total General Fund	48,900	2,282
Debt Service Fund:		
General Fund	327	
Total Debt Service Fund	327	
Categorical Grant In-Aid:		
General Fund	138	7,456
Nonmajor Governmental Funds		4
Internal Service Funds		7
Total Categorical Grant In-Aid	138	7,467
Pre-K 4 SA:		
Nonmajor Governmental Funds	2,944	
Total Pre-K 4 SA	2,944	
Texas Public Facility Corporation:		
Nonmajor Governmental Funds		27,667
Total Texas Public Facility Corporation		27,667

(Continued)

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

Summary Table of Interfund Receivables and Payables (Continued)
As of September 30, 2014

	Due from Other Funds	Due To Other Funds
2012 General Obligation Funds:		
Nonmajor Governmental Funds	$ -	$ 17,607
Total 2012 General Obligation Funds		17,607
Nonmajor Governmental Funds:		
General Fund	1,603	29,168
Categorical Grant In-Aid	4	
Pre-K 4 SA	3,122	5,579
Texas Public Facility Corporation	27,667	
2012 General Obligation Funds	17,607	
Nonmajor Governmental Funds	14,143	14,143
Internal Service Funds	31	545
Total Nonmajor Governmental Funds	64,177	49,435
Airport System Fund:		
Internal Service Funds		8
Total Airport System Fund		8
Nonmajor Enterprise Funds:		
General Fund	1	5
Internal Service Funds		162
Total Nonmajor Enterprise Funds	1	167
Internal Service Funds:		
General Fund	213	12,271
Categorical Grant In-Aid	7	
Airport System Fund	8	
Nonmajor Governmental Funds	545	31
Nonmajor Enterprise Funds	162	
Internal Service Funds	8	8
Total Internal Service Funds	943	12,310
Total	$ 117,430	$ 116,943

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Note 5 Receivables and Payables (Continued)

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2014, included $55,514 for unbilled revenue receivables and $202,100 for billed utility services. Interest and other receivables included $9,132 for regulatory-related receivables; $112 for interest receivable; and $31,190 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2014, accounts payable and accrued liabilities included $207,161 related to standard operating supplier and vendor payables, including fuels payable; $41,584 for employee-related payables; $22,561 for the current portion of unearned lease revenue; and $90,855 for other miscellaneous payables and accrued liabilities.

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2013, included $33,640 from customers, $23,664 in unbilled revenue, $4,542 receivable from SAWS DSP, $658 in interest receivable, and $8,141 receivable from other governmental agencies, less an allowance of $3,491.

Disaggregation of Payables – At December 31, 2013, accounts payable and other current liabilities included $35,866 in accounts payable, $7,412 in vacation payable, $2,482 in accrued payroll and benefits, $27,614 in construction contracts, and $9,447 in customer deposits.

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Note 6 Long-Term Debt

Primary Government (City)

Governmental Activity Long-Term Debt

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2014:

On October 31, 2013, the City issued $17,500 in Public Property Finance Contractual Obligations, Series 2013. The Obligations were issued to refund $5,317 of certain outstanding capital lease indebtedness and $12,183 was used to finance the acquisition of new personal property and equipment for the Fire, Police, and Parks Departments, and City vehicles for various departments. The Obligations have maturities ranging from 2015 to 2016, with an interest rate of 0.5%.

On December 17, 2013, the City issued $20,900 in Revenue Notes, Taxable Series 2013A. The Revenue Notes, Taxable Series 2013A were issued to finance the acquisition, improvement, and equipping of certain facilities for Pre-K 4 SA. The Notes have maturities ranging from 2014 to 2020, with an interest rate of 2.3%.

On July 9, 2014, the City issued $1,400 in Tax Notes, Series 2014. The Tax Notes, Series 2014 were issued to finance the reconstruction of street improvements in the Mission del Lago subdivision approved in the Mission del Lago Tax Increment Reinvestment Zone Settlement Agreement approved by City Council on May 1, 2014. The Tax Notes have maturities ranging from 2015 to 2021, with an interest rate of 1.8%.

On July 11, 2014, the City issued $17,740 in Tax Notes, Series 2014A. The Tax Notes, Series 2014A were issued to finance improvements to public safety facilities, streets drainage, parks, municipal facilities, and libraries. The Tax Notes have maturities ranging from 2015 to 2016, with interest rates ranging from 0.2% to 0.3%.

On August 20, 2014, the City issued $5,970 in Tax Notes, Series 2014B. The Tax Notes, Series 2014B were issued to finance improvements to streets, sidewalks, and drainage improvements necessary or incidental thereto, and the acquisition of real property for City purposes. The Tax Notes have maturities ranging from 2015 to 2021, with interest rates ranging from 2.0% to 3.0%.

On August 20, 2014, the City issued $227,275 in General Improvement and Refunding Bonds, Series 2014. Solid Waste Management was allocated $245 from the refunded obligations and the remaining $227,030 was allocated to governmental activities.

The refunded portion of the governmental activities of $67,050, which included a premium of $9,696, was used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, the City will realize a total decrease of $7,334 in debt service payments and total deferred charges of $2,726. Through this defeasance, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $8,981.

The remaining governmental proceeds of $159,980, which included a premium of $21,450, were issued to finance improvements to: streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open space; library, museum, and cultural arts facilities; and public safety facilities. The Bonds have maturities ranging from 2015 to 2034, with interest rates ranging from 2.0% to 5.0%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Pledges

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

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

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

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

CCHFC Contract Revenue Empowerment Zone Bonds are secured by net operating revenues to be received from the Convention Center Hotel operations. In the event the net operating revenues are insufficient to pay all debt service, City tax revenues will be pledged in the following order of priority: first, from the Convention Center Hotel State HOT revenues; second, from Convention Center Hotel State sales tax revenues; third, from Convention Center Hotel 7.0% local HOT revenues; and fourth, from available 2.0% Expansion HOT revenues.

The Revenue Notes are secured by a commitment of the City to pay principal and interest on the Notes when due from any and all lawful and available sources, subject to annual appropriation by the City Council of the City.

TPFC Improvement and Refunding Lease Revenue Bonds are paid by annually appropriated lease payments from any money that has not been encumbered to secure the payment of any indebtedness of the City and that may lawfully be used with respect to any payment obligated or permitted under the Lease Agreement, including but not limited to unencumbered and lawfully available revenues derived by the City from Hotel Occupancy Taxes levied by the City, annual ad valorem taxes levied for maintenance and operation purposes, the 1.0% general sales and use tax levied by the City, and transfers from City-owned utility systems.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain general obligation bonds, revenue bonds, certificates of obligation and tax notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. On September 30, 2014, $214,605 of previously defeased bonds was outstanding.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2014 for governmental activity debt:

Governmental Activity Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2013	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2014
Tax-Exempt General Obligation Bonds:							
Series 2003	$ 40,905	2014	2.750-5.000	$ 5,270	$ -	$ (5,270)	$ -
Series 2003A	56,515	2016	2.000-5.000	14,560		(14,560)	
Series 2005	116,170	2025	3.500-5.250	86,000		(17,850)	68,150
Series 2006 Forward Refunding	33,090	2016	5.250-5.500	10,335		(6,835)	3,500
Series 2006 Refunding	170,785	2026	3.500-5.000	121,590		(48,410)	73,180
Series 2007 Refunding	121,220	2028	4.000-5.000	73,480		(4,500)	68,980
Series 2008	75,060	2028	4.000-5.500	66,620		(3,070)	63,550
Series 2010 Refunding	156,255	2023	2.000-5.000	116,565		(5,385)	111,180
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000	55,190		(2,235)	52,955
Series 2012 Refunding	33,410	2024	2.000-5.000	31,200		(5,655)	25,545
Series 2012	148,600	2032	2.000-5.000	146,600		(5,000)	141,600
Series 2013	114,435	2033	2.000-5.000	114,435		(8,500)	105,935
Series 2014	227,275	2034	2.000-5.000		227,030		227,030
Total Tax-Exempt General Obligation Bonds	$ 1,362,005			$ 850,645	$ 227,030	$ (127,270)	$ 950,405
Taxable General Obligation Bonds:							
Series 2010B BABs	$ 191,550	2040	4.314-6.038	$ 191,550	$ -	$ -	$ 191,550
Total Taxable General Obligation Bonds	$ 191,550			$ 191,550	$ -	$ -	$ 191,550
Tax-Exempt Certificates of Obligation:							
Series 2005	$ 10,535	2025	4.000-5.250	$ 9,410	$ -	$ (3,180)	$ 6,230
Series 2006	73,155	2026	3.500-4.370	53,685		(20,365)	33,320
Series 2007	106,755	2028	4.000-5.000	47,725		(8,170)	39,555
Series 2008	85,005	2028	3.500-5.500	69,970		(3,330)	66,640
Series 2010	38,375	2019	4.000-5.000	38,375		(6,590)	31,785
Series 2011	79,780	2031	2.000-5.000	74,490		(2,730)	71,760
Series 2012	19,340	2032	1.000-5.000	19,340		(750)	18,590
Series 2013	15,145	2028	2.000-5.000	15,145		(790)	14,355
Total Tax-Exempt Certificates of Obligation	$ 428,090			$ 328,140	$ -	$ (45,905)	$ 282,235
Tax Notes:							
Series 2011	$ 9,445	2016	2.000-4.000	$ 5,860	$ -	$ (1,875)	$ 3,985
Series 2012	17,635	2016	1.500-2.000	13,330		(4,355)	8,975
Series 2014	1,400	2021	1.800		1,400		1,400
Series 2014A	17,740	2016	0.220-0.330		17,740		17,740
Series 2014B	5,970	2021	2.000-3.000		5,970		5,970
Total Tax Notes	$ 52,190			$ 19,190	$ 25,110	$ (6,230)	$ 38,070
Public Property Finance Contractual Obligations							
Series 2013	$ 17,500	2016	0.540	$ -	$ 17,500	$ -	$ 17,500
Total Contractual Obligations	$ 17,500			$ -	$ 17,500	$ -	$ 17,500
Revenue Bonds:							
Series 2005 Municipal Drainage	$ 61,060	2030	3.500-5.250	$ 3,770	$ -	$ (1,835)	$ 1,935
Series 2013 Municipal Drainage	70,685	2030	3.000-5.000	70,685		(1,410)	69,275
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	7,000		(930)	6,070
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	27,360		(575)	26,785
Convention Series 2005A	129,930	2039	4.750-5.000	129,930			129,930
Convention Series 2005B	78,215	2028	4.500-5.310	68,555		(2,895)	65,660
Starbright Industrial Dev Corp Series 2013	20,890	2033	1.078-4.750	20,890			20,890
Series 2012 Public Facilities Corp[1]	550,374	2042	3.000-5.100	550,374			550,374
Total Revenue Bonds	$ 948,169			$ 878,564	$ -	$ (7,645)	$ 870,919
Revenue Notes:							
Series 2013	$ 18,460	2015	0.850	$ 18,460	$ -	$ (9,000)	$ 9,460
Series 2013A	20,900	2020	2.320		20,900	(2,305)	18,595
Total Revenue Notes	$ 39,360			$ 18,460	$ 20,900	$ (11,305)	$ 28,055
Total	$ 3,038,864			$ 2,286,549	$ 290,540	$ (198,355)	$ 2,378,734

[1] A portion of the Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accrete from date of delivery and will be payable only at maturity or redemption. The interest accreted has resulted in an increase of $1,598 in revenue bonds payable, resulting in an ending balance of $2,930. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirement to amortize all general obligation bonds, certificates of obligation, tax notes, contractual obligations, revenue bonds, and revenue notes outstanding as of September 30, 2014 are as follows:

Principal and Interest Requirements							
	General Obligation Bonds [2]			Certificates of Obligation		Tax Notes	
Year Ending September 30,	Principal	Interest	Direct Subsidy[1]	Principal	Interest	Principal	Interest
2015	$ 59,375	$ 54,541	$ (3,550)	$ 31,495	$ 13,046	$ 16,240	$ 461
2016	63,125	52,333	(3,550)	21,370	11,633	16,445	253
2017	62,690	49,273	(3,550)	20,155	10,722	1,025	122
2018	67,320	46,012	(3,550)	18,790	9,807	1,045	102
2019	73,615	42,763	(3,550)	13,490	8,945	1,070	77
2020-2024	336,545	161,801	(16,887)	76,665	35,409	2,245	63
2025-2029	241,010	92,337	(13,884)	84,430	13,844		
2030-2034	167,195	41,221	(9,855)	15,840	1,076		
2035-2039	58,065	14,716	(4,780)				
2040-2042	13,015	786	(255)				
Total	$ 1,141,955	$ 555,783	$ (63,411)	$ 282,235	$ 104,482	$ 38,070	$ 1,078

[1] The City issued Build America Bonds (BABs) in fiscal year 2010. These BABs are eligible for Direct Subsidies or rebates from the Federal Government for issuing the debt as taxable instruments. In fiscal year 2014, the City collected $3,550 in Direct Subsidies.

[2] Includes both Tax-Exempt and Taxable General Obligation Bonds.

Principal and Interest Requirements						
	Contractual Obligations		Revenue Bonds		Revenue Notes	
Year Ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 8,665	$ 71	$ 8,050	$ 36,318	$ 12,330	$ 438
2016	8,835	24	9,260	36,009	2,960	330
2017			12,555	35,667	3,050	261
2018			13,130	35,164	3,140	189
2019			13,760	34,612	3,240	115
2020-2024			86,120	162,633	3,335	39
2025-2029			139,255	136,704		
2030-2034			197,780	100,331		
2035-2039			206,239	131,939		
2040-2042			184,770	13,935		
Total	$ 17,500	$ 95	$ 870,919	$ 723,312	$ 28,055	$ 1,372

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements (Continued)

In May 2012, the citizens authorized the City to sell $596,000 in debt for the 2012-2017 Bond Program. The program includes 140 projects designed to improve and enhance existing, as well as acquire or construct, new local streets, bridges, sidewalks, drainage facilities, parks, athletic facilities, libraries, and public health centers. The Bonds are categorized in five areas: Streets, Bridges, and Sidewalks Improvements; Drainage and Flood Control Improvements; Parks, Recreation, and Open Space Improvements; Library, Museum, and Cultural Arts Facilities Improvements; and Public Safety Facilities Improvements. The Bonds are pledged with and will be repaid from ad valorem tax revenue the City collects on an annual basis.

Authorized but Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued [1]	Bonds Authorized but Unissued
5/12/2012	Streets, Bridges, and Sidewalks[2]	$ 337,441	$ 199,969	$ 133,472
5/12/2012	Drainage and Flood Control	128,031	73,132	54,899
5/12/2012	Parks, Recreation, and Open Space	87,150	70,316	16,834
5/12/2012	Library, Museum, and Cultural Art Facilities	29,032	26,349	2,683
5/12/2012	Public Safety Facilities	14,346	8,309	6,037
Total		$ 596,000	$ 378,075	$ 213,925

[1] Includes, from prior bond issues sold pursuant to the 2012 voted authority, a portion of the net reoffering premium in the amount of $40,862 allocated against voter authorization.

[2] The City has realized savings with respect to certain projects included within this proposition, which savings total $4,000 when compared to original cost projections. As a result, the City will not issue a corresponding amount from the 2012 voted authorization capacity from this proposition.

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 2014 was $86,983,209 which provides a debt ceiling of $8,698,321. The total outstanding debt that is secured by an ad valorem tax pledge is $1,494,770 including $15,010 that is reported in business-type activities.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each $100 of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90.0% collections (please note that dollar figures in this paragraph are not reflected in thousands).

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Notes Payable

In September 2004, City Council authorized the submission of a $57,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been 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 City was required to transfer any funds unspent as of December 31, 2014 to a loan repayment account. The loan amount outstanding as of September 30, 2014 was $41,290.

In December 1999, a loan in the amount of $40, bearing interest of 8.5%, was received by the Urban Renewal Agency of the City of San Antonio dba Office of the Urban Redevelopment of San Antonio (Our SA). The proceeds of the loan were utilized to purchase land located at 1946 Nolan. The loan amount outstanding as of September 30, 2014 was $30.

Interfund Borrowings

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

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

The HemisFair Fountain uses an estimated 36,000 gallons of water each year which equates to an annual estimated cost of $130 to the General Fund. These savings, along with the one-time rebate and interest earnings, will be transferred to the Other Internal Service Fund to reimburse the Other Internal Service Fund for its loan for the capital project. Interest earned in fiscal year 2014 using the City's average rate for the fiscal year-ended September 30, 2014 of 0.2% was $0. Cumulative interest incurred through fiscal year 2014 was $12.

The following is a summary of changes in the loan for the fiscal year-ended September 30, 2014:

Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
$ 70	$ -	$ 29	$ 41

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

In June 2010, a 15 year, 3.7% interest loan was authorized in the amount of $1,185 from the City to MGA-SA to finance improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. The loan amount outstanding as of September 30, 2014 is $930.

Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014
$ 995	$ -	$ 65	$ 930

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, 2014 were approximately $8,431.

The City has entered into various lease purchase agreements for the acquisition of printers and related components, an inventory theft detection system, energy/water saving conservation improvements, in-car police video equipment, and various medical emergency services equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council. The assets acquired through capital leases for governmental activities are as follows:

Machinery and Equipment	$ 29,366
Less: Accumulated Depreciation	(20,254)
Total	$ 9,112

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

As of September 30, 2014, the City had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30:			
2015	$ 1,348	$ 7,515	$ 8,863
2016	1,244	6,111	7,355
2017	1,135	3,994	5,129
2018	793	3,332	4,125
2019	756	2,802	3,558
2020-2024	3,765	7,575	11,340
2025-2029	1,694	347	2,041
2030-2034		377	377
2035-2039		263	263
2040-After		3,452	3,452
Future Minimum Lease Payments	10,735	$ 35,768	$ 46,503
Less: Interest	(1,819)		
Present Value of Future Minimum Lease Payments	8,916		
Less: Current Portion	(1,046)		
Capital Lease, Net of Current Portion	$ 7,870		

Business-Type Activity Long-Term Debt

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

Issuances

On August 20, 2014, $245 of the $227,275 in General Improvement and Refunding Bonds, Series 2014 was allocated to Solid Waste Management. The net proceeds for the allocated portion of the bonds from the sale of the General Improvement and Refunding Bonds, Series 2014, which included a premium of $35, was applied to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, the City will realize a total decrease of $28 in debt service payments and total deferred charges of $14. Through this defeasance, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $48. The Bonds have maturities ranging from 2017 to 2023, with an interest rate of 5.0%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Pledges

The Airport System includes the City of San Antonio International Airport, Stinson Municipal Airport, and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt consists of Airport System Revenue Improvement Bonds (GARB) and Passenger Facility Charge and Subordinate Lien Bonds (PFC). GARBs are payable from and secured solely by an irrevocable first lien on and pledge of the gross revenues of the Airport System. Gross revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the Airport System and its facilities. PFCs are payable from and secured by an irrevocable first lien on and pledge of the PFC revenues and a first lien on and pledge of the subordinate net revenues.

The Parking System operation includes the ownership and operation of parking facilities, parking lots, parking meters, and retail/office space. Long-term debt is allocated to the Parking System on a pro rata basis from proceeds received from the issuance of taxable general obligation debt and is paid from revenues derived from the operation of the Parking System. The allocated debt is secured by an ad valorem tax pledge.

Solid Waste Management operation includes the collection and processing of refuse, recycling, and brush. Long-term debt is allocated to Solid Waste Management on a pro rata basis from proceeds received from the issuance of general obligation and certificates of obligation debt for Solid Waste Management related improvements and is paid from revenues derived from the operation of Solid Waste Management. The allocated debt is secured by an ad valorem tax pledge.

Capitalized Interest Costs – Interest costs incurred on revenue bonds and other borrowing totaled $17,386 for the Airport System. For fiscal year 2014, the amount of $434 was capitalized for the Airport System and included as an addition to construction in progress. Nonmajor enterprise funds did not have any capitalized interest in fiscal year 2014.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain revenue bonds. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The purchased securities plus cash were deposited into irrevocable escrow accounts in amount scheduled to mature in principal amounts that, when added to interest earned on the purchased securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. On September 30, 2014, $15,700 of previously defeased bonds was outstanding.

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 debt obligations for the fiscal year ended September 30, 2014:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2013	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2014
Airport System:							
Revenue Bonds:							
Series 2005 PFC	$ 38,085	2030	3.375-5.250	$ 30,490	$ -	$ (1,160)	$ 29,330
Series 2006	17,850	2014	5.000	3,700		(3,700)	-
Series 2007	82,400	2032	4.950-5.250	73,930		(2,390)	71,540
Series 2007 PFC	74,860	2032	5.000-5.250	63,820		(2,060)	61,760
Series 2010A Refunding	42,220	2040	2.000-5.250	42,220		(805)	41,415
Series 2010B Refunding	20,885	2018	3.197-4.861	20,885		(3,000)	17,885
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	34,930		(745)	34,185
Series 2012 Refunding	70,135	2027	2.000-5.000	66,920		(3,545)	63,375
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	24,655		(1,260)	23,395
Subtotal	$ 409,560			$ 361,550	$ -	$ (18,665)	$ 342,885
Parking System:							
Taxable General Obligation Bonds:							
Series 2004 Refunding	$ 13,245	2016	1.400-4.650	$ 3,480	$ -	$ (1,480)	$ 2,000
Series 2008 Refunding	10,120	2024	5.820-6.570	10,120			10,120
Subtotal	$ 23,365			$ 13,600	$ -	$ (1,480)	$ 12,120
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2006 Refunding	$ 1,000	2026	3.500-5.000	$ 685	$ -	$ (220)	$ 465
Series 2010 Refunding	545	2021	2.000-5.000	545			545
Series 2014 Refunding	245	2023	5.000		245		245
Tax-Exempt Certificate of Obligations:							
Series 2006	400	2026	3.500-5.000	305		(105)	200
Series 2007	2,500	2028	4.000-5.000	1,525		(90)	1,435
Subtotal	$ 4,690			$ 3,060	$ 245	$ (415)	$ 2,890
Total	$ 437,615			$ 378,210	$ 245	$ (20,560)	$ 357,895

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to general obligation bonds, certificates of obligation, and revenue bonds outstanding at September 30, 2014 are as follows:

Principal and Interest Requirements									
	Airport System			Parking System			Solid Waste Management		
Year Ending September 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	$ 16,710	$ 16,696	$ 33,406	$ 1,000	$ 694	$ 1,694	$ 165	$ 135	$ 300
2016	17,400	16,019	33,419	1,000	648	1,648	165	127	292
2017	18,195	15,224	33,419	1,025	625	1,650	175	119	294
2018	19,060	14,374	33,434	1,080	565	1,645	65	109	174
2019	14,965	13,504	28,469	1,145	502	1,647	155	100	255
2020-2024	86,180	56,349	142,529	6,870	1,367	8,237	1,265	352	1,617
2025-2029	91,225	33,324	124,549				900	93	993
2030-2034	52,995	13,674	66,669						
2035-2039	21,210	4,803	26,013						
2040	4,945	262	5,207						
Total	$ 342,885	$ 184,229	$ 527,114	$ 12,120	$ 4,401	$ 16,521	$ 2,890	$ 1,035	$ 3,925

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 acquisitions of refuse collection containers, refuse collections trucks, brush grappler trucks, brush tractor/trailer combinations, wheel loaders, roll off trucks, and energy/water saving conservation improvements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council. While the garbage containers met the criteria for capital lease recognition, these items were expensed in the initial period leased, as their individual costs were below the City's capitalization threshold.

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

Machinery and Equipment	$ 22,892
Less: Accumulated Depreciation	(12,746)
Total	$ 10,146

As of September 30, 2014 the City had future minimum payments under capital and operating leases with a remaining term in excess of one year for business-type activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30,			
2015	$ 5,160	$ 652	$ 5,812
2016	3,761	652	4,413
2017	1,880	600	2,480
2018	1,785	308	2,093
2019	1,785	183	1,968
2020-2024	2,739		2,739
2025-2029	622		622
Future Minimum Lease Payments	17,732	$ 2,395	$ 20,127
Less: Interest	(1,261)		
Present Value of Future Minimum Lease Payments	16,471		
Less: Current Portion	(4,794)		
Capital Leases, Net of Current Portion	$ 11,677		

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 850,645	$ 227,030	$ (127,270)	$ 950,405	$ 59,375
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	328,140		(45,905)	282,235	31,495
Tax Notes	19,190	25,110	(6,230)	38,070	16,240
Contractual Obligations		17,500		17,500	8,665
Revenue Bonds	878,564		(7,645)	870,919	8,050
Revenue Notes	18,460	20,900	(11,305)	28,055	12,330
Gross Bonds Payable	2,286,549	290,540	(198,355)	2,378,734	136,155
Unamortized (Discount) / Premium	93,244	31,455	(17,475)	107,224	15,283
Net Bonds Payable	2,379,793	321,995	(215,830)	2,485,958	151,438
Other Payables:					
Capital Lease Liability	15,285	65	(6,434)	8,916	1,046
Accrued Leave Payable	210,785	55,061	(46,868)	218,978	78,814
Notes Payable	43,671		(2,351)	41,320	2,481
Pollution Remediation Liability [4]	1,554	825	(883)	1,496	
Net Pension / OPEB Obligation [1, 2]	170,041	25,742		195,783	
Other Payable	434	498	(434)	498	498
Total Other Payables	441,770	82,191	(56,970)	466,991	82,839
Total Governmental Activities Long-Term Liabilities	$ 2,821,563	$ 404,186	$ (272,800)	$ 2,952,949	$ 234,277
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,230	$ 245	$ (220)	$ 1,255	$ 45
Taxable General Obligation Bonds	13,600		(1,480)	12,120	1,000
Tax-Exempt Certificates of Obligation	1,830		(195)	1,635	120
Revenue Bonds	361,550		(18,665)	342,885	16,710
Gross Bonds Payable	378,210	245	(20,560)	357,895	17,875
Unamortized (Discount) / Premium	9,391	35	(1,594)	7,832	1,312
Net Bonds Payable	387,601	280	(22,154)	365,727	19,187
Other Payables:					
Capital Lease Liability	16,105	4,470	(4,104)	16,471	4,794
Accrued Leave Payable	4,825	3,977	(3,912)	4,890	4,070
Accrued Landfill Postclosure Costs [3]	1,887		(726)	1,161	103
Pollution Remediation Liability [4]	1,040	234		1,274	
Net OPEB Obligation [2]	32,777	5,607		38,384	
Total Other Payables	56,634	14,288	(8,742)	62,180	8,967
Total Business-Type Activities Long-Term Liabilities	$ 444,235	$ 14,568	$ (30,896)	$ 427,907	$ 28,154

NOTE: Interest accreted increased by $1,598 due to the bond payment's maturity schedule, resulting in an ending balance of $2,930, which increases governmental activities' revenue bonds payable. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

[1] See Note 8, Pension & Retirement Plans for a description of the pension program.

[2] See Note 9, Post-employment Retirement Benefits for a description of the post-employment program.

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

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

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

Accrued Leave

The following is a summary of accrued leave payable for the fiscal year-ended September 30, 2014:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,962	$ 67,328	$ 76,290	$ 139,717	$ 216,007
Internal Service Funds		2,524	2,524	447	2,971
Total Governmental Activities	$ 8,962	$ 69,852	$ 78,814	$ 140,164	$ 218,978

The General Fund accounts for approximately 68.0% of the City's employees; therefore, most of the accrued leave payable has been liquidated from the General Fund. When a City employee terminates, the fund that his or her salary was charged to throughout the year will be the same fund that will pay their accrued leave.

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport System	$ 1,850	$ 589	$ 2,439
Nonmajor Enterprise Funds	2,220	231	2,451
Total Business-Type Activities	$ 4,070	$ 820	$ 4,890

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable IDA, EFC and the EZDC, component units of the City, to provide financial assistance to various entities for the acquisition, construction, or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2014, the aggregate principal amounts payable are as follows: six series of EFC Revenue Bonds in the amount of $87,730; two series of IDA Revenue Bonds in the amount of $9,600; and two series of EZDC Revenue Bonds in the amount of $39,900.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to pay for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2014 was $2,200.

The City entered into an agreement with the Port to fund renovations at the Port, in the amount of $20,000. The Department of Housing and Urban Development (HUD) provides the funding for the loan through a Section 108 Loan. The loan is secured by pledged Port revenues and property and is payable solely from payments received by the Port. As of September 30, 2014, the aggregate amount of the outstanding loan totaled $5,866.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

The City has authorized HTFC to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2014, the amount of conduit debt was $39,173.

The City also facilitates the issuance of tax-exempt revenue bonds for SAEAPFC to enter into long-term prepaid purchases of natural gas. SAEAPFC, in turn, sells contracted volumes of the prepaid gas to CPS Energy on a monthly basis at a discounted rate, which is passed on to CPS Energy's gas customers through reduced utility costs. The bonds are secured by the gas supplier and are payable primarily from the contracted volume sales and associated gas swap payments. As of September 30, 2014, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $381,585.

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

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2014 these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

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

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

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

As of January 31, 2014, the bond ordinances for New Series Bonds issued on and after February 1, 2002 contained, among others, the following provisions:

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

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

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

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

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

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 CPS Energy to the City and all other consumers, which shall be reasonable and nondiscriminatory and which will produce income and revenues sufficient to pay:

- All operation and maintenance expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502 of the Texas Government Code, as amended;
- The interest on, and principal of, all parity bonds, as defined in the New Series Bond ordinances, as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the parity bonds;
- The interest on, and principal of, the prior lien bonds, including the junior lien obligations and any additional junior lien obligations hereafter issued (all as defined in the New Series Bond ordinances), as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the junior lien obligations and any additional junior lien obligations;
- To the extent the same are reasonably anticipated to be paid with available revenues, the interest on and principal of all notes, and the credit agreement (as defined in the ordinance authorizing the commercial paper); and
- Any legal debt or obligation of CPS Energy as and when the same shall become due.

Revenue Bonds

On July 25, 2013, CPS Energy issued $375,000 of Series 2013 Junior Lien Revenue Bonds. The true interest cost for this issue, which has maturities in 2034 through 2048, is 4.8%. Bond proceeds are primarily being used to fund construction projects.

CPS Energy Revenue Bond Summary

Issuance	Maturities	Weighted-Average Yield on Outstanding Bonds at January 31, 2014	January 31, 2014
Tax Exempt new series bonds 2002-2012	2015-2042	4.6%	$ 2,587,280
Taxable new series bonds 2009C[1], 2010A[1] and 2012	2026-2042	4.1%	1,276,000
Total New Series Bonds		4.3%	3,863,280
Taxable series bonds 2010A[1], 2010B[1]	2034-2041	3.9%	500,000
Tax Exempt Variable-Rate Series Bonds 2003, 2012A, 2012B, and 2012C	2025-2033		393,645
Tax Exempt Series Bonds 2013	2034-2048	4.8%	375,000
Total Series Bonds		4.4%	1,268,645
Total Long-Term Revenue Bonds Outstanding			5,131,925
Less: Current Maturities of Bonds			157,035
Total Revenue Bonds Outstanding, Net of Current Maturities			$ 4,974,890

[1] Direct Subsidy Build America Bonds

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2014, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy Principal and Interest Requirements				
Year	Principal	Interest	Direct Subsidy	Total
2015	$ 157,035	$ 248,272	$ (24,250)	$ 381,057
2016	155,115	242,635	(24,250)	373,500
2017	166,135	237,315	(24,250)	379,200
2018	163,955	231,580	(24,250)	371,285
2019	179,870	223,664	(24,250)	379,284
2020-2024	1,000,835	979,413	(123,133)	1,857,115
2025-2029	764,005	728,397	(130,659)	1,361,743
2030-2034	797,745	584,136	(129,494)	1,252,387
2035-2039	1,016,330	368,024	(80,964)	1,303,390
2040-2044	628,520	92,282	(9,095)	711,707
2045-2048	102,380	13,109		115,489
Totals	$ 5,131,925	$ 3,948,827	$ (594,595)	$ 8,486,157

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column. BABs subsidy received in 2013 totaled $594,595. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service since the subsidy is received directly by the trustee to be used solely for debt service payments.

The 2003 Junior Lien Bonds were issued as variable-rate bonds and as such have interest rates that reset on a weekly basis. The 2004 Junior Lien Bonds were refunded in November 2012 by the Series 2012A, 2012B and 2012C Junior Lien Bonds. The Series 2012A, 2012B and 2012C Junior Lien Bonds were issued as variable-rate bonds with interest rates that will be remarketed in two, three and four years, respectively, and at that time will likely reset at different rates of interest. The interest on all variable-rate bonds computes to a blended rate of 0.3% at January 31, 2014.

In fiscal year 2014, CPS Energy implemented GASB Statement No. 65. Under guidance provided in this pronouncement, debt reacquisition costs no longer meet the definition of an asset or a liability and are therefore required to be classified as deferred outflows or inflows of resources on the Statements of Net Position. Prior to implementation of GASB Statement No. 65, debt reacquisition costs were reported on the Statements of Net Position as a component of long-term debt. Debt reacquisition costs reported as deferred outflows of resources totaled $79,745 at January 31, 2014. The current practice of amortizing debt reacquisition costs over the life of the related debt remains unchanged by the adoption of this new pronouncement.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

CPS Energy has historically reported debt issuance costs as assets and amortized them over the life of the related debt. Under GASB Statement No. 65, debt issuance costs no longer meet the definition of an asset, nor do they meet the definition of a deferred outflow of resources; therefore, they must be expensed in the period incurred. CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, has established a regulatory asset for the debt issuance costs that would otherwise have been expensed upon implementation of GASB Statement No. 65. This regulatory accounting treatment results in continuation of the current practice of amortizing these costs over the life of the related debt. Debt issuance costs, which are reported within other noncurrent assets on the Statements of Net Position, totaled $29,760 at January 31, 2014.

Long-Term Debt Activity

Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2013	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2014
Revenue and Refunding Bonds:							
2002 Tax Exempt	$ 436,090	2017	4.055	$ 141,425	$ -	$ (73,290)	$ 68,135
2002 Tax Exempt	140,615	2015	4.751	10,525			10,525
2003 Tax Exempt Junior Lien	250,000	2033	Variable	250,000			250,000
2003A Tax Exempt	93,935	2014	3.675	63,475		(63,475)	
2005 Tax Exempt	294,625	2020	4.379	294,625			294,625
2006A Tax Exempt	384,185	2025	4.555	33,035		(16,115)	16,920
2006B Tax Exempt	128,845	2021	3.974	76,385		(10,115)	66,270
2007 Tax Exempt	46,195	2018	4.159	46,195			46,195
2007 Tax Exempt	403,215	2032	4.575	402,130			402,130
2008 Tax Exempt	287,935	2032	4.582	287,935			287,935
2008A Tax Exempt	158,030	2016	3.736	66,310		(20,615)	45,695
2009A Tax Exempt	442,005	2034	4.863	439,500			439,500
2009C Taxable	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt	207,940	2021	3.720	203,065			203,065
2010A Taxable	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien	200,000	2037	4.101	200,000			200,000
2011 Tax Exempt	50,915	2017	1.599	50,915			50,915
2012 Taxable	521,000	2042	4.382	521,000			521,000
2012 Tax Exempt	655,370	2025	2.552	655,370			655,370
2012A Tax Exempt Junior Lien	48,170	2028	Variable	48,170			48,170
2012B Tax Exempt Junior Lien	47,815	2028	Variable	47,815			47,815
2012C Tax Exempt Junior Lien	47,660	2028	Variable	47,660			47,660
2013 Tax Exempt Junior Lien	375,000	2048	4.753		375,000		375,000
Bonds Outstanding				4,940,535	375,000	(183,610)	5,131,925
Bond Current Maturities				(183,610)		26,575	(157,035)
Bond (Discount)/Premium				222,427	16,139	(28,243)	210,323
Revenue Bonds, Net				4,979,352	391,139	(185,278)	5,185,213
Tax Exempt Commercial Paper (TECP)			Variable	296,500	63,500		360,000
Total Long-Term Debt, Net				$ 5,275,852	$ 454,639	$ (185,278)	$ 5,545,213

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note

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

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to NINA in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2014 was $25,200.

The FRRN has been classified as current in accordance with the financing terms under the taxable Note Purchase Agreement and is reported on the Statements of Net Position under current maturities of debt. At January 31, 2014, only the taxable facility was being utilized through the taxable Note Purchase Agreement. The taxable notes are being secured by a pledge of investment collateral and a limited, subordinate and inferior lien on and pledge of net revenues in the amount of $100. The current taxable Note Purchase Agreement will expire on December 31, 2014, but through an annual renewal process may be extended through November 1, 2028.

Accrued Leave

Employees earn vacation benefits based upon their employment status and years of service. As of January 31, 2014 the accruals for employee vested benefits were $17,789. These accruals are reported under Accounts Payable and Other Current Liabilities.

San Antonio Water System (SAWS)

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

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

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

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

Revenue Bonds

On May 7, 2013, SAWS issued $50,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds Series 2013A through the Texas Water Development Board. The bonds were sold under the Water Infrastructure Fund Loan Program. The proceeds from the sale of the bonds were used to (i) finance portions of the Brackish Groundwater Desalination Project, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 6, 2013, SAWS issued $82,885 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003 and the City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2004; (together the "Refunded Bonds") and (ii) pay the cost of issuance. The refunding of the Refunded Bonds reduced total future debt service payments by approximately $15,700 and resulted in an economic gain of $12,400. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On October 31, 2013, SAWS issued $60,100 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013D through the Texas Water Development Board. The bonds were sold under the Clean Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 6, 2013, SAWS issued $79,350 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund $52,120 in outstanding commercial paper notes, (ii) finance capital improvement projects, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

On November 6, 2013, SAWS issued $100,000 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund $80,000 in outstanding commercial paper notes, (ii) finance capital improvement projects, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

On December 5, 2013, SAWS issued $26,370 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013C through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds, comprised of Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of $1,506,725 at December 31, 2013, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 1.9% to 6.2%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Junior Lien Water System Revenue Bonds, comprised of Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), Series 2012, Series 2013A, Series 2013B (No Reserve Fund), Series 2013 C, Series 2013D, and Series 2013E (No Reserve Fund), is outstanding in the amount of $634,190 at December 31, 2013, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.0% to 5.0%.

The junior lien variable-interest-rate bonds, comprised of the Series 2013F (No Reserve Fund) (the “Bonds”), is outstanding in the amount of $100,000. The Bonds are tax-exempt variable-interest-rate notes initially issued in a Securities Industry and Financial Markets Association (SIFMA) Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2016, at a spread of 0.7% over the SIFMA Swap Index. The average interest rate at December 31, 2013 was 0.8%. The ending interest rate at December 31, 2013 was 0.8%. Upon conclusion of the initial interest period, October 31, 2016, SAWS is permitted to change the mode for all or any portion of the Bonds to a different mode or to a SIFMA Index Mode of different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period. During the initial interest period, the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0%.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2013:

	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013	Due Within One Year
Bonds Payable	$ 1,987,810	$ 398,705	$ 145,600	$ 2,240,915	$ 57,850
(Discounts)/Premiums	95,735	24,378	12,194	107,919	
Total Bonds payable, Net	$ 2,083,545	$ 423,083	$ 157,794	$ 2,348,834	$ 57,850

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

Annual Debt Service Requirements Revenue and Refunding Bonds						
	Fixed Rate				Variable Rate	
Year Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2014	$ 57,850	$ 92,683	$ (3,853)	$ 88,830	$ -	$ 740
2015	59,575	90,978	(3,969)	87,009		740
2016	63,915	89,176	(3,920)	85,256		740
2017	68,870	86,749	(3,863)	82,886		740
2018	71,450	84,073	(3,798)	80,275		740
2019-2023	392,015	374,930	(17,829)	357,101		3,700
2024-2028	455,615	281,844	(15,276)	266,568		3,700
2029-2033	341,275	191,735	(11,928)	179,807	23,190	3,386
2034-2038	448,200	95,463	(4,652)	90,811	37,205	2,113
2039-2043	182,150	10,642	(283)	10,359	39,605	691
Total	$ 2,140,915	$ 1,398,273	$ (69,371)	$ 1,328,902	$ 100,000	$ 17,290

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

In 2013, SAWS received a total of $4,006 in BABs subsidy.

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

Prior Years' Defeased Debt

In current and prior years, SAWS defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2013, there were no bonds outstanding that were considered legally defeased.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Accrued Leave

SAWS records an accrual for vacation payable for all full-time employees and pays unused vacation hours available at the end of employment with the final paycheck.

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2013	$ 8,078	$ 7,512	$ (7,412)	$ 8,178	$ 7,412

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Note 7 Commercial Paper Programs

Primary Government (City)

The City had no Commercial Paper debt during fiscal year 2014.

CPS Energy

On October 11, 2012, the commercial paper ordinances were amended and restated to include several additional provisions as listed below:

- Increase the authorized capacity to $600,000;
- Allow flexibility to issue tax-exempt or taxable commercial paper;
- Allow the issuance of multiple series notes to reduce bank counterparty risk; and
- Extend the final maturity date to November 1, 2042.

Eligible projects include fuel acquisition, capital improvements to the CPS Energy, and refinancing or refunding any outstanding obligations which are secured by and payable from a lien and/or a pledge of net revenues of CPS Energy. 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, 2014, the commercial paper ordinances contain, among others, the following provisions:

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

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

CPS Energy issued a total of $63,500 in new tax-exempt commercial paper during the period February 1, 2013 through January 31, 2014, to help fund construction costs. As of January 31, 2014, the outstanding commercial paper balance was $360,000, all of which was tax-exempt.

Commercial Paper Summary	
	January 31, 2014
Commercial Paper Outstanding	$ 360,000
New Money Issues	63,500
Weighted Average Interest Rate of Outstanding	0.1%
Average Life Outstanding (Number of Days)	71

Note 7 Commercial Paper Programs (Continued)

CPS Energy (Continued)

The commercial paper has been classified as long-term in accordance with the refinancing terms under three revolving credit agreements with a consortium of banks, which support the commercial paper program. Each revolving credit agreement relates to a particular series of notes and provides liquidity support therefor in the amount specified. The Series A agreement, which provides $150,000 in liquidity support for the Series A Notes, effective October 17, 2012, was amended February 7, 2014, and extended through February 6, 2017. The Series B agreement, which provides $225,000 in liquidity support for the Series B Notes, is effective June 26, 2013, through June 24, 2016. The Series C agreement, which provides $225,000 in liquidity support for the Series C Notes, is effective June 26, 2013, through June 23, 2017. Under the terms of these revolving credit agreements, CPS Energy may borrow up to an aggregate amount not to exceed $600,000 for the purpose of paying principal due under the commercial paper program. At January 31, 2014, there was no amount outstanding under the revolving credit agreements. Further, there have been no borrowings under the agreements since inception of the program.

San Antonio Water System (SAWS)

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

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

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Ramirez & Co., Inc.
- Revolving Credit Agreement with Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York branch, supporting the Series A Notes in the amount of $250,000
- Revolving Credit Agreement with Wells Fargo Bank, N.A., supporting the Series B Notes in the amount of $150,000
- Issuing and Paying Agency Agreement with the Bank of New York Mellon Trust Company, N.A.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit agreements is $400,000 and the agreements expire on October 5, 2015.

Commercial paper notes of $186,655 are outstanding as of December 31, 2013. Of this balance, $98,000 relates to the refunding of the Series 2003 Bonds; $18,655 relates to the purchase of a water treatment plant from Bexar Metropolitan Water Development Corporation; the remaining $70,000 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2013 range from 0.1% to 0.2% and maturities range from 28 to 127 days. The outstanding notes had an average rate of 0.1% and averaged 65 days to maturity.

Note 7 Commercial Paper Programs (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available $400,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem $3,105 of commercial paper in 2014. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following summarizes transactions of the program for the year-ended December 31, 2013.

	Beginning Balance January 1, 2013	Additions	Reductions	Ending Balance December 31, 2013
Tax Exempt Commercial Paper Notes	$ 170,745	$ 151,000	$ 135,090	$ 186,655

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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 [3]	Employee Contribution	Employer Contribution	Total Contribution
City	Fire and Police Pension Plan	Single Employer Defined Benefit Plan	$ 309,031	$ 38,073	$ 76,146	$ 114,219
	Texas Municipal Retirement System (TMRS) - Civilian	Nontraditional Hybrid Defined Benefit Agent Plan	$ 303,141	$ 18,191	$ 32,585	$ 50,776
Component Units:						
SAWS	Texas Municipal Retirement System (TMRS)[1]	Nontraditional Hybrid Defined Benefit Agent Plan	$ 94,529	$ 2,837	$ 3,990	$ 6,827
	SAWSRP Contract[1]	Single Employer Defined Benefit Plan	$ 88,895	$ -	$ 11,289	$ 11,289
CPS Energy	CPS All Employee Plan[2]	Single Employer Defined Benefit Plan	$ 246,908	$ 12,569	$ 44,401	$ 56,970

[1] Fiscal year ended December 31, 2013.

[2] Fiscal year ended January 31, 2014.

[3] Covered payroll presented in this table for the City is as of September 30, 2014.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas. The governing document for the Pension Fund is found in Vernon's Texas Civil Statutes, Article 6243o. The pension law governing the Pension Fund was amended on October 1, 2009. The Pension Fund meets the criteria of a "fiduciary fund" of the City as established by *Governmental Accounting Financial and Reporting Standards,* and is therefore included in the City's financial statements as a pension trust fund. A more complete description of the Pension Fund is provided in the Pension Fund's separately issued financial statements.

At September 30, 2014, membership of the Pension Fund consisted of:

Retirees and beneficiaries receiving benefits	2,286
Active participants	3,944
Inactive participants[1]	14
Total	6,244

[1] The inactive participants are only entitled to a refund of their contributions, and are not eligible for benefits.

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

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

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did meet the criteria for the 13th check for the year ended September 30, 2014, but it did not meet the criteria for the 14th check for that period.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund also provides benefits when service is terminated by reason of death or disability. The employee's beneficiary or the employee shall be entitled to one-half of the average of the employee's total salary, excluding overtime pay, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. If a member dies after retiring, spouses or beneficiaries who were married to or dependents of the member at the time of retirement receive the same annuity paid to the member as of the date of the member's death up to the maximum benefit. The maximum benefit for surviving spouses and dependent children is equal to a 27 year service pension. As of October 1, 2009, the allocation of death benefits between a surviving spouse and the dependent children of a member is 75.0% to the spouse and 25.0% to the children. The spousal death benefit for a spouse who married a retiree after retirement and at least five years prior to the date of the retiree's death is the same as a spouse who married a member prior to retirement. At October 1, 2009, amendments establish a 55 year old minimum age for marriage-after-retirement spouses to begin receiving annuity payments for those that qualify for such annuity payments. As of October 1, 2009, the spousal death benefit for a spouse who married a retiree after retirement, and less than five years prior to the date of the retiree's death, was $15 if there are no other beneficiaries.

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

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

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

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

Another important provision of the Pension Fund is the Cost of Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers – U.S. City Average (CPI) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, receive an increase equal to 100.0% of the increase in the CPI. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1999, receive an increase equal to 100.0% of the increase in the CPI up to 8.0% and 75.0% of the increase in the CPI in excess of 8.0%. Members whose retirement, disability, or death occurred after October 1, 1999 receive an increase equal to 75.0% of the increase in the CPI.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund is funded in accordance with Texas state statues and is not actuarially determined. The City was required to contribute 24.6% of salary, excluding overtime pay, in fiscal year 2014. The employee contribution rate was 12.3% in fiscal year 2014. New fire fighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

The Pension Fund has a provision that allows the fire chief and police chief to opt out of membership in the Pension Fund.

The components of the net pension liability (NPL) of the Pension Fund at September 30, 2014 were as follows:

Total Pension Liability	$ 2,981,493
Plan Fiduciary Net Position	2,676,855
City's Net Pension Liability	$ 304,638
Plan fiduciary net position as a percentage of the total pension liability	89.8%

The total pension liability was determined by an actuarial valuation as of October 1, 2013, using the entry age normal cost and using the following actuarial assumptions, applied to all periods included in the measurement, with updated procedures used to roll forward to September 30, 2014:

Inflation	3.5%
Salary increases	3.5% plus merit scale of 0.8% - 11.3%
Investment rate of return	7.5% including inflation, net of pension plan investment expense
Cost-of-living adjustments	3.5% for retirements before October 1, 1999
	2.6% for retirements on or after October 1, 1999

Healthy mortality rates were based on the sex-distinct 1994 Group Annuity Mortality Table, with rates increased by 25.0% for females only. Disabled mortality rates were based on the 1994 Group Annuity Mortality Table for males, set forward five years. The current tables were determined to contain a margin of 9.0% to anticipate future mortality improvement based on the review of mortality experience for the 2004-2009 period.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an experience study for the period October 1, 2004 to September 30, 2009.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of September 30, 2014 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class		
Domestic equity	18.0%	6.6%
International Equity	21.0%	7.8%
Fixed Income	20.0%	2.8%
Alternative investments	29.0%	5.8%
Real estate	12.0%	4.4%
Total	100.0%	

The blended discount rate used to measure the total pension liability is 7.5%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 12.3% of the compensation from plan members and 24.6% of the compensation from the City. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Fund's investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the Fund, calculated using the discount rate of 7.5%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	$ 704,868	$ 304,638	$ (27,195)

Contribution requirements are established by state law and are not actuarially determined. Contributions for the year-ended September 30, 2014 were as follows:

	Amount	Percentage
Employer	$ 76,146	24.6%
Employee	38,073	12.3%
Total	$ 114,219	

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 11603 W. Coker Loop, Suite 201, San Antonio, Texas 78216 or by calling (210) 534-3262.

Texas Municipal Retirement System (TMRS)

The City provides benefits for all eligible employees (excluding firefighters and police officers) through a nontraditional, joint contributory, hybrid defined benefit plan in TMRS. TMRS is a statewide agent multiple-employer public employee retirement system created by law in 1947 to provide retirement and disability benefits to city employees. TMRS as of December 31, 2013, is the agent for 850 participating entities.

In October 2013, the TMRS Board of Trustees adopted actuarial changes to be first reflected in the December 31, 2013 actuarial valuation. The changes were adopted as a "package" and include Post-Retirement Mortality Assumptions, changes to Entry Age Normal Actuarial Cost Method, and amortization policy as discussed below.

The mortality tables used in calculating the Annuity Purchase Rate (APR) factors for determining service and disability retirement benefits were adopted in 1981. The APRs calculated using the old mortality tables no longer accurately reflected a member's life expectancy at retirement. As a result, City contribution rates increased due to the longer payout period over longer retiree lifespans. Beginning with the December 31, 2013 actuarial valuation, TMRS calculated the APRs based on an updated mortality table on a fully generational basis. A generational mortality table is more accurate and includes automatic adjustments over time to reflect the expectation for increasing life expectancies.

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The Board adopted a change in the actuarial cost method from the PUC method to the Entry Age Normal (EAN) method. The EAN cost method produces contribution rates that are more predictable and are less volatile than those produced under the PUC cost method. Another reason for changing to the EAN cost method is to be in compliance with the GASB Statements No. 67 and No. 68. Effective 2014, GASB No. 67 and No. 68 require the EAN to be used for financial reporting purposes. This will eliminate the potential confusion resulting from utilizing two different cost methods in determining the individual employer funding requirements.

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

To implement the 2013 actuarial changes, and to minimize the impact of the actuarial changes on contribution rates, the December 31, 2013 actuarial valuation reflects the following amortization policy:

1. For all employers, the current individual non-ad hoc bases are aggregated, and the amortization period is determined as a single equivalent amortization period. The single amortization period is then adjusted as described in items 2 and 3 below, if applicable. All ad hoc bases remain unchanged.
2. The single amortization period for the combined non-ad hoc UAAL base is decreased to the extent necessary for any city to keep the city contribution rate from decreasing.
3. The single amortization period for the combined non-ad hoc UAAL base is increased to the extent necessary for any city to keep the city contribution rate from increasing.
   a. For cities where the combined impact of the actuarial changes results in an initial rate increase of less than or equal to 0.5% and the single amortization period determined under item 1 above is less than or equal to 25 years, the amortization period is increased to a maximum of 25 years.
   b. For cities where the combined impact of the actuarial changes results in an initial rate increase of less than or equal to 0.5% and the single amortization period determined under item 1 above is greater than 25 years, the amortization period is not adjusted except as described in item 4 below.
   c. For cities where the combined impact of the actuarial changes results in an initial rate increase of greater than 0.5%, the amortization period is increased to a maximum of 30 years.
4. After these steps have been completed, the single equivalent amortization period is rounded up to the next integer, not to exceed 25 or 30 years, as applicable.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

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

In addition to the restructuring, the actuarial assumptions were updated based on an actuarial experience study that was adopted by the TMRS board at its May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). The City's UAAL as of December 31, 2010 prior to restructuring was calculated at $201,451 with a funded ratio of 73.0%. The City's UAAL using the new rate structure was calculated to $100,426 with a funded ratio of 90.6%. Further, the amortization periods differed; prior to restructuring the period was 25.6 years; after restructuring the period was 24.1 years, resulting in a reduction to the contribution rate from 12.6% to 10.0% for the first quarter of calendar year 2012. TMRS permitted the City to early implement this contribution rate reduction in the first quarter of fiscal year 2012, resulting in a first quarter difference of 2.6%, or $1,810 in the Annual Required Contribution (ARC), not being funded. The Net Pension Obligation (NPO) balance at September 30, 2014 is $1,838, and this NPO will be funded through future TMRS contribution rate changes. The General Fund will be the primary contributor to this NPO.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

In fiscal year 2008, the City created a work plan to review and address the changes being made by TMRS. Six focus groups with employees and retirees were held to obtain input via a survey on their TMRS benefits and priorities to assist the City in evaluating its options and decisions made on the TMRS Board. Furthermore, the City engaged a legal firm to provide legal advice on TMRS and other pension related issues. The legal firm engaged an actuarial firm to evaluate the assumptions and results of TMRS' report to provide a historical performance analysis of the funds within TMRS, and assist in exploring viable pension alternatives. A task force of current employees and retirees was formed to provide input regarding the work to be completed by this actuarial firm.

The City further adopted a plan change in 2010 removing the annually repeating Cost of Living Adjustment (COLA) feature as a way to mitigate future contribution increases. This change does not prevent adoption of either ad hoc or annually repeating COLAs in the future, but it did reduce the City's contribution rate in 2010 from 13.9% to 12.3%.

In the fiscal year 2014 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.0% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. This one-time annuity increase caused the contribution rate to increase from 10.7% to 10.8%, effective January 1, 2014.

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

Members are eligible to retire upon attaining the normal retirement age of 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The TMRS plan also provides death and disability benefits. A member is vested after five years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Contribution requirements are actuarially determined by TMRS' actuary (see summary of TMRS Actuarial Assumptions and Methods at the end of Note 8). The contribution rate for the City's employees is 6.0% and the matching percent was 10.8% for calendar year 2014, both as adopted by the governing body of the City (see summary of contribution information at the beginning of Note 8). Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary, using the Entry Age Normal actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The normal cost contribution finances the currently accruing monetary credits due to the City matching percentage, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the obligation of the City to each employee at the time the employee's retirement becomes effective. The prior service contribution rate amortizes the UAAL over the remainder of the plan's 19.9 year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased UAAL is being amortized over a new 19.9-year period. Currently, the UAAL is amortized over a constant 19.9-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.

Membership as of the Valuation Date	12/31/2013
Number of :	
Active Members	6,146
Retirees and beneficiaries	3,908
Inactive members	1,965
Total	12,019

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

City Deferred Compensation

City of San Antonio has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary on a pre-taxed basis until future years. The compensation deferred under this plan is not available to employees until termination, retirement, death, loan, or qualifying unforeseeable emergency. Participation in the plan is voluntary. In fiscal year 2012, the City implemented a matching contribution of up to 1.0% of base salary to eligible executives who participate in the plan. The City has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

San Antonio Water System (SAWS)

SAWS' pension program includes benefits provided by TMRS, the San Antonio Water System Retirement Plan (SAWSRP), the San Antonio Water System Deferred Compensation Plan (SAWSDCP), and Social Security.

Texas Municipal Retirement System (TMRS)

SAWS provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and SAWS financed monetary credits, with interest. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. The plan provisions are adopted by SAWS within the options available and actuarial constraints in the state statutes governing TMRS.

Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually. The prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for SAWS. Both the normal costs and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2013 contribution rate is based on the December 31, 2011 valuation results. The actuarially determined rate for 2013 employer contributions was 4.2%. Employee contributions to the plan for 2013 were equal to 3.0% of compensation.

Schedule of Contributions

	2013
Employer Contribution	$ 3,990
Employee Contribution	$ 2,837
Employer Contribution Rate	4.2%

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP)

SAWSRP is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security. SAWS has delegated the authority to manage certain plan assets and administer the payment of benefits to Principal Financial Group.

SAWS provides supplemental pension benefits for all persons customarily employed at least 20 hours per week and five months per year through this defined benefit pension plan. Employees are eligible to participate in SAWSRP on January 1 of the calendar year following date of hire. A member does not vest in this plan until completion of five years of service.

SAWSRP membership consisted of:

	January 1, 2013
Active Employees	1,658
Retirees and beneficiaries currently receiving benefits[1]	608
Terminated employees entitled to benefits but not yet receiving them	434
Total	2,700

[1] Does not include retirees whose benefits have been purchased.

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

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

An employee is automatically 100% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

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

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

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

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

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.

SAWSRP's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. Contribution requirements are established and may be amended by SAWS. Active members are not required to make contributions. Any obligation with respect to SAWSRP shall be paid by SAWS. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including investment actuarial and consultant services, are funded through investment earnings and/or contributions.

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

SAWSRP Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal - Frozen Initial Liability Period
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Closed Period
Asset Valuation Method	Smoothed Market Value (4 years)
Investment Rate of Return	7.0%
Inflation Rate	None
Salary Scale	Table S-5 from the Actuary's Pension Handbook plus 3.4%
Cost of Living Adjustments	None

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.

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Note 8 Pension and Retirement Plans (Continued)

CPS Energy

All Employee Plan

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

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

The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained by contacting Benefit Trust Administration at CPS Energy. Plan net assets had a market value of $1,342,378 at December 31, 2013.

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

Employees who retired prior to 1983 receive annuity payments from an insurance carrier, as well as some benefits directly from CPS Energy. The costs for the benefits directly received from CPS Energy were $60 for fiscal year 2014. These costs were recorded when paid.

Funding Policy – The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the Plan during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2012, valuation was the basis for contributions in fiscal year 2014. CPS Energy establishes funding levels, considering annual actuarial valuations and recommendations of the Administrative Committee, which is composed of a cross-functional group of active and retired CPS Energy employees, using both employee and employer contributions. Generally, participating employees contribute 5.0% of their total compensation and are typically fully vested in CPS Energy's matching contribution after completing seven years of credited service or upon reaching age 40. Employee contributions commence with the effective date of participation and continue until normal or early retirement, completion of 44 years of benefit service, or termination of employment. The employee contribution interest crediting rate was 5.8% for fiscal year 2014.

The balance of Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2014, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary. CPS Energy's contributions in relation to the annual required contribution (ARC) amounted to 18.0% of covered payroll in fiscal year 2014.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Annual Pension Cost and Net Pension Obligation – CPS Energy's annual pension cost (APC) and NPO for fiscal year 2014 is presented at the end of this Note. The NPO may be either positive, reflecting a liability, or negative, reflecting an asset. The term net pension obligation, as used in this note, refers to either situation.

Funded Status and Funding Progress – The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability ("AAL") for benefits.

Actuarial Methods and Assumptions – Actuarial valuation methods used included: (a) the five-year smoothed market method for asset valuation, (b) the projected-unit-credit actuarial cost method for the AAL, and (c) the 20-year level-dollar open method for amortization of prior service costs. Beginning with the 2010 Plan year, January 1 valuation results are used to determine the contributions for the fiscal year commencing in the succeeding calendar year. There was no change in actuarial valuation methods for the 2013 Plan year.

Significant actuarial assumptions used for the January 1, 2012, actuarial valuation for fiscal year 2014 included: (a) a rate of return on the investment of present and future assets of 7.8%, (b) projected salary increases averaging 5.1%, and (c) post retirement cost-of-living increases of 1.5%. The projected salary increases included an inflation rate of 3.0%.

Three-Year Trend Information

Trend information compares the annual required contribution to annual pension cost and the resultant net pension obligation, as required by GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Three-Year Trend Information

Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net Pension Obligation (NPO)	Adjustment To ARC	Annual Pension Cost (APC)	Contributions In Relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation (Asset) at Beginning of Year	Net Pension Obligation (Asset) at End of Year	Percentage of APC Contributed
TMRS -	2012	$ 29,981	$ -	$ -	$ 29,981	$ (28,171)	$ 1,810	$ -	$ 1,810	93.9%
City of	2013	30,416	127	(111)	30,432	(30,417)	15	1,810	1,825	100.0%
San Antonio	2014	32,585	128	(115)	32,598	(32,598)	13	1,825	1,838	100.0%
CPS All	2012	39,703	(54)	58	39,707	(37,687)	2,020	(616)	1,404	94.9%
Employee Plan [1]	2013	41,128	109	(130)	41,107	(39,016)	2,091	1,404	3,495	94.9%
	2014	47,102	271	(324)	47,049	(44,401)	2,648	3,495	6,143	94.4%
TMRS -	2011	4,967	173	(143)	4,997	(4,997)	1,071	2,313	3,384	85.8%
SAWS [2]	2012	3,641	237	(204)	3,674	(3,674)	33	3,384	3,417	99.5%
	2013	3,990	239	(210)	4,019	(4,019)	29	3,417	3,446	99.6%
SAWRP -	2011	9,171			9,171	(9,171)				100.0%
SAWS [2]	2012	10,396			10,396	(10,396)				100.0%
	2013	11,289			11,289	(11,289)				100.0%

[1] Fiscal year-ended January 31, 2014.
[2] Fiscal year-ended December 31, 2013.

Note 8 Pension and Retirement Plans (Continued)

Three-Year Trend Information (Continued)

Funded Status and Funding Progress	City of San Antonio TMRS [1]	SAWS TMRS	SAWS SAWSRP	CPS Energy
Actuarial value of plan assets (a)	$ 1,156,538	$ 145,193	$ 126,906	$ 1,185,076
Actuarial accrued liability (b)	1,331,301	172,388	171,170	1,383,413
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 174,763	$ 27,195	$ 44,264	$ 198,337
Funded ratio (a) / (b)	86.9%	84.2%	74.1%	85.7%
Covered payroll (c)	$ 290,156	$ 94,529	$ 88,895	$ 246,908
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	60.2%	28.8%	49.8%	80.3%

[1] Covered payroll presented in this table is as of 12/31/2013.

Significant TMRS Actuarial Assumptions and Methods

Significant assumptions used in the actuarial valuations of December 31, 2013 and December 31, 2012, by the Texas Municipal Retirement System's (TMRS) actuary are provided in the following table for the City and SAWS, respectively. The City's actuarial assumptions and methods are based on the restructuring of the TMRS funds as enacted by SB 350.

TMRS Actuarial Assumptions and Methods	
Actuarial Cost Method - City	Entry Age Normal
Actuarial Cost Method - SAWS	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period - SAWS	30 Years - Closed Period
Remaining Amortization Period - City	19.9 Years - Closed Period
Asset Valuation Method	10-year smoothed market
Investment Return	7.0%
Projected Salary Increases	Varies by Age and Service
Includes Inflation At	3.0%
Cost of Living Adjustments - SAWS	2.1%

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Note 9 Post-employment Retirement Benefits

Primary Government (City)

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

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

As of September 30, 2014, there are 6,335 active civilian employees who may become eligible in the future. Employees may become eligible to participate in this program based on eligibility for a retirement benefit under the rules for TMRS Pension Plan and their number of years of service to the City. Under the TMRS Pension Plan, employees may retire at age 60 and above with five or more years of service or with 20 years of service regardless of age. Retiree medical benefits continue for the life of the retiree and their surviving eligible dependents that were covered at the time of the employee's severance of service. Non-uniformed City employees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. As of September 30, 2014, there were 387 retirees and surviving spouses participating in this program.

The second program with 1,063 participating retirees and surviving spouses is available to eligible retirees who have Medicare coverage. All retirees and dependents are required to apply for and maintain Medicare Parts A & B coverage once they reach age 65 or otherwise become eligible for Medicare in order to participate in the Medicare Advantage PPO or HMO Plan. Of the current 1,063 participating Medicare retirees and surviving spouse, 135 participate in a fully insured Medicare Advantage HMO and the remaining 928 participate in a fully insured Medicare Advantage PPO.

Participant data disclosed above is not expressed in thousands.

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Funding Policy – The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2014 to prefund benefits. For the fiscal year-ended September 30, 2014, total contributions were as follows:

Total Contributions	
City	$ 5,797
Retiree Premiums	2,684
Total Contributions	$ 8,481

The primary source of payment for the City contributions for pay-go contributions is the General Fund. The Self Insurance Fund assesses funds based on active, non-uniformed employees assigned to the various funds.

Annual OPEB Cost and Net OPEB Obligation – For the fiscal year-ended September 30, 2014, the City's annual post-employment benefits other than pension (OPEB) cost was not equal to its annual required contribution (ARC) to the plan. The City's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial balance over thirty years. The City will not be fully funding the ARC at this time. The City will continue to fund OPEB on a pay-as-you-go basis.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The table below details the actuarial methods and assumptions for the City's OPEB calculation for the fiscal year-ended September 30, 2014:

Assumptions	
Actuarial Valuation Date	1/1/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30.0 years
Asset Valuation Method	N/A
General Inflation Rate	2.0%
Actuarial Assumptions:	
Investment Rate of Return	3.0%
Projected Salary Increase	N/A
Healthcare Inflation Rate - Pre-Medicare	8.5% initial (2015)
Medical and Prescription	6.8% ultimate (2019)

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Below is the health care cost trend assumptions used for the City's January 1, 2014 actuarial study reviewed and updated for the fiscal year-ended September 30, 2014.

City's Health Care Cost Trend Assumptions	
Year	Medical & Prescription Drugs
2015	8.5%
2016	8.0%
2017	7.5%
2018	7.0%
2019+	6.8%

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

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

Fire and Police Retiree Health Care Fund

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

WEB-TPA Employer Services, LLC and Catamaran (formerly PTRx, Inc.) serve as the medical and prescription third party administrators for the Health Fund.

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

The contribution amounts for each fiscal year, beginning October 1, 2007, are based on a statutory contribution rate that is applied to the average member salary expected for that fiscal year, which is to be determined by the Health Fund's actuary. For the year ending September 30, 2014, and years thereafter, the specified employee contribution rate was 4.7%, while the City's contributions was at 9.4% of the specified wage base. The table below summarizes the actuary's determinations of the contribution amount for the fiscal year-ended September 30, 2014 (not expressed in thousands):

Biweekly Contributions:		
Active Fire and Police Members	$	129.05
City for Each Active Fire and Police Member	$	258.10
Monthly Contributions:		
Retirees with less than 30 years of service	$	279.61
Dependent Children	$	320.50

Total contributions by active firefighters and police officers were $13,166 for the year ended September 30, 2014.

Membership in the Plan consisted of the following at September 30, 2014 (not expressed in thousands):

Retirees and Beneficiaries Receiving Benefits	3,249
Active Plan Members	3,942
Total Membership	7,191

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Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. A NPO in the amount of $52,700 is outstanding as of September 30, 2014. This NPO will be funded through future contributions from the City's Fire and Police departments, reported in the General Fund.

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

Assumptions	
Valuation Date	10/1/2013
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Projected Pay, Open
Amortization Period	30 Years
Asset Valuation Method	Market Value Smoothed by a 5 year Deferred Recognition Method with a 80.0%/120.0% Corridor on Market
Actuarial Assumptions:	
Investment Rate of Return Net of Expense	8.0%
Annual Inflation Rate	4.0%
Projected Annual Salary Increases	4.0% to 14.5%
Health Care Cost Rate Trend	8.0% in FY 2014 declining to 5.5% in FY 2019
Annual Payroll Growth Rate	4.0%

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy

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

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

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

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the Oversight Committee. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Health Plan's net position was $245,222 at December 31, 2013. The Life Plan's net position was $50,633 at December 31, 2013. The Disability Plan's net position was $4,396 at December 31, 2013.

Funding Policy – The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2012 valuation was the basis for contributions in fiscal year 2014.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.3% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $5,262 in fiscal year 2014 for their health insurance benefits. CPS Energy's contributions in relation to the ARC were 0.4% of covered payroll in fiscal year 2014.

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled $935 for fiscal year 2014. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D,* future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20 plus 2.3% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95. Those who retired on or after February 1, 1993, contribute $0.13 per $1 of insurance per month on amounts in excess of $20 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $246 in fiscal year 2014 for their life insurance benefits. CPS Energy's contributions in relation to the ARC were 0.05% of covered payroll in FY 2014.

The Disability Plan is funded completely by CPS Energy. CPS Energy's contributions in relation to the ARC were 0.1% of covered payroll in fiscal year 2014.

Annual OPEB Cost and Net OPEB Obligation – CPS Energy's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost consists of the ARC, interest on the net OPEB obligation and adjustments to the ARC for the Health, Life and Disability Plans. The annual OPEB cost was $6,961 for fiscal year 2014. The net OPEB obligation may be either positive, reflecting a liability, or negative, reflecting an asset. The term net OPEB obligation, as used in this Note, refers to either situation.

Actuarial Methods and Assumptions – Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the ARCs of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting are based on the substantive plans (the plans as understood by the employer and plan member) and include the types of benefits provided for at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

The amortization method used for all three Plans was the level-dollar open method, with an amortization period of 20.0 years. The asset valuation method used for all three plans was the five-year smoothed market valuation method. The January 1 valuation results each year are used to determine the contributions for the fiscal year commencing in the succeeding calendar year.

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

Significant actuarial assumptions used in the calculations for the January 1, 2012 actuarial valuation included (a) a rate of return on the investment of present and future assets of 7.8% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 3.0% for the Disability Plan, (c) projected salary increases for the Health Plan ranging from 3.6% to 9.9% depending on age for base and other salaries and an inflation rate for salary increases of 3.0% for the Life and Disability Plans, and (d) medical cost increases projected at 7.5% for 2013, decreasing annually to 5.5% in 2017 and thereafter.

San Antonio Water System (SAWS)

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

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

The following is the participant summary as of January 1, 2013 (the most recent actuarial valuation date, not expressed in thousands):

Active employees	1,680
Retired employees	706
Total	2,386

Funding Policy – The contribution requirements of plan members and SAWS are established and may be amended by the SAWS Board of Trustees. Prior to 2012, SAWS funded all obligations arising under these plans on a pay-as-you-go basis. In March 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. SAWS intends to make annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for these benefits over a period of time.

Plan members' required contributions vary depending on the health plan selected by the retiree as well as the number of years of service at the time of retirement. For the year-ended December 31, 2013, plan members receiving benefits contributed $719. In addition to the $4,000 contributed to the OPEB Trust in 2013, SAWS contributed the remainder of the pay-as-you-go cost of $8,465. In 2011, the SAWS Board of Trustees approved increases in the required contributions by plan members beginning in 2012. These increases will be phased in over eight years. The expected long-term impact of these increases will result in the plan members eventually contributing one-third of the annual premiums for retiree health insurance.

Annual OPEB Cost and Net OPEB Obligation – For the year-ended December 31, 2013, SAWS' annual OPEB cost is calculated based on the ARC.

Note 9 Post-employment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

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

SAWS does not issue a separate financial report for its OPEB plan.

In the January 1, 2013 actuarial valuation, the projected unit credit funding method was used. The investment return assumption used in the calculation of the AAL was 4.8%, which is a blended rate of the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. The investment return assumes SAWS will phase-in fully funding the ARC over the years. There is not an inflation rate projected for this actuarial valuation. As of December 31, 2013, the UAAL is being amortized as a level dollar amount over a 30 year closed period.

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

	Annual Rate of Increase	
Year Beginning January 1	Pre-Medicare Medical and Prescription	Medicare Eligible Medical and Prescription
2013	8.5%	6.9%
2014	8.3%	6.7%
2015	8.0%	6.6%
2016	7.8%	6.4%
2017	7.5%	6.2%
2018	7.3%	6.1%
2019	7.0%	5.9%
2020	6.8%	5.8%
2021	6.5%	5.6%
2022	6.3%	5.4%
2023	6.0%	5.3%
2024	5.8%	5.1%
2025	5.5%	5.0%
2026	5.3%	4.8%
2027	5.0%	4.7%
2028	4.5%	4.5%

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Note 9 Post-employment Retirement Benefits (Continued)

Three-Year Trend Information

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

Three-Year Trend Information

OPEB Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment To ARC	Annual OPEB Cost	Contributions In Relation to ARC	Increase (Decrease) in Net OPEB	Net OPEB Obligation (Asset) at Beginning of Year	Net OPEB Obligation (Asset) at End of Year	Percentage of OPEB Cost Contributed
City of San Antonio	2012	$ 36,012	$ 2,928	$ (4,980)	$ 33,960	$ (6,227)	$ 27,733	$ 103,287	$ 131,020	18.3%
	2013	31,652	3,930	(6,586)	28,996	(5,561)	23,435	131,020	154,455	19.2%
	2014	34,217	4,634	(7,880)	30,971	(5,797)	25,174	154,455	179,629	18.7%
Fire and Police Retiree Health Care Fund[3]	2012	$ 30,233	$ 2,662	$ (1,818)	$ 31,077	$ (24,510)	$ 6,567	$ 33,269	$ 39,836	78.9%
	2013	30,973	3,187	(2,177)	31,983	(25,281)	6,702	39,836	46,538	79.0%
	2014	31,325	3,723	(2,543)	32,505	(26,343)	6,162	46,538	52,700	81.0%
CPS - Health Plan[1]	2012	$ 8,152	$ (2,372)	$ 2,839	$ 8,619	$ -	$ 8,619	$ (30,604)	$ (21,985)	0.0%
	2013	6,843	(1,704)	2,040	7,179	(1,100)	6,079	(21,985)	(15,906)	15.3%
	2014	6,382	(1,233)	1,476	6,625	(1,106)	5,519	(15,906)	(10,387)	16.7%
CPS - Life Plan[1]	2012	$ -	$ (63)	$ 75	$ 12	$ (137)	$ (125)	$ (815)	$ (940)	1141.7%
	2013		(74)	87	13		13	(940)	(927)	0.0%
	2014	99	(70)	86	115	(99)	16	(927)	(911)	86.1%
CPS - Disability Plan[1]	2012	$ 425	$ (43)	$ 52	$ 434	$ (735)	$ (301)	$ (628)	$ (929)	169.4%
	2013	275	(72)	86	289	(386)	(97)	(929)	(1,026)	133.6%
	2014	205	(79)	95	221	(257)	(36)	(1,026)	(1,062)	116.3%
SAWS - OPEB[2]	2011	$ 20,722	$ 3,087	$ (4,108)	$ 19,701	$ (6,840)	$ 12,861	$ 64,989	$ 77,850	34.7%
	2012	21,619	3,698	(4,921)	20,396	(18,753)	1,643	77,850	79,493	91.9%
	2013	21,869	3,776	(5,025)	20,620	(12,465)	8,155	79,493	87,648	60.5%

[1] Fiscal year-ended January 31, 2014
[2] Fiscal year-ended December 31, 2013
[3] Fiscal year-ended September 30, 2014

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

Funded Status and Funding Progress

OPEB Plan	City of San Antonio	Fire and Police Health Care Fund	SAWS	CPS Energy Health Plan	CPS Energy Life Plan	CPS Energy Disability Plan
Actuarial value of plan assets (a)	$ -	$ 273,929	$ 12,665	$ 224,792	$ 47,074	$ 4,598
Actuarial accrued liability (b)	318,910	692,336	267,567	222,878	40,670	5,390
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 318,910	$ 418,407	$ 254,902	$ (1,914)	$ (6,404)	$ 792
Funded ratio (a) / (b)	0.0%	39.6%	4.7%	100.9%	115.7%	85.3%
Covered payroll (c)	$ 303,141	$ 281,414	$ 88,895	$ 246,908	$ 214,898	$ 214,898
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	105.2%	148.7%	286.7%	(0.8%)	(3.0%)	0.4%

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Note 10 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant with each unit having a nominal output of approximately 1,350 MW. The other participants in STP Units 1 and 2 are NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. ("NRG") and the City of Austin. The units, along with their support facilities and administrative offices, are located on a 12,220-acre site in Matagorda County, Texas. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS Energy's 40.0% ownership in STP Units 1 and 2 represents approximately 1,080 MW of total plant capacity.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the South Texas Project Nuclear Operating Company ("STPNOC"), a Texas nonprofit, nonmember corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer.

On October 28, 2010, STP submitted license renewal applications to the NRC to extend the operating licenses of STP Units 1 and 2 to 2047 and 2048, respectively. The NRC issued a revision to STPNOC's license renewal application schedule due to a scheduling request from the Advisory Committee on Reactor Safeguards and due to continued work on one of the open items. This schedule change lists milestones associated with issuance of the Safety Evaluation Report as "to be determined." In a separate action, a recent decision by the United States Court of Appeals for the District of Columbia vacated the NRC's waste confidence rule update. In response, the Commission issued an order stating that final approval of licenses dependent on the waste confidence rule, such as new reactor licenses and license renewals, would not be granted until the court ruling had been addressed. Subsequently, the Commission directed NRC staff to issue a final Environmental Impact Statement and waste confidence rule by September 2014. CPS Energy expects that STPNOC's license renewal applications will be approved in late 2014. Upon approval of these applications, STP Units 1 and 2 will be licensed for a total of 60 years of operation.

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. On August 31, 2000, in Maine Yankee Atomic Power Company, et. al. v. US, the United States Court of Appeals for the Federal Circuit affirmed that the United States Department of Energy ("DOE") had breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. Subsequent to that decision, the DOE has settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository. In early February 2013, STPNOC, on behalf of the owners of STP, entered into a similar settlement with the DOE. Under the terms of the settlement, the DOE will reimburse STP for certain costs that will be incurred in continuing onsite storage of all of its used nuclear fuel. As with similar settlements throughout the nuclear industry, the settlement will expire at the end of calendar year 2013. In early November 2013, STPNOC and its outside counsel received notice from the Department of Justice that the DOE was offering to extend the terms of the settlement to 2016. The settlement extension was executed on January 24, 2014.

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

Joint Operations (Continued)

On March 11, 2011, a region of Japan sustained significant loss of life and destruction as a result of a major earthquake and resulting tsunami. Included in the damaged areas were the Fukushima Daiichi nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC convened a Near-Term Task Force to conduct a review of the Commission's processes and regulations in light of the events at Fukushima. The Near-Term Task Force's 90-day report confirmed the safety of U.S. nuclear power plants and included twelve recommendations to the NRC to enhance readiness to safely manage severe events. The NRC Commissioners have directed the staff to implement several of the recommendations that were identified as those that should be implemented without unnecessary delay. In addition, the Commissioners have directed the staff to identify the schedule and resource needs associated with those Near-Term Task Force recommendations that were identified as long-term actions and/or that require additional staff study to inform potential regulatory changes. On March 12, 2012, the NRC issued three Orders and one Request for Information letter. These actions represented the first regulatory activity initiated as a result of the lessons learned from the events at Fukushima. The Orders outline actions that must be taken and also provide a compliance deadline. License holders must complete the actions within two refueling outages or by December 31, 2016 (whichever comes first). The Request for Information letter required specific responses from license holders. To date, STPNOC has submitted the requested information in a timely manner to comply with all deadlines that have come due.

Since January 2014, the electric output of STP Units 1 and 2 has been reduced by 22 MW and 18 MW, respectively, from their nominal output of 1,350 MW for each unit. STPNOC has identified an issue with the ultrasonic feed water flow as the reason for the reduction. This issue does not represent a safety or other long-term operational concern for STP, and a repair option has already been identified that will restore the units to full production capacity by late 2015.

Units 3 and 4 Project – In September 2007, NRG and CPS Energy signed the South Texas Project Supplemental Agreement ("Supplemental Agreement") under which CPS Energy elected to participate in the development of two new nuclear units at the STP site, STP Units 3 and 4, pursuant to the terms of the participation agreement among the STP owners and agreed to potentially own up to 50.0% of STP Units 3 and 4. Also in September 2007, STPNOC, on behalf of CPS Energy and NRG, filed with the NRC a combined construction and operating license application ("COLA") to build and operate STP Units 3 and 4. This COLA was the first complete application for new commercial nuclear units to be filed with the NRC in nearly 30 years. On November 29, 2007, the NRC announced it had accepted the COLA for review.

On March 26, 2008, NRG announced the formation of NINA. Upon the formation of NINA, NRG had an 88.0% ownership interest in NINA, while Toshiba America Nuclear Energy Corporation ("TANE") owned the remaining 12.0%. NRG contributed its 50.0% ownership of, and its development rights to, STP Units 3 and 4 to NINA. As a result, NINA became CPS Energy's partner for the co-development of STP Units 3 and 4.

On September 24, 2008, STPNOC, on behalf of CPS Energy and NINA, filed with the NRC an updated COLA naming TANE as the provider of STP Units 3 and 4. Receipt of the NRC-approved combined operating license is a condition precedent to starting significant project construction.

On November 5, 2008, STPNOC and the DOE executed a Standard Contract in which the DOE undertook the obligation to provide for permanent disposal of used nuclear fuel from the proposed STP Units 3 and 4.

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

Joint Operations (Continued)

On January 20, 2009, the Board authorized CPS Energy to work with STPNOC to enter into an engineering, procurement and construction ("EPC") agreement with TANE for STP Units 3 and 4. The EPC agreement did not commit CPS Energy to build the new nuclear units. Instead, it enabled CPS Energy to lock in favorable terms and conditions with the contractor prior to a final construction decision once the NRC issues a license for the project. The agreement was subsequently signed by all parties on February 24, 2009.

Following notice published on February 21, 2009, three individuals and three groups joined to file one Petition to intervene against the STP Units 3 and 4 COLA. This initial petition, filed on April 21, 2009, contained 28 contentions. Interveners subsequently filed seven additional contentions. As a result of NRC Atomic Safety and Licensing Board ("ASLB") decisions, most of the contentions were dismissed. However, two contentions were admitted for further consideration but were later dismissed by the ASLB.

On October 13, 2009, the Board approved selection of STP Units 3 and 4 as the next baseload generation resource and approved a request for $400,000 in bonds to support the project. However, amid reports that CPS Energy had knowledge that costs of the project might be significantly higher than previously reported, the San Antonio City Council's vote on the bonds was postponed. This higher project cost estimate prompted the City Council to reevaluate CPS Energy's stake in the project and members of CPS Energy's management to engage in negotiations with representatives from TANE in November 2009. Following the postponement of the City Council's vote, the Board undertook an investigation to determine whether CPS Energy's management had knowledge of an increase in the preliminary cost estimate for STP Units 3 and 4 and why that information was not previously communicated to the Board. The results of this investigation were reported to the Board in late 2009 and, based on the report, the Board adopted a resolution finding that there was a failure of communication from certain members of CPS Energy executive management to the Board and the City Council regarding a revised cost estimate. The investigation report also concluded that there was no malicious intent on the part of any member of the management team in connection with the failure of communication. Further, the report found that no member of management instructed any other employee to conceal or withhold any information from the Board.

On December 6, 2009, CPS Energy filed a petition in Bexar County district court to clarify the roles and obligations of CPS Energy and NINA and to define the rights of both parties should either decide to withdraw from the project. NRG escalated the litigation when it sued CPS Energy and claimed CPS Energy should forfeit all investment to date and lose all value in the project's land and water rights. CPS Energy amended its petition on December 23, 2009, and raised significant issues concerning misconduct by NRG and NINA. CPS Energy specified actual and exemplary damages of $32,000,000.

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

Joint Operations (Continued)

On February 17, 2010, CPS Energy and NINA announced that a proposed settlement had been reached that ended the parties' legal disagreement and allowed the proposed expansion of STP Units 3 and 4 to proceed. As a result of the settlement, CPS Energy's ownership stake in STP Units 3 and 4 was reduced from 50% to 7.6%, while NINA retained 92.4% ownership. CPS Energy is not liable for any project development costs incurred after January 31, 2010. However, once the new units reach commercial operation, CPS Energy will be responsible for its 7.6% share of ongoing costs to operate and maintain the units. Also as a result of the settlement, NINA agreed to pay CPS Energy $80,000, in two $40,000 payments, upon DOE issuance of a conditional loan guarantee. NINA also agreed to make a contribution of $10,000 over a four-year period to the Residential Energy Assistance Partnership ("REAP"), which provides emergency bill payment assistance to low-income customers in San Antonio and Bexar County. The settlement agreement was finalized on March 1, 2010. As of January 31, 2014, CPS Energy had received $10,000 from NINA for REAP.

On March 21, 2011, NINA announced that it was reducing the scope of development in STP Units 3 and 4 to allow time for the NRC to assess the lessons learned from the events in Japan. They further stated that current ongoing work would be limited to activities associated with NRC licensing and with securing a DOE loan guarantee. On April 19, 2011, NRG announced that it would continue to support its current partners but that it would not invest additional capital in the STP Units 3 and 4 development effort. NRG wrote off the entire value of its investment in the project while continuing to own a legal interest. Since then, TANE has funded ongoing costs to move the application process forward for the combined operating and construction license.

In April 2011, interveners filed a contention related to foreign ownership following NRG's announcement that it planned to write down its full investment in the STP Units 3 and 4 project. Subsequently, the ASLB agreed to admit the contention of foreign ownership for further consideration. In August 2011, interveners filed a contention related to the NRC's Fukushima Near-Term Task Force report issued in July 2011. In separate actions, the ASLB subsequently dismissed both of the two original contentions and determined the contention on the Fukushima Near-Term Task Force report to be inadmissible, leaving the foreign ownership contention as the only admitted contention.

On December 13, 2011, the NRC issued a letter to NINA stating that its COLA does not meet the requirements of 10 CFR 50.38 (Ineligibility of Certain Applicants). This section of federal regulation contains restrictions associated with foreign ownership, control and domination. The letter stated that NRC staff is suspending its review of the foreign ownership section of the STP Units 3 and 4 COLA until this matter is resolved by NINA. The NRC letter also stated that review of all remaining portions of the COLA would continue.

In August 2014, the NRC approved a final rule on the environmental effects of continued storage of spent nuclear fuel and announced it will lift its suspension of final licensing actions on nuclear power plant licenses and renewals once the rule becomes effective. The NRC's action approved the final rule and GEIS, renamed from Waste Confidence to Continued Storage of Spent Nuclear Fuel. In a separate order, the NRC approved lifting the suspensions and provided direction on the resolution of related contentions in 21 adjudications before the NRC and the Atomic Safety and Licensing Board. The order authorized the NRC staff to issue final licensing decisions as appropriate upon the effective date of the final rule, which was October 20, 2014. CPS Energy expects the STPNOC's license renewal applications for STP Units 1 and 2 will be approved in the later part of 2016. Upon approval of these applications, STP Units 1 and 2 will be licensed for a total of 60 years of operations.

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

Joint Operations (Continued)

In February 2013, the ASLB issued an order establishing the "trigger date" for the evidentiary hearing related to the foreign ownership contention as the earlier of April 30, 2013, or the date on which the NRC makes known the results of its foreign ownership, control, and domination review. On April 29, 2013, as part of this review, the NRC staff issued a determination that NINA "continue[s] to be under foreign ownership, control or domination." This initial ruling by the NRC staff was a necessary first step in order to move the process forward to an evidentiary hearing by the ASLB. In January 2014, the ASLB convened the evidentiary hearing with NRC staff, NINA and interveners. A decision was issued by the ASLB on April 10, 2014, ruling in favor of NINA's position that it is not under foreign ownership, control or domination. The partial initial decision would have constituted a final decision of the NRC 120 days from the date of the order unless a petition for review was filed or the NRC directed otherwise. In May 2014, the interveners filed an appeal with the NRC Commissioners regarding the ASLB's decision on the FOCD issue. In August 2014, the NRC issued an order extending its time for review of the interveners' petition. Acknowledging that these developments and plans facilitate constructive momentum to continue the STP Units 3 and 4 Project and create a pathway to obtaining further clarity for the project participants, CPS Energy's management takes no exception to the process being pursued and will continue to monitor NINA's progress. This most recent development regarding foreign investment is deemed to have no impact on CPS Energy's assessment of the reported value of its investment in STP Units 3 and 4.

On May 7, 2014, Toshiba Corporation ("Toshiba") issued a revised business forecast which stated they had "taken a conservative reassessment of the asset value of Nuclear Innovation North America (NINA)…and recognized an operating loss" of about $300,000 U.S. dollars. In the statement accompanying the business forecast, Toshiba specifically noted that they remain positive about the project's business feasibility. CPS Energy will continue to monitor the status of the STP Units 3 and 4 Project, in order to assess the project's value.

On June 6, 2013, the NRC issued a letter to NINA providing an updated review schedule for the STP Units 3 and 4 COLA. Citing budget constraints, the NRC informed NINA that the review schedule for the STP Units 3 and 4 COLA would be impacted by five months, resulting in a revised target date of September 30, 2015, for the release of the final Safety Evaluation Report. As such, CPS Energy expects that the STP Units 3 and 4 COLA could be approved in the early 2016 timeframe.

CPS Energy performed a thorough re-evaluation of its investment in the STP Units 3 and 4 project to reassess the ongoing viability of the project and the appropriateness of continuing to report the cost of the project on its Statements of Net Position. CPS Energy again in fiscal year 2014 reached the conclusion that its investment in the project remains valuable and that the most appropriate treatment is to continue to report this investment on its Statements of Net Position at full historical cost. If it is determined at some point in the future that a full or partial write-down is appropriate, due to the unusual and/or infrequent nature of the circumstances that have to be considered, the impact of writing down the project is expected to be treated as an extraordinary or special item on its Statements of Revenues, Expenses and Changes in Net Position. The write-down would be a noncash transaction that would have no impact on the CPS Energy's debt service coverage ratio; however, it would affect the debt to debt and net position ratio. At January 31, 2014, the impact of a write-down would have been an increase in the debt to debt and net position ratio from 62.0% to 64.8%. CPS Energy continues to maintain regular communication with all stakeholders regarding ongoing assessment of the viability of the project and the impact to its financial position.

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

Joint Operations (Continued)

Including AFUDC of $20,975, project costs incurred by CPS Energy to date of $391,355 are included on the Statements of Net Position as construction-in-progress. Effective as of FY 2012, AFUDC is not being recorded for the STP Units 3 and 4 project since efforts have been limited primarily to licensing-related activities.

See Note 4, Capital Assets, for more information about CPS Energy's capital investment in STP.

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 $111,900, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $17,500 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A Master Worker Nuclear Liability policy, with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from nuclear-related claims. A Master Worker Certificate policy, also with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from radiation tort claims of workers at nuclear facilities.

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

The owners of STP Units 1 and 2 currently maintain approximately $2,800,000 of nuclear property insurance, which is above the legally required amount of $1,100,000. The $2,800,000 of nuclear property insurance consists of $500,000 in primary property damage insurance and $2,300,000 of excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL. CPS Energy also maintains accidental outage insurance through STP's NEIL membership, with a policy structure consisting of an eight-week deductible period, with a $4,500 weekly indemnity option and $490,000 policy limit.

Nuclear Decommissioning

In 1991, CPS Energy started accumulating funds for the decommissioning of its 28% ownership in STP Units 1 and 2 in an external trust in accordance with the NRC regulations. The 28% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. Excess or deficient funds related to the 28% Trust will be distributed to or received from CPS Energy's ratepayers after decommissioning is complete.

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

Nuclear Decommissioning (Continued)

In conjunction with the acquisition of the additional 12% interest in STP Units 1 and 2 in May 2005, CPS Energy also assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). The 12% Decommissioning Trust's assets and related liabilities are also included in CPS Energy's financial statements as a component unit. Subject to PUCT approval as requested in the future, excess or deficient funds related to the 12% Trust will be distributed to or received from AEP customers after decommissioning is complete.

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years or upon transfer of ownership. The certificate assures that CPS Energy and the other owners meet the minimum decommissioning funding requirements mandated by the NRC. The owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. The most recent cost study, which was finalized in May 2013, estimated decommissioning costs for the 28% ownership in STP Units 1 and 2 at $627,495 in 2012 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Trust.

In fiscal year 2009, CPS Energy determined that some preshutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for preshutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel accounts so that they were not commingled with funds allocable to preshutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2014. CPS Energy made no contributions in FY 2014 to fund preshutdown decommissioning costs for its 28% ownership in STP. No preshutdown decommissioning expenses were incurred for the 28% ownership in the twelve months ended December 31, 2013. For the 12% Trust, preshutdown costs were funded by AEP's ratepayers. The 12% Trust incurred no preshutdown decommissioning expenses in the twelve months ended December 31, 2013.

Excluding securities lending cash collateral, as of December 31, 2013, CPS Energy had accumulated approximately $365,725 in the 28% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 28% Trust funds allocated to decommissioning costs totaled $218,700, which exceeded the calculated financial assurance amount of $168,700.

CPS Energy accounts for decommissioning by recognizing a liability and expense for a pro rata share of projected decommissioning costs as determined by the most recent cost study. A new cost study is performed every five years, and in years subsequent to the latest study, estimated annual decommissioning expense and an increase in the liability is calculated by applying the effects of inflation and the ratio of years of plant usage to total plant life. Additionally, guidance pertaining to regulated operations provided in GASB Statement No. 62 has been followed to retain the zero net position approach for the Decommissioning Trusts.

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

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

Spent Fuel Management Project

A project to develop an independent spent fuel storage installation is under way at STP Units 1 and 2 in order to provide for storage of spent nuclear fuel after the spent fuel pool has reached capacity. CPS Energy's Decommissioning Trusts have separate spent fuel management accounts to pay for those costs. By contract, spent fuel will eventually be removed to final storage by the DOE. The DOE failed to meet the contractual start date to receive spent fuel, and STP and other utilities have reached settlement agreements with the DOE. In a settlement agreement dated February 5, 2013, the DOE agreed to reimburse STP for allowable spent fuel management expenditures through 2013. A new agreement was executed on January 24, 2014, in which the DOE committed to reimburse STP for allowable expenditures through 2016.

STP Pension Plan and Other Postretirement Benefits

STPNOC maintains several pension and other postretirement benefit plans covering most employees, including a noncontributory defined-benefit pension plan, defined-benefit postretirement plan, supplementary nonqualified unfunded pension plan, supplemental retirement plan, deferred compensation program, and a contributory savings plan. The owners of STPNOC, including CPS Energy, share in all plan costs in the same proportion as their respective ownership percentages.

The noncontributory defined-benefit pension plan covers certain employees. Retirement benefits are based on length of service and compensation. Plan assets are invested in various equity and fixed-income securities. Pension contributions totaling $31,700 were made in STP's fiscal year 2013 of which $11,100 related to the 2013 plan year, while $20,600 related to the 2012 plan year. A final contribution of $26,700 for plan year 2013 will be made during STP's fiscal year 2014 in order to meet or exceed minimum funding requirements and maintain the targeted adjusted funding target attainment percentage.

STPNOC also maintains a defined-benefit postretirement plan that provides medical, dental and life insurance benefits for substantially all retirees and eligible dependents. The cost of these benefits is recognized in the project statements during an employee's active working career. STPNOC has a trust to partially meet the obligations of the plan.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $255 for 2013 are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligation. The accruals for the cost of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan.

An unfunded supplemental retirement plan and other unfunded deferred compensation programs are maintained by STPNOC for certain key individuals.

STPNOC approved a change to the pension plan, effective January 1, 2007, to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

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

STP Pension Plan and Other Postretirement Benefits (Continued)

Pursuant to Subtopic 958-715 of the FASB Accounting Standards Codification, the Compensation – Retirement Benefits Subtopic of the Not-for-Profit Entities Topic, STP is required to recognize additional liabilities and eliminate the intangible asset related to certain of its qualified and nonqualified plans. The effect to CPS Energy of funding obligations related to the defined-benefit plans sponsored by STPNOC was $39,063 for CPS Energy's fiscal year 2014.

The schedule of funding progress, presented as required supplementary information presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Status (RSI-Unaudited)
Calendar Year 2013

	Pension Benefits	Other Benefits
Change in Benefit Obligation:		
Benefit Obligation - Beginning	$ 431,227	$ 138,043
Service Cost	12,101	11,558
Interest Cost	18,758	6,078
Plan Changes		(1,211)
Actuarial Loss	(39,969)	(20,176)
Benefits Paid	(8,044)	(3,863)
Benefit Obligation - Ending	414,073	130,429
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning	257,513	11,430
Actual Return on Plan Assets	37,422	1,901
Employer Contributions	31,700	3,479
Benefits Paid	(8,044)	(3,863)
Fair Value of Plan Assets - Ending	318,591	12,947
Funded Status - Ending	(95,482)	(117,482)
Unrecognized Net Actuarial Loss	98,468	20,924
Unrecognized Prior Service Cost	2,072	(7,837)
Unrecognized Transition Obligation		31
Cumulative difference between recognized and unrecognized net expense and funding	$ 5,058	$ (104,364)
Amount recognized in other liabilities	$ (95,482)	$ (117,482)
Weighted-Average Assumptions:		
Discount Rate	5.2%	5.2%
Expected Return on Plan Assets	7.8%	7.8%
Rate of Compensation Increase	3.0%	3.0%

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Note 11 Commitments and Contingencies

Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2014. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2014 was $71,837.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2015. The estimated cost of these improvements is $664,576, which consist of the following:

Function/Program	2015
General Government	
Information Technology	$ 15,978
Municipal Facilities	189,056
Total General Government	$ 205,034
Public Health & Safety	
Drainage	$ 61,429
Fire Protection	9,282
Law Enforcement	2,222
Total Public Health & Safety	$ 72,933
Recreation & Culture	
Libraries	$ 9,643
Parks	93,841
Total Recreation & Culture	$ 103,484
Transportation	
Air Transportation	$ 80,103
Street	203,022
Total Transportation	$ 283,125
Total Capital Plan	$ 664,576

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount $23,874. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Kopplow Development, Inc. v. City of San Antonio Plaintiff contends that the construction of a regional stormwater detention facility was an inverse condemnation of its property by increasing the flood plain elevation on its property. The City also filed a statutory condemnation to acquire an easement involving Plaintiff's property to construct and maintain part of the facility. This matter was tried in July 2008 with a favorable ruling to Plaintiff; but the City's motion for new trial was granted. After a retrial, the jury awarded approximately $600 to Plaintiff for the inverse condemnation and statutory condemnation. The City and Plaintiff have appealed. The Fourth Court of Appeals issued its opinion affirming the trial court's ruling awarding Plaintiff $5 as compensation for the land taken, but reversed the other portion of the judgment for the remainder of the damages. Plaintiff's motion for rehearing was denied on December 29, 2010. Plaintiff filed its brief on the merits in October 2011 and the City filed its reply in December 2011. On March 8, 2012, the Texas Supreme Court issued their opinion, reversing the Fourth Court's opinion and remanding the matter back to state district court for further proceedings consistent with their opinion. The City's Motion for Rehearing was denied in June 2013. On February 5, 2014, the Fourth Court of Appeals issued an opinion finding that the trial court erred in excluding evidence of Kopplow's vested rights status and remanded the case to the trial court for a new trial on the issue of damages. Both parties appealed the decision to the Texas Supreme Court and are awaiting a ruling.

Barbara Webb, et. al. v. City of San Antonio Plaintiff sued under the Texas Tort Claims Act for injuries sustained in a motor vehicle accident. Plaintiff seeks damages of $250. This case is not yet set for trial.

Valemas v. City of San Antonio (Valemas I) In 2005, Plaintiff entered into a construction contract with the City for work at the City's Brackenridge Park. Plaintiff alleges that it experienced delays in the work due to actions of the City, resulting in damages to Plaintiff. Plaintiff filed suit alleging breach of contract. The City sought to have some of the claims dismissed for want of jurisdiction which was denied. The City appealed to the Fourth Court of Appeals, which upheld the denial. The City filed a petition for review with the Texas Supreme Court, which was denied. The case has been returned to the trial court, but no trial date has been set. Damages could exceed $250. This case has been set for trial on September 8, 2015.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Valemas, et. al. v. City of San Antonio (Valemas II) Valemas and subcontract L. Payne performed construction work for the City on W.W. White Road, but there have been issues with subsidence. The City withheld payment of the final invoice and retainage payments, totaling approximately $400. Plaintiffs also allege delay damages. The City accepted the completed project but requires proof of payment to all subcontractors and vendors prior to releasing final payment. The City denies delay damages are owing. This case is currently set for trial on July 13, 2015.

Shavonda Bailey, et. al. v. City of San Antonio, et. al Plaintiffs allege that SAPD police officers used excessive force when they arrested Pierre Abernathy after a low speed vehicle pursuit. Plaintiffs' sued the City and seven police officers under 42 U.S.C. Section 1983, alleging excessive use of force. They seek damages for Mr. Abernathy's pain and suffering as well as damages for his death. Plaintiffs seek damages of at least $1,000. This case is not yet set for trial.

Anthony Ortega, et. al. v. City of San Antonio, et. al A SAPD police officer was involved in a motor vehicle accident while allegedly in pursuit of a stolen vehicle. Plaintiffs' decedent, Laura Zepeda, was killed as a result of the incident. This lawsuit was recently filed and served on the City. This case is not yet set for trial.

Cheryl Clancey v. D&R Towing, et. al Plaintiff, in a wheelchair, was attempting to cross the street at Presa and Commerce Streets when she was struck by a tow truck. Plaintiff sued the towing company and driver. She also filed suit against the City, alleging that the crosswalk and ramps were not in conformity with State law accessibility requirements. The City filed a Plea to the Jurisdiction and the Court held that the City had governmental immunity and the case was dismissed. The case against the other Defendants is still pending. Plaintiff may file an appeal within 30 days of a final judgment as to the remaining parties. Plaintiff sought damages of $250. This case is not yet set for trial.

Rogers Shavano Ranch, Ltd., et. al. v. City of San Antonio Plaintiffs are the developers of property known as Rogers Shavano Ranch. They claim this property has been under development since 1993. They claim that the City has violated their vested right to develop this property pursuant to ordinances and regulations existing in 1993. The parties have filed cross motions for summary judgment, which have been continued until further depositions are completed. Plaintiffs have not made a demand for monetary damages except for recovery of attorneys' fees. If successful, Plaintiffs could recoup attorneys' fees in excess of $250. The City filed a Plea to the Jurisdiction, contesting the Court's jurisdiction to assess attorneys' fees in this case. That plea was granted by the Fourth Court of Appeals, but this issue is currently pending review by the Texas Supreme Court, which has requested briefing on the merits. This case is not yet set for trial.

Northern Hills Management Corp. v. City of San Antonio Plaintiff purchased property that had been previously used as a golf course, but which was zoned MF-33, multi-family residential. After their purchase of the property, it was rezoned G-AHOD, limiting its use to golf or recreational related purposes. Plaintiff claims the rezoning of the property was an inverse condemnation or taking of the property without compensation. They allege that the loss in property value is approximately $7,900. This matter is pending conclusion of settlement negotiations.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Jane Doe v. City of San Antonio, et. al Plaintiff asserts claims against Defendants for violation of her Fourth Amendment Rights of the United States Constitution and for failure to comply with the Civil Rights Act, 42 U.S.C. §1983. . Plaintiff alleges in her complaint that the Defendant has been criminally charged with sexual assault, civil rights violation, and official oppression. Plaintiff also seeks damages against the City and Police Chief for alleged failure to train its officers and for retaining in its employment an individual not suitable to be a police officer. Plaintiff seeks to recover damages against the Defendants in the amount of $10,000 for violation of her Fourth Amendment Rights and to recover attorney fees and cost of court. This case is set for trial on July 27, 2015.

Cheryl Jones, et al. v. City of San Antonio, et al On February 28, 2014 Marquise Jones was shot by a SAPD police officer at Chacho's Restaurant. Plaintiffs' are asserting claims under 42 USC §1983 against the City and the officer for excessive force, racial profiling, and failure to train under the Texas Survivor Statute and Texas Wrongful Death Statute. Plaintiffs seek damages of at least $5,000 for loss of affection, consortium, financial assistance, pain and suffering of decedent prior to death, mental anguish, emotional distress, quality of life, exemplary and punitive damages, attorney fees, and costs of court. This case is not yet set for trial.

Jimmy Maspero and Regina Maspero, et al. v. City of San Antonio, et al Plaintiffs allege that on September 19, 2012 Plaintiffs' vehicle was involved in a collision with a vehicle being pursued by a SAPD patrol car causing the death of two of Plaintiffs' children and severe permanent injuries to the remaining Plaintiffs (two children, two adults). The Plaintiffs have asserted a "state-created danger" theory under 42 USC §1983 alleging a violation of Plaintiffs 14th Amendment substantive due process. Plaintiffs are also asserting state law theories of negligence. Plaintiffs seek to recover damages for mental anguish, physical pain, impairment, medical expenses, and the wrongful death of two of their children. Plaintiffs are seeking monetary damages of at least $3,000. This case is set for trial on November 2, 2015.

Mathews, Scott v. City of San Antonio, et. al Plaintiff claims that on April 14, 2013 SAPD police officers were called to his house as a result of a domestic dispute between him and his wife. Plaintiff filed suit under 42 USC §1983 for violation of his civil rights and excessive force and also alleges assault and battery pursuant to Texas state law. Plaintiff seeks damages for his medical expenses, disability as well as for pain and suffering, emotional and mental distress, and loss of wage earning capacity. Plaintiffs are seeking damages in an amount of at least $1,000. This case is not yet set for trial.

Destiny Ann Marie Rios v. City of San Antonio et al Plaintiff claims that on July 4, 2012 she was arrested for an outstanding warrant for prostitution. Plaintiff filed suit under 42 USC §1983 for excessive force and under Texas law for assault and battery and Intentional Infliction of Emotional Distress. Her alleged damages include physical and emotional personal injury, pain and suffering, and emotional and mental distress associated with the loss of her unborn child. She is seeking at least $1,000. This case is set for trial on November 2, 2015.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Roxana Tenorio, Individually and on behalf of Pedro Tenorio, Deceased v. Benito Garza and City of San Antonio Plaintiff claims that a SAPD high speed pursuit of Defendant Benito Garza was the cause of a vehicle accident on September 21, 2012 in which Pedro Tenorio was killed. The accident occurred in the 9400 block of SW Loop 410. Plaintiff sued Benito Garza and the City under the Texas Tort Claims Act (TTCA) for Negligence. Plaintiff is seeking monetary relief in excess of $1,000 for past and future mental anguish, loss of consortium, loss of inheritance, loss of companionship and pecuniary damages under the Texas Wrongful Death Act and Texas Survival Act. This case is not yet set for trial.

Rogelio and Norma Galvan v. City of San Antonio. This suit, brought under the Texas Tort Claims Act, involves a collision between Plaintiff's vehicle and a Solid Waste truck. Plaintiff suffered severe brain injury and nerve damage and has already incurred medical expenses in excess of $150. Damages could reach the $250 cap for damages under the TTCA. This case has been recently filed and is not yet set for trial.

Jerry Arispe v City of San Antonio. Plaintiff filed suit under the Texas Tort Claims Act for damages incurred in a motor vehicle collision involving an SAPD officer. Plaintiff suffered back injuries and anticipates future back surgery. If successful, damages could meet the $250 cap for damages under the TTCA. This case is set for trial on August 24, 2015.

Leases

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. The Airport System's revenue is net of Ground Abatement Credits and Building Improvement Credits allowed to lessees per signed contracts. Total rental revenue from operating leases received for the fiscal year-ended September 30, 2014 was $14,624 for Governmental Activities and $50,814 for Business-Type Activities, which consisted of $40,147 for the Airport System and $10,667 for Nonmajor Enterprise. As of September 30, 2014, the leases provide for the following future minimum rentals:

Leases Revenues				
	Governmental Activities	Airport System	Nonmajor Enterprise	Total
Fiscal year ending September 30:				
2015	$ 12,243	$ 35,604	$ 7,315	$ 55,162
2016	5,810	11,027	4,349	21,186
2017	4,067	10,277	3,748	18,092
2018	3,964	8,756	2,642	15,362
2019	3,642	7,780	2,118	13,540
2020-2024	7,274	19,824	6,419	33,517
2025-2029	3,879	11,654	2,929	18,462
2030-2034	3,459	3,227	286	6,972
2035-2039	2,927	1,215	238	4,380
2040-After	22,750		151	22,901
Future Minimum Lease Rental	$ 70,015	$ 109,364	$ 30,195	$ 209,574

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. The estimate was based on projected 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 for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. 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, 2014 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,161. This represents a decrease of $726 from the prior fiscal year as a result of the City contracting with a third party to capture and sell methane gas in exchange for a percentage of the revenue earned and post closure maintenance costs assumed by the third party.

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities. The City completes and submits its financial assurance to TCEQ annually.

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.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems.

To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, $9,389 has been invested in capital renewals and upgrades and BDA has met its $4,200 obligation, net of annual interest.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2014, the City has no arbitrage liability for its governmental or proprietary funds.

CPS Energy

Litigation

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

Leases

Capital Leases – CPS has no capital leases for fiscal year 2014.

Operating Leases – CPS Energy has entered into operating lease agreements to secure the usage of communication towers space, railroad cars, natural gas storage facilities, land, office space, parking lot space and engineering equipment. The lease for the parking lot space and several of the leases for office space contain a provision for a slight escalation in the monthly payment amount after the first year of each lease.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

The future minimum lease payments made by CPS Energy for noncancelable operating leases with terms in excess of one year were as follows:

Year Ended January 31,	Operating Lease Payments
2015	$ 8,001
2016	3,783
2017	2,050
2018	1,668
2019	1,679
Later years	78,596
Total future minimum lease payments	$ 95,777

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $8,253 in fiscal year 2014. There were no contingent lease or sublease payments in fiscal year 2014.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication towers. CPS Energy sold 69 of its communication towers to a third party in January 2014. Projected future minimum lease receipts pertaining to the use of CPS Energy's communication towers and buildings reflect a 4.0% annual escalation in receipts after the first year of each lease.

Additionally, CPS Energy has three operating leases for the use of land that CPS Energy owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The majority of the operating leases pertaining to the use of CPS Energy's communication towers contain a provision for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period. Furthermore, the three land leases also contain a provision for contingent lease receipts based on the Consumer Price Index.

The future minimum lease receipts to CPS Energy for noncancelable operating leases with terms in excess of one year were as follows:

Year Ended January 31,	Operating Lease Receipts
2015	$ 1,767
2016	1,238
2017	1,121
2018	878
2019	705
Later years	27,448
Total future minimum lease receipts	$ 33,157

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $7,727 in fiscal year 2014. Contingent lease receipts amounted to $395 for fiscal year 2014. There were no sublease receipts in fiscal year 2014.

Lease/Leaseback – In June 2000, CPS Energy entered into a lease/leaseback transaction with an affiliate of Exelon involving CPS Energy's Spruce 1 coal-fired electric generating unit. The transaction included a lease for a term of approximately 65 years in combination with a leaseback of the facility by CPS Energy for approximately 32 years.

CPS Energy retains fee simple title to, and operating control of, the facility and retains all revenues generated from sales of electricity produced from the facility. CPS Energy received the appraised fair value of the unit, $725,000, which is being amortized over 381 months. The transaction expenses and leaseback costs of $628,300 were recorded as prepaid items in 2001 and are being amortized over 381 months.

CPS Energy has the option to cancel the leaseback after it expires by making a payment to Exelon's affiliate. CPS Energy entered into a collateralization payment-undertaking agreement that will generate amounts sufficient to fund the cancellation option.

CPS Energy's net benefits associated with the transaction were approximately $88,000. The City was paid $12,300 in accordance with the provisions of the New Series Bond Ordinance that permit 14.0% of this net benefit to be distributed. The distribution was recorded as a prepayment in 2001 and is being amortized over 381 months. As a result, net proceeds from the transaction of approximately $75,700 are being reported over the 32-year leaseback term. In fiscal year 2014, the net amount recorded as income by CPS Energy was $2,800.

On January 17, 2013, Moody's Investors Service, Inc. downgraded the Insurance Financial Strength rating of Assured Guaranty Municipal Corp. ("AGM") to "A2" from "Aa3." AGM is the legal successor in interest to Financial Security Assurance Inc., the original provider of the surety policy covering any out-of-pocket early termination amounts not covered under the agreements associated with the lease/leaseback transaction ("Transaction Documents"). As a result of the ratings downgrade, CPS Energy had until February 28, 2013, by which to replace the surety policy. CPS Energy has entered into two letter agreements with the other parties to the applicable Transaction Documents to extend the period of time allowed for CPS Energy to meet its obligations under those agreements with respect to the surety policy.

In January 2014, the parties to the leases agreed in principle on the necessary terms to terminate the transaction in its entirety. Although approvals by all parties were obtained in January 2014, the parties officially executed the termination agreement and associated legal documents on February 26, 2014. As a result of this termination, CPS Energy is released from all scheduled payment and security obligations under the lease transaction, including any obligation to replace the AGM financial guarantee.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other

Purchase and construction commitments amounted to approximately $7,254,879 at January 31, 2014. This amount includes construction commitments, provisions for coal purchases through December 2021, coal transportation through December 2014 and natural gas purchases through June 2027; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for wind power through December 2038, solar power through December 2042, landfill power through December 2029 and raw uranium associated with STP fabrication and conversion services needed for refueling through May 2026.

On January 20, 2009, the Board approved a policy statement on sustainability. The basis of the policy is to affirm that CPS Energy's strategic direction centers on transforming from a company focused on providing low-cost power from traditional generation sources to a company providing competitively priced power from a variety of sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider. Further, the objective of sustainable energy development is to meet current needs without compromising the ability of future generations to meet their needs.

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with the SA Energy Acquisition Public Facility Corporation ("PFC"), a component unit of the City, to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between the PFC and a third-party gas supplier, the PFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years.

On February 25, 2013, the PFC executed certain amendments to the Prepaid Natural Gas Sales Agreement entered into with J. Aron in 2007 and other related documents with respect to the 2007 prepayment transaction with J. Aron. Under the resolution and the amendments, Goldman, Sachs & Co. surrendered for cancellation $111,060 of the SA Energy Acquisition Public Facility Corporation Gas Supply Revenue Bonds, Series 2007 owned by J. Aron; Goldman, Sachs & Co.; or affiliates. In exchange, the PFC agreed to reduce future required natural gas delivery volumes from 104.6 MMBtu to 81.3 MMBtu and to adjust the notional amount of its commodities price hedge so that hedged revenue from gas sales will bear at least the same proportion to annual debt service requirements as before the transaction. In conjunction with the transaction, a portion of the savings related to the purchase of natural gas from the PFC that would have been passed on to CPS Energy's distribution gas customers over the 20-year life of the original agreement is being accelerated. Distribution gas customers will benefit from the accelerated savings beginning Mary 1, 2013 through June 30, 2015.

CPS Energy's 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned purchase and construction commitments amount.

Refer to Note 19, Subsequent Events for additional information regarding CPS Energy's agreement with the PFC.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems. To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, $9,389 has been invested in capital renewals and upgrades and BDA has met its $4,200 obligation, net of annual interest.

On June 8, 2010, CPS Energy committed to partner in the Texas Sustainable Energy Research Institute at the University of Texas at San Antonio for sustainable energy research. The agreement calls for CPS Energy to invest up to $50,000 over 10 years in the institute. The investment made through January 31, 2014 was $4,100 from funds currently allocated to research and development. Future funding will be developed by the scope of the projects defined by the partnership and subject to annual approval by the Board.

CPS Energy sells its excess power into the wholesale market. While the majority of these transactions are conducted in the short-term market, from time to time, CPS Energy enters into long-term wholesale power supply agreements with other public power entities. CPS Energy currently has agreements with six public power entities to provide either full or partial energy requirements. These agreements have varying terms expiring in 2016, 2021 and 2023. The volumes committed under these agreements represent approximately 5.0% to 6.0% of current owned capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

CPS Energy entered into two contractual obligations, referred to as heat rate call options ("HRCO"), with Morgan Stanley Group Inc ("Morgan Stanley"). The HRCOs give Morgan Stanley the right to purchase specified amounts of MW per hour generated from the Rio Nogales plant, based on a pricing schedule set forth in each. One of these agreements expired in December 2012, and the remaining HRCO will expire in September 2015. The volumes committed under the remaining agreement represent approximately 31.3% of the Rio Nogales plant's generating capacity.

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has committed (current commitments are included in the aforementioned $7,254,879):

- CPS Energy's customers will have the opportunity to manage their home energy use through a Home Area Network system referred to as Home Manager. A program was launched in fiscal year 2012 with plans to enroll up to 140 homes and businesses by 2019. Home area networks work with smart meters to provide up-to-the-minute energy use information and allow demand-side management to reduce energy consumption on the customer premise. The deployment may be partially funded through the Save for Tomorrow Energy Program (STEP) and has the potential to reduce electrical demand by 205 megawatts ("MW") over a four-year period that began in fiscal year 2012.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- CPS Energy will replace 25 San Antonio street lights with light-emitting diode ("LED") street lights. The lights have been purchased from GreenStar, a worldwide supplier of LED lighting. The street lights use 60.0% less energy than standard sodium lights and are designed to last 12 to 15 years, reducing maintenance costs. Approximately $2,200 of the deployment costs will be funded through STEP, with the remainder funded by the City.

- In November 2011, CPS Energy entered into a $77,000 prepaid agreement with SunEdison for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. The purchase of the balance of the output will be on a pay-as-you-go basis. As part of the agreement, CPS Energy has the right to purchase the facilities in the future. Construction was completed in fiscal year 2013.

- In December 2011, a contract was entered into with Summit Texas Clean Energy, LLC to provide CPS Energy with 200 MW of clean-coal power utilizing integrated gasification combined cycle technology along with 90.0% carbon capture from the first-of-its-kind power plant in West Texas. Full construction on the power plant was expected to begin in 2014 and full commercial operation was expected to occur in 2017. Summit has been unable to secure all of the necessary financing to meet contractual milestone dates. On December 31, 2013, CPS Energy delivered notice to Summit that it was allowing the agreement to purchase power from the project to expire according to the terms of the agreement.

- In July 2012, CPS Energy and OCI Solar Power entered into an agreement for CPS Energy to purchase solar power produced by OCI. OCI created a consortium of partners to deliver 400 MW of solar energy, produced at solar farms primarily in and around San Antonio, to CPS Energy throughout the life of the 25-year power purchase agreement. Also as part of the agreement, Nexolon America, LLC, the anchor manufacturer in the consortium, will build a high-tech manufacturing facility to produce components for solar power generation and will relocate its headquarters to San Antonio, in total creating over 400 jobs (jobs not expressed in thousands). 45 MW hours are expected to go on line in fiscal year 2015.

Save for Tomorrow Energy Program (STEP)

CPS Energy has projected to spend approximately $849,000 over a 12-year period on energy efficiency and conservation through STEP. Contributing towards its goal to save 771 MW by 2020, CPS Energy's programs include home weatherization, higher efficiency light bulbs, solar rebates, peak saver thermostats, home area networks and other such initiatives.

Annually, approximately $8,000 of the STEP expenses are funded through the electric base rate and reported as CPS Energy operation and maintenance expenses. STEP expenses over this initial amount per year are recovered through the fuel adjustment factor over a 12-month period beginning in the subsequent fiscal year after they are incurred and have been independently validated. These STEP recoveries are accrued as a regulatory asset referred to as STEP net costs recoverable in accordance with guidance provided by GASB Statement No. 62. This guidance requires that certain costs be capitalized as a regulatory asset until they are recovered through future rates.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability.

In connection with a desalination injection well permit obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection well once the well is no longer in service. At December 31, 2013, SAWS has recorded a liability of $221 related to this post-closure obligation.

Other

In March 2007, SAWS was notified by the Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (the "DOJ") for an enforcement action. On June 4, 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas. On September 13, 2013, the United States of America filed its Motion for Entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013.

During the 10 to 12 year term of the Consent Decree, SAWS estimates the cost to perform the operating and maintenance requirements of the Consent Decree will be approximately $250,000. Additionally, SAWS estimates that capital investments of approximately $850,000 will be required over the Consent Decree term. As with any estimate, the actual amounts incurred could differ materially.

As of December 31, 2013, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2014 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre foot ranges from $115 to $140. The future commitments under these leases are as follows:

	2014	2015	2016	2017	2018	Thereafter
Lease obligations	$ 3,415	$ 3,421	$ 3,299	$ 3,394	$ 3,649	$ 11,036
Lease obligations (acre feet)	28,668	28,468	26,767	26,767	26,536	78,826

SAWS has various commitments relating to the production of water supplies. A summary of these commitments is provided in the following table. As with any estimates, the actual amounts paid could differ materially.

	2014	2015	2016	2017	2018	Thereafter
Firm purchased water obligations	$ 4,859	$ 4,958	$ 5,057	$ 5,157	$ 5,258	$ 101,220
Firm purchased water obligations (acre feet)	6,700	6,700	6,700	6,700	6,700	86,800
Variable purchased water obligations	$ 10,034	$ 12,638	$ 12,868	$ 13,101	$ 13,336	$ 171,980
Variable purchased water obligations (acre feet)	12,150	15,350	15,300	15,250	15,200	171,000

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

SAWS' firm and variable purchased water obligations relate to the contractual commitments made in connection with SAWS' wholesale water contracts with Guadalupe Blanco River Authority (GBRA) and three other wholesale agreements for the supply of raw water from the Trinity Aquifer. All water provided under these contracts is subject to availability. Under a contract with GBRA, SAWS will receive between 4,000 and 10,000 acre feet of water annually during the years 2014-2037 at projected prices ranging from $874 to approximately $1,013 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands.)

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from $615 to $851 per acre foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years. (Figures in this paragraph are not in thousands.)

Under a contract with Sneckner Partners, Ltd., SAWS has a take or pay commitment to purchase 1,500 acre-feet of water annually from the Trinity Aquifer at a minimum annual cost of $225 per acre-foot through 2020 (figures in this sentence are not in thousands.) SAWS has an option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management estimate of this potential contingent liability is less than $5,000.

In July 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between SAWS DSP and WECO were terminated. The new agreement has a term of 15 years, with two optional 5 year extensions. The purchase obligation was limited to 3,750 acre-feet during the first twelve months of the agreement. Beginning in July 2013, SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping by WECO may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The price paid for the raw water in 2014 is $880 per acre-foot. The cost will escalate annually thereafter by the greater of two percent or the percentage increase in the Producer Price Index for Commodities Finished Goods. (Figures in this paragraph are not in thousands.)

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In July 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (the District) to produce 11,688 acre feet from the Carrizo Aquifer. Although initially contested by third parties, SAWS permit was finalized in May 2012 upon a ruling of the 13th District Court of Appeals. SAWS has entered into 23 separate agreements with land owners to produce up to a maximum of 11,688 acre feet of water from the Carrizo Aquifer. SAWS is obligated to make payments equal to the greater of the applicable water rate for the actual water produced or the minimum water payment due under the agreement. Minimum water payments range from 20.0%-30.0% of the applicable water rate assuming full production of the contracted water rights. The infrastructure needed to produce and transport the water from Gonzales County to San Antonio was completed in late 2013 and SAWS began producing a portion of the available water. Full production is not expected to occur until the second half of 2014 when additional infrastructure to treat the full volume of water is completed. The projected payment to the land owners in 2014 is $872. Once full production is achieved in 2015, the projected payments will increase to $1,166 and escalate annually thereafter based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to treat the water produced by SAWS from the Carrizo Aquifer in Gonzales County at its treatment plant in Guadalupe County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas. As part of that agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to begin making monthly payment to SSLGC in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. The payments due under SAWS' unconditional commitment to SSLGC are as follows:

2014	2015	2016	2017	2018	Thereafter
$ 71	$ 1,462	$ 1,516	$ 1,524	$ 1,524	$ 33,786

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $271,000 as of December 31, 2013. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2013, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

Note 12 Pollution Remediation Obligation

Primary Government (City)

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from that estimated below as a result of market rate changes, improvements to technology, etc.

	Balance at 10/1/2013	Additions	Deletions	Balance at 9/30/2014
Governmental Activities:				
Liabilities	$ 1,554	$ 825	$ (883)	$ 1,496
Construction in Progress	1,041	897	(605)	1,333
Business-Type Activities:				
Liability	$ 1,040	$ 234	$ -	$ 1,274

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Transportation and Capital Improvements and Parks Departments for the construction of streets and drainage and parks, respectively. Any net changes in the Governmental Activities pollution liability that was not capitalized under Construction in Progress was expensed under the City's public works activities.

The City foresees receiving $58 in recoveries from third parties for the costs associated with cleaning up these pollution obligations.

The Business-Type Activities' liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The City had $234 additional pollution remediation costs in Business-Type Activities as of September 30, 2014.

CPS Energy

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Note 12 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

Under the FERC guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the balance sheet within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

The pollution remediation liability was $1,437 as of January 31, 2014. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by CPS Energy's environmental staff and consultants.

San Antonio Water System (SAWS)

SAWS had no material pollution remediation liabilities at December 31, 2013.

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Note 13 Risk Financing

Primary Government (City)

Property and Casualty Liability

Factory Mutual Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $100 and the insurance will reimburse up to $1,000,000.

As of October 1, 2013, the City is completely self insured for liability claims. The City utilizes a third-party administrator to adjust its claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Liability Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Workers' Compensation

As of May 1, 2013, the City is completely self insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Workers' Compensation Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts through our Section 125 Cafeteria Plan. The City's health program is self-insured and the City's vision plan is fully-insured. The City offers two dental plans: one is self-insured and one is fully-insured. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self insured and fully insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-Funded obligations for benefits are accrued in the City's Retiree Health Benefits Insurance Fund (a subfund of the Employee Health Benefits Fund) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Health Benefits Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short term disability, long term disability and continued long term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. The Extended Sick Leave Program is currently administered out of the Employee Health Benefits Fund.

Employee Wellness Program

The Employee Wellness Program supports a culture of wellness and provides employees and their family members with the necessary tools to achieve and maintain a healthy lifestyle, while positively impacting medical claim trends. Focusing primarily on the prevention of chronic disease and its consequences, the City opened a Health and Wellness Center in partnership with Gonzaba Medical Group that provides preventative screenings in addition to primary care, pre-employment and promotional exams to active employees and their dependents. To further support employees in their journey toward wellness, the City offers a variety of programs including personalized onsite and telephonic health coaching, smoking cessation, health education sessions, and an activity-based program that outfits employees with a free pedometer. Through this activity-based program, employees are able to track their activity over the course of 12 months, during which they can earn up to $500 in financial contributions (not expressed in thousands). In fiscal year 2014 the City contributed $400 towards employee's Flexible Spending or Health Savings account. The Employee Wellness Program is managed out of the Employee Health Benefits Fund.

Claims Liability

The liability for the Employee Health Benefits Program is based on the estimated aggregate amount outstanding at the statement of net position 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 position 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 2.0% discount rate due to the multi-year life cycle to close out these claims and the average historical as well as forecasted yield on the City's investments.

Note 13 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 Health Benefits, and Workers' Compensation Programs Funds for the fiscal year-ended September 30, 2014:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve[1]:					
Fiscal Year 2013	$ 26,055	$ (80)	$ 1,374	$ (3,639)	$ 23,710
Fiscal Year 2014	23,710	2,486	1,723	(4,045)	23,874
Employee Health Benefits[2]:					
Fiscal Year 2013	$ 8,960	$ 946	$ 95,719	$ (96,832)	$ 8,793
Fiscal Year 2014	8,793	4,206	109,263	(110,963)	11,299
Workers' Compensation:					
Fiscal Year 2013	$ 33,234	$ 431	$ 8,870	$ (8,715)	$ 33,820
Fiscal Year 2014	33,820	(751)	9,897	(8,437)	34,529

[1] Fiscal Year 2014 fund financial claims expense reflects an additional $12 paid for claims handled outside of reserves.

[2] Fiscal Year 2014 fund financial claims expense reflects an additional $269 paid for Unemployment Claims that are not included in the calculation of claims liability.

CPS Energy

Insurance and Reserves – CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides $7,300,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, fire damage coverage for construction equipment, and valuable papers coverage. The deductible for the property insurance policy is $5,000 per occurrence with a secondary deductible of $1,000 per occurrence applicable to non-power-plant property locations. The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes commercial crime, employee travel and event insurance.

CPS Energy also manages its own workers' compensation program. Additionally, to support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage and there were no decreases in the last three fiscal years.

Actuarial studies are performed periodically to assess and determine the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed during the fourth quarter of fiscal year 2014.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In the following table, the remaining balance under the property reserves column at January 31, 2014, relates to estimated obligations for the cleanup, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfill liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Schedule of Changes in Claims Liability				
Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2013	$ 4,506	$ 304	$ -	4,810
Fiscal Year 2014	4,810	391		5,201
Employee and Public Liability Claims:				
Fiscal Year 2013	$ 14,415	$ 3,281	$ (2,831)	$ 14,865
Fiscal Year 2014	14,865	6,279	(2,466)	18,678

Counterparty Risk – CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, a lease/leaseback transaction, suppliers and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly and managed actively through its Enterprise Risk Management & Solution Division.

Fuel Hedging – The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas PFIA to allow municipal utilities the ability to purchase and sell energy-related financial instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

In fiscal year 2010, CPS Energy implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the balance sheet at fair value. The fair value of option contracts is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. For futures and basis swap contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established, less applicable commissions.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

All potential hedging derivative instruments were evaluated for effectiveness at January 31, 2014, and were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items. These hedging derivative instruments utilize natural gas forwards and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas is typically purchased at prices based on either the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at each of these locations and the settlement price at Henry Hub. The correlation coefficient was established at the critical term to be evaluated, with 0.89 established as the minimum standard tolerated. The testing, based on two different location hubs (WAHA and HSC), demonstrated a substantial offset in the fair values, as evidenced by their calculated R values, 0.99 and 0.99, respectively, indicating that the changes in cash flows substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

In the second category, hedges utilize both Henry Hub based natural gas forwards and locational basis swaps to the appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were determined to be effective utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

As of January 31, 2014, the total fair value of outstanding hedge instruments was a net asset of $4,483. Fuel hedging instruments with a fair value of $3,133 are classified on the Statements of Net Position as a component of current assets. Long-term fuel hedges with a fair value of $1,350 are classified as a component of other noncurrent assets.

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred (inflows) outflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The deferred outflows of resources related to fuel hedges totaled $1,004 at January 31, 2014.

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Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments:

Fuel Derivative Transactions as of January 31, 2014					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Call	Feb 2014 - Jan 2017	12,199,681	$ 3,257	$ (506)
Long	Fixed Price Natural Gas	Feb 2014 - Jan 2017	16,304,740	2,886	18,211
Short	Fixed Price Natural Gas	Feb 2014 - Mar 2014	956,655	(1,564)	(1,564)
Long	Put	Feb 2014 - Feb 2015	1,259,041	50	(3,709)
Long	Basis Swap	Feb 2014 - Dec 2014	4,026,866	(146)	(137)
				$ 4,483	$ 12,295

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

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.

Congestion Revenue Rights – In the normal course of business, CPS Energy acquires Preassigned Congestion Revenue Rights (PCRR) and Congestion Revenue Rights (CRR) as a hedge against unexpected congestion costs. The CRRs are purchased at auction, semi-annually and monthly, at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at a percentage of the cost of CRRs. While PCRRs exhibit the three characteristics of derivatives as defined in GASB Statement No. 53, they are generally used by CPS Energy as factors in the cost of transmission. Therefore, these PCRRs meet the normal purchases and sales scope exception and are reported on the Statements of Net Position at cost and classified as prepayments. From time to time, CPS Energy purchases PCRRs and sells them at the same auction at market price. In this case, the PCRRs are considered investments, and the gain is reported as investment income. In fiscal year 2014, gains on the sale of PCRRs totaled $728.

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Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Credit Risk – CPS Energy began executing over-the-counter hedge transactions directly with approved counterparties in April 2010. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that, should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2014, the exposure to all hedge-related counterparties was such that no counterparty credit risk existed.

Termination Risk – For CPS Energy's fuel hedges that are executed over the counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Basis Risk – CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2014, the HSC price was $4.31 per MMBtu, the WAHA price was $4.31 per MMBtu, and the Henry Hub price was $4.41 per MMBtu.

San Antonio Water System (SAWS)

Risk Management – SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first $200 of medical claims per person during 2013.

SAWS is exposed to various risks of financial 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 $1,000 of each workers' compensation, general liability, automobile liability and public official's liability claim and for the first $250 for each pollution remediation, legal liability and commercial property claim. Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the year-ended December 31, 2013, there were no reductions in insurance coverage from the previous year. Settled claims during the last three years have not exceeded the insurance coverage in any year.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2013	$ 9,956	$ 22,801	$ (25,447)	$ 7,310	$ 7,310
December 31, 2012	$ 10,565	$ 23,506	$ (24,115)	$ 9,956	$ 9,956

Pay-Fixed, Receive-Variable Interest Rate Swap – In 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 SAWS' Capital Improvements 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 interest rate cost than a traditional long term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem $110,615 of the $111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2013 $98,000 of commercial paper notes are hedged by the interest rate swap agreement.

Terms – The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

In March 2008, JP Morgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JP Morgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JP Morgan Chase & Co., and MBIA to provide for JP Morgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value – The swap had a negative fair value of approximately $13,400 at December 31, 2013. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is amortized over the remaining life of the 2003 Bonds.

Credit Risk – As of December 31, 2013, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JP Morgan Chase Bank, N.A. was rated 'Aa3' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'A+' by Fitch Ratings as of December 31, 2013. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk – SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk – SAWS may terminate the swap at any time for any reason. JP Morgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment and JP Morgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Market-access Risk – SAWS is subject to market-access risk as $98,000 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 35 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt – As of December 31, 2013, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap
Estimated Debt Service Requirements of Variable-Rate
Debt Outstanding and Net Swap Payments

Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2014	$ 3,105	$ 86	$ 3,952	$ 7,143
2015	3,245	83	3,820	7,148
2016	3,395	80	3,682	7,157
2017	3,550	77	3,538	7,165
2018	3,710	74	3,388	7,172
2019-2023	21,250	315	14,429	35,994
2024-2028	26,560	207	9,487	36,254
2029-2033	33,185	72	3,312	36,569
Total	$ 98,000	$ 994	$ 45,608	$ 144,602

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Note 14 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2014:

Summary Table of Interfund Transfers for Fiscal Year-Ended September 30, 2014	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Categorical Grant In-Aid	$ -	$ 6,924
Nonmajor Governmental Funds	20,782	17,958
Airport System Fund	227	
Nonmajor Enterprise Funds	6,690	3,239
Internal Service Funds		2,080
Total General Fund	**27,699**	**30,201**
Debt Service Fund:		
Nonmajor Governmental Funds	14,006	
Total Debt Service Fund	**14,006**	
Categorical Grant In-Aid:		
General Fund	6,924	
Nonmajor Governmental Funds	1,377	13,821
Total Categorical Grant In-Aid	**8,301**	**13,821**
Pre K 4 SA:		
Nonmajor Governmental Funds	30,488	
Total Pre K 4 SA	**30,488**	
Texas Public Facility Corporation:		
Nonmajor Governmental Funds	21,208	73,469
Total Texas Public Facility Corporation	**21,208**	**73,469**
2012 General Obligation Bonds:		
General Obligation Projects Fund		87,484
Total 2012 General Obligation Bonds		**87,484**
Nonmajor Governmental Funds:		
General Fund	17,958	20,782
Debt Service Fund		14,006
Categorical Grant In-Aid	13,821	1,377
Pre K 4 SA		33,470
2012 General Obligation Funds	87,484	
Texas Public Facility Corporation	73,469	21,208
Nonmajor Governmental Funds	226,340	226,340
Nonmajor Enterprise Funds	3,566	2,659
Internal Service Funds	3,913	7,567
Total Nonmajor Governmental Funds	**426,551**	**327,409**

(Continued)

Note 14 Interfund Transfers (Continued)

Summary Table of Interfund Transfers for Fiscal Year-Ended September 30, 2014 (continued)	Transfers From Other Funds	Transfers To Other Funds
Airport System Fund:		
General Fund	$ -	$ 227
Total Airport System Fund		**227**
Nonmajor Enterprise Funds:		
General Fund	3,239	6,690
Nonmajor Governmental Funds	2,659	3,566
Nonmajor Enterprise Funds	115	115
Internal Service Funds	33	
Total Nonmajor Enterprise Funds	**6,046**	**10,371**
Internal Service Funds:		
General Fund	2,080	
Nonmajor Governmental Funds	7,567	3,913
Nonmajor Enterprise Funds		33
Internal Service Funds	84	84
Total Internal Service Funds	**9,731**	**4,030**
Total	**$ 544,030**	**$ 547,012**

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, indirect cost reimbursement assessments and for other restricted purposes. All transfers are in accordance with budgetary authorizations.

Different fiscal year ends exist between the City and Pre K 4 SA, September 30 and June 30, therefore interfund transfers do not eliminate by $2,982. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30, 2014; however, Pre K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2014. These transfers are in accordance with legislative and contractual requirements.

Note 15 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1, Summary of Significant Accounting Policies.

	General Fund	Debt Service Fund	Categorical Grant In-Aid	Pre-K 4SA	Texas Public Facilities Corp.	Convention Center Hotel Finance Corporation	2012 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:									
Nonspendable:									
In nonspendable form:									
Materials and Supplies	$ 5,340	$ -	$ 635	$ -	$ -	$ -	$ -	$ 382	$ 6,357
Prepaid, Deposits and Other	164							37	201
Legally or contractually intact:									
Permanent Fund Corpus								3,662	3,662
Total Nonspendable	5,504		635					4,081	10,220
Restricted for:									
Education				17,557				10,559	28,116
Social Services								23	23
Parks & Recreation	776							60,352	61,128
Library								319	319
Health Services	134							5,215	5,349
Welfare	14							246	260
Convention and Tourism								49	49
Urban Redevelopment and Housing	31							461	492
Economic Development & Opportunity	77							9,729	9,806
Law Enforcement								3,098	3,098
Debt Service		46,808				6,085		7,936	60,829
Other Purposes								7,408	7,408
Drainage - Capital Projects							54,276	61,399	115,675
Municipal Facilities - Capital Projects					225,437		20,980	23,201	269,618
Parks - Capital Projects							50,552	4,954	55,506
Streets - Capital Projects							140,667	79,951	220,618
Other Capital Projects								16,395	16,395
Total Restricted	1,032	46,808		17,557	225,437	6,085	266,475	291,295	854,689
Committed:									
Parks & Recreation	1,863							1,024	2,887
Health Services	222								222
Welfare	4,889								4,889
Convention and Tourism	75							63,954	64,029
Urban Redevelopment and Housing	424							10,710	11,134
Economic Development & Opportunity	6,156							2,032	8,188
Law Enforcement	1,042							70	1,112
Fire Protection	53								53
Other Purposes	3,801							121	3,922
Municipal Facilities - Capital Projects	1,079							1,201	2,280
Parks - Capital Projects	473								473
Streets - Capital Projects	25,989								25,989
Other Capital Projects	816							22,071	22,887
Total Committed	46,882							101,183	148,065
Assigned:									
Education								91	91
Parks & Recreation	6							1,258	1,264
Health Services	506							7	513
Convention and Tourism								20,579	20,579
Economic Development & Opportunity	2							480	482
Law Enforcement	2								2
Other Purposes	7								7
Streets - Capital Projects								1,952	1,952
Total Assigned	523							24,367	24,890
Unassigned	164,654		(635)					(4,177)	159,842
Total Fund Balance	$ 218,595	$ 46,808	$ -	$ 17,557	$ 225,437	$ 6,085	$ 266,475	$ 416,749	$ 1,197,706

Note 15 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure specified remaining unspent balances are adequately carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. The encumbrance and carryforward amounts are reported in fund balance as follows:

		2012		
General Fund	Categorical Grant In-Aid	General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
$ 35,966	$ 12,003	$ 103,115	$ 632,400	$ 783,484

The City further maintains a 9.0% of General Fund expenditures' Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and are contingent upon the General Fund's overall estimated expenditures and related funding.

The Reserve may be utilized to meet one of more of the following events upon subsequent adoption by the City Council:

- Unforeseen operational or capital requirements which arise during the course of the fiscal year;
- Unforeseen or extraordinary occurrence such as a natural disaster, catastrophic change in the City's financial position, or the occurrence of a similar event; or
- To assist the City in managing fluctuations in available General Fund resources from year to year in stabilizing the budget.

The balance within the Budgeted Financial Reserve as of September 30, 2014 was $89,000. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. The City does not have a minimum fund balance policy.

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Note 16 Deficits in Fund Balances / Net Position

Capital Projects Funds

As of September 30, 2014, deficit fund balances are reported in the Certificates of Obligation Projects Fund and Improvement Projects in the amounts of $3,301 and $193, respectively. The major contribution of these deficits are the timing of invoices billed to third party contributors. The deficits will be addressed by identifying the appropriate funding source and transferring funds from operating funds, grants, and/or by billing and collecting contributions from third party contributors.

Grants

As of September 30, 2014, a deficit fund balance is reported in the American Recovery Reinvestment Act and Community Development Program Grant in the amounts of $125 and $546, respectively. These deficits are due to disallowed costs in various projects within each respective fund. The City through future budget adoptions will determine how to fund these deficits.

Internal Service Funds

As of September 30, 2014, a deficit net position is reported in the CIMS Fund in the amount of $4,239. The deficit in CIMS is due to the fund not including long-term liabilities (OPEB and Accrued Leave) in its rate assessments. Due to the fund's GASB Statement No. 54 reclassification, the long-term liabilities not previously recorded in the fund are now included, and resulted in a negative net position. CIMS will incorporate accrued leave obligations in future assessments and fees. The City does not currently prefund OPEB obligations, as a result this fund may continue to exhibit deficit fund balances which will need to be analyzed at a future period.

As of September 30, 2014, a deficit net position is reported for Information Services in the amount of $1,247. The deficit is due to the fund not including long-term liabilities in its rate assessments. The City does not currently prefund OPEB obligations, as a result this fund may continue to exhibit deficit fund balances which will need to be analyzed at a future period.

As of September 30, 2014, a deficit net position is reported in the Employee Health Benefits Program in the amount of $22,856. The deficit is due to the adoption of a negative $9,900 fund balance with the intent to eliminate the deficit within 5 years. However, during fiscal year 2014 there was also an increase in Police, Fire and Civilian claims. The number of large claims over $100 increased along with the cost per claim. The deficit will be addressed during the police and fire contract negotiations along with additional plan design changes for employees and retirees. The plan is to eliminate the deficit within 5 years to avoid unsustainable increases in premiums and plan design changes.

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Note 17 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has four Permanent Funds: the Carver Cultural Center Endowment Fund, the City Cemeteries Fund, the William C. Morris Endowment Fund, and the Boza Becica Endowment Fund. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increase and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net assets from these endowment funds are reported in the government-wide financial statements.

The Carver Cultural Center Endowment Fund generated $2 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The City Cemeteries Fund generated $11 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity.

The William C. Morris Endowment Fund generated $1 in investment earnings. These earnings are used on an annual basis to enhance the City Library's Educational Programming and Services for Children. The earnings of the funds will be expended in accordance with the spending policy of the Library's board of directors or trustees.

The Boza Becica Endowment Fund generated $2 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

Service Concession Agreements

The City has a fixed term agreement with Mission Park in which Mission Park pays the City 40.0% of burial plot sales and 10.0% of revenue from services, merchandise and products for the life of the contract (December 2035 with option to renew). All capital improvements become property of the City and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Mission Park will provide. Mission Park collects all fees and pays the City its portion. The assets include 84 acres valued at $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2014, the City received $276 in revenue from Mission Park.

The City has a Management Agreement with MGA-SA. In the agreement, MGA-SA manages the City's golf courses and in return, the City received $150 in profit-sharing in fiscal year 2014. All permanent structures existing on the Golf Courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include seven golf courses valued at $22,236.

Note 17 Other Disclosures (Continued)

CPS Energy

Special Items

CPS Energy distributed $3,371 of Community Infrastructure and Economic Development Fund (CIED) funds to multiple municipalities. The CIED fund was restricted funds that were to be used for qualified capital projects. In February 2012, CPS Energy's board found that the objectives underlying the establishment of the CIED Fund had been successfully accomplished and authorized termination of the policy providing for annual contributions to the fund. Balances remaining in the CIED Fund at January 31, 2014, could continue to be earmarked to support qualified capital projects for up to three years. Any funds designated for use by a municipality that cannot be used for approved projects were paid to the respective municipality following execution of an Agreement Incident to Termination. CPS Energy expects the remaining undesignated funds in the program to be distributed by January 31, 2015.

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Note 18 Prior Period Restatement

GASB 65 Restatement

In fiscal year 2014, GASB 65 was implemented by the City and the component units. GASB 65 requires the bond issuance costs to be expensed. The implementation resulted in a restatement of the City and component unit's beginning Net Positions for the amount of unamortized bond issuance costs.

Primary Government (City)

Governmental Activities

The City's Statement of Net Position and Fund Balance restatements for the Governmental Funds are as follows:

	Net Position	Fund Balance
Fiscal Year 2014 Beginning Balances, as previously reported	$ 2,450,154	$ 1,210,523
Convention Center Hotel Finance Corporation	182,435	(7,694)
Westside Development Corporation	619	610
OUR SA	240	(57)
San Antonio Economic Development Corporation	(119)	(119)
San Antonio Housing Trust Finance Corporation	(394)	(394)
San Antonio Housing Trust Foundation, Inc.	(4,960)	(961)
San Antonio Housing Trust Public Facilities Corporation	(965)	(630)
GASB 65 Restatement	(6,505)	
Restated Fiscal Year 2014 Beginning Balances	$ 2,620,505	$ 1,201,278

Convention Center Hotel Finance Corporation

A prior period adjustment was made after review of agreements relating to CCHFC. The loan receivable between the Grand Hyatt and CCHFC was not previously reported in the CCHFC's financial statements. It was further notes that operational activity (revenue and expenses) of the hotel was inaccurately running through CCHFC operations.

Westside Development Corporation

The City was unable to obtain fiscal year 2013 financial statements for WDC in time to issue the City's fiscal year 2013 CAFR. In order to reflect the proper beginning fund balances with the receipt of the financials in fiscal year 2014, the City restated an increase in the beginning fund balance and net position for $610 and $619, respectively. This included a restatement to the beginning capital assets balance of $9.

OUR SA

The City was unable to obtain fiscal year 2013 financial statements for OUR SA in time to issue the City's fiscal year 2013 CAFR. In order to reflect the proper beginning fund balances with the receipt of the 2013 financials in fiscal year 2014, the City restated a decrease in the beginning fund balance for $57 and an increase in the beginning net position for $240. This included a restatement to the beginning capital assets balance of $296.

Note 18 Prior Period Restatement (Continued)

Primary Government (City) (Continued)

San Antonio Economic Development Corporation

EDC is a blended component unit. In fiscal year 2013, the City received draft financials from EDC which changed subsequent to release of the City's CAFR when the final report was issued. The City restated its beginning fund balance and net position by $(119).

San Antonio Housing Trust Finance Corporation

HTFC was a blended component unit in fiscal year 2013. In fiscal year 2014, HTFC was reclassified as a discretely presented component unit. The City adjusted the beginning fund balance and net position by $(394).

San Antonio Housing Trust Foundation, Inc.

HTF was a blended component unit in fiscal year 2013. In fiscal year 2014, HTF was reclassified as a discretely presented component unit. The City adjusted the beginning fund balance and net position by $(961) and ($4,960), respectively. A prior period adjustment was made by HTF in the amount of $6 to record an asset removed in error in a prior year. The adjustment resulted in an increase of $6 to net position for the discretely presented component units beginning net position.

San Antonio Housing Trust Public Facilities Corporation

HTPFC was a blended component unit in fiscal year 2013. In fiscal year 2014, HTPFC was reclassified as a discretely presented component unit. The City adjusted the beginning fund balance and net position by $(630) and $(965), respectively. This included a reduction to the beginning capital assets balance of $(5,863).

Enterprise Funds and Business-Type Activities

The Enterprise Funds and Business-Type Activities' restatement per GASB 65 is as follows:

	Airport System	Nonmajor Enterprise Funds
Fiscal Year 2014 Beginning Net Position, as previously reported	$ 352,018	$ 55,294
GASB 65 Restatement	(1,516)	248
Restated Fiscal Year 2014 Beginning Net Position	350,502	55,542
Internal Service Funds Allocation	(3,698)	(1,830)
Restated Fiscal Year 2014 Beginning Net Position	$ 346,804	$ 53,712

Note 18 Prior Period Restatement (Continued)

Discretely Presented Component Units

The Discretely Presented Component Units' Statement of Net Position restatements are as follows:

	Net Position
Fiscal Year 2014 Beginning Net Position, as previously reported	$ 5,556,334
San Antonio Housing Trust Finance Corporation	394
San Antonio Housing Trust Foundation, Inc.	4,966
San Antonio Housing Trust Public Facilities Corporation	965
GASB 65 Restatement	(28,962)
Restated Fiscal Year 2014 Beginning Net Position	$ 5,533,697

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Note 19 Subsequent Events

Primary Government (City)

Long-Term Debt

On December 16, 2014, the City issued $51,955 in General Improvement Refunding Bonds, Series 2014. The Bonds were issued to provide funds to currently refund certain outstanding City obligations and to pay the costs of issuance of the Bonds. The Bonds have maturities ranging from 2015 to 2025, with interest rates ranging from 0.5% to 5.0%.

The City entered into an agreement with the Port to fund renovations at the Port, in the amount of $20,000. The Department of Housing and Urban Development (HUD) provides the funding for the loan through a section 108 Loan. The loan is secured by pledged Port revenues and property and is payable solely from payments received by the Port. The loan was legally defeased in January 2015.

BABs Subsidy Sequestration

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government will reduce the BABs subsidy by 7.3% for payments to be made during the period beginning October 1, 2014, through the end of their fiscal year (September 30, 2015). There is still uncertainty regarding whether or not the reduction will continue after that date. The subsidy reduction for fiscal year 2015 will result in an approximate $279 increase in the City's debt-related interest expense.

Fire and Police Pension Fund

The Pension Fund had their actuarial study as of October 1, 2014 completed and issued in January 2015. The results of the study include a decrease in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $232,889 as of October 1, 2013 to $209,951. The years to amortize the UAAL are at 6.2 years as a level percent of payroll.

As is the case with most public pension plans, the Pension Fund had incurred substantial investment losses due to financial market conditions during the Great Recession. The actuarial valuation includes a smoothed market approach for the value of assets which provides for asset gains or losses to be smoothed over a five-year period. Smoothing of the Pension Fund's investment returns as of September 30, 2014 resulted in a reduction of the deferral of investment losses to $75,432. These remaining investment losses will be recognized in future year's actuarial valuations to the extent they are not offset by recognition of investment gains above the Fund's assumed investment return of 7.5% or other actuarial gains.

Contribution rates for the members of the Pension Plan and the City are established under Texas state statute and do not change with the results of the annual actuarial valuations. Staff of the Pension Fund and the City will continue to monitor the situation closely. Please see Note 8 Pension and Retirement Plans for more information on the Fire and Police Pension Plan.

Note 19 Subsequent Events (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (continued)

The Health Fund's actuarial study dated October 1, 2014, included an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $418,407 as of October 1, 2013 to $443,895. In order to maintain an amortization of the UAAL over a period of 30 years, increased contribution rates and reduction in benefits would have to occur beyond those currently included in the Fund's governing statue. However, these contribution and benefit changes would only be required to be implemented if the amortization period of the UAAL exceeds 30 years with the actuarial valuation to be conducted in 2017. Any changes to contributions would impact the City's fiscal year 2018 budget.

Collective Bargaining Agreements

The collective bargaining agreements that the City has with the San Antonio Police Officers' Association and the International Association of Firefighters, Local 624 expired September 30, 2014. The contracts contain an evergreen clause effective through September 30, 2024. The City filed a declaratory judgment on the validity of the evergreen clause with the State District Court on November 7, 2014. The matter is currently in discovery.

CPS Energy

Long-Term Debt

On May 15, 2014, the Council approved the issuance of City of San Antonio Texas Electric and Gas Systems Junior Lien Revenue Refunding Bonds, Series 2014. CPS Energy issued these bonds dated November 1, 2014 to refund $294,625 of outstanding principal relating to City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds, New Series 2005.

July 3, 2014, CPS Energy issued $200,000 of Series 2014 Junior Lien Revenue Bonds. The true interest cost for this issue, which has maturities in 2026 through 2044, is 4.14%. Bond proceeds are primarily being used to fund construction projects.

On December 1, 2014, CPS Energy remarketed $47.1 million of the Series 2012A Bonds. The issuance of a $1,300 premium in conjunction with the remarketing resulted in a principal paydown for the remarketed bonds of approximately $1,000.

In addition, on October 30, 2014, City Council approved the issuance of the City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2015A and Series 2015B, in a combined principal amount not to exceed $255,000, and other financial matters as necessary to refund $250,000 in outstanding variable rate demand obligations designated as the City of San Antonio, Texas Electric and Gas Systems Junior Lien Revenue Bonds, Series 2003. CPS Energy issued these bonds dated January 1, 2015 in principal amounts of $125,000 each (a total of $250,000).

Note 19 Subsequent Events (Continued)

CPS Energy (Continued)

New Energy Economy Initiative

In October 2014, CPS Energy announced a new agreement with Summit to purchase power from its Texas Clean Energy Project integrated combined-cycle coal gasification plant, which will incorporate carbon capture, utilization and storage technology in a first-of-its-kind commercial clean-coal power plant. The plant will provide 200 MW of clean-coal electricity to CPS Energy; 90.0% of the carbon will be captured and used for enhanced oil recovery in the West Texas Permian Basin. The plant, to be built approximately 15 miles west of Odessa, Texas, is expected to be online in 2019, instead of the originally scheduled date in 2017. The contract is for all expected electrical output from the facility, with payments beginning once the project has commenced electrical production. CPS Energy has no further legal or financial obligations associated with the project.

Interim Transmission Costs of Service Filing

On June 3, 2014, CPS Energy filed an Application for Interim Update of Wholesale Transmission Rates, based on FY 2014 data, with the Public Utility Commission of Texas ("PUCT"). This interim Transmission Costs of Service filing was submitted to request an increase in transmission revenue requirements as a result of increased capital investment since FY 2006.

The application was approved on July 23, 2014, and resulted in an annual transmission revenue requirement of $169,500. This represents an increase of $74,300 from the $95,200 transmission revenue requirement previously approved on January 19, 2007.

San Antonio Water System (SAWS)

Long-Term Debt

On March 20, 2014, the San Antonio City Council approved two ordinances authorizing SAWS to issue additional bonds. On April 1, 2014, SAWS issued $300,350 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund), and City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund). The proceeds of the bonds were used to refund outstanding tax-exempt commercial paper, fund capital improvements; advance refund a portion of the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 for debt service savings; and pay the cost of issuance.

Rate Increase

On November 21, 2013, the City Council adopted an ordinance approving a two-year rate plan for SAWS. For 2015 (the second year), a system-wide rate increase of 5.3% in the average residential customer bill became effective January 1, 2015. This rate adjustment is expected to generate approximately $23,100 in additional revenues for SAWS.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Pension and Benefit Plans

In 2014, SAWS implemented changes to its Principal employee pension plan to manage pension costs and GASB liability. All employees hired or re-hired on or after June 1, 2014 now participate in a defined contribution plan, and are required to contribute 3.0% of their salary to that account, while SAWS contributes 4.0%. All employees still contribute 3.0% to a Texas Municipal Retirement System account. The SAWS fiscal year 2015 budget incorporated changes to the remaining defined benefits portion of the plan, which requires participants to begin contributing 3.0% of salary effective January 1, 2015.

SAWS also made changes to its healthcare benefits including eliminating high cost plans and making adjustments to the remaining plans to minimize cost. SAWS moved Medicare-eligible retirees into a fully-insured Medicare Advantage Plan, which is expected to not only result in decreased premium costs for eligible retirees but will also decrease SAWS' annual costs and long-term GASB liability. In addition, new contracts became effective in January 2015 for the following services: medical and dental third party administration, pharmacy benefit administration, stop loss, flexible spending accounts/COBRA and vision plan administration. These contracts are expected to result in lower administrative fees.

Water Transmission and Purchase Agreement

On October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement between the City, acting by and through SAWS, and Abengoa Vista Ridge, LLC (Abengoa VR), pursuant to which Abengoa VR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50 acre-feet (not in thousands) of potable water ("Project Water") per year for an initial period of 30 years plus a limited 10 year extension period under certain events. To produce and deliver the Project Water, Abengoa VR will develop well fields to withdraw water from the Carrizo and Simsboro aquifers in Burleson County, Texas pursuant to currently-held long-term leases with landowners and construct a 142-mile (not in thousands) pipeline from this well field to northern Bexar County (the well fields and the pipeline, together, the "Project"). The pipeline will be connected to the SAWS distribution system at this delivery point in northern Bexar County. Under certain conditions, SAWS may terminate the agreement for its convenience, subject to its payment of a termination fee to Abengoa VR capped at $40,100. SAWS has also retained the right to terminate the agreement by purchasing the Project for the aggregate amount of the outstanding project debt, contract breakage costs and return of and on equity contributions by Abengoa VR's principals with no cap is imposed upon such amount. SAWS anticipates that it will incur capital cost of approximately $115,000 to construct the improvements to the System necessary to accept and integrate the Project Water. The potential execution of the agreement represents a significant diversification of the City's water source, as SAWS projects that Project Water, if delivered at the maximum amount, will account for approximately 20.0% of the System's current annual usage.

FY 2014

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 530,279	$ 538,091	$ 547,578	$ 9,487
Licenses and Permits	7,546	7,382	7,396	14
Intergovernmental	7,353	8,102	8,301	199
Revenues from Utilities	304,077	331,846	348,480	16,634
Charges for Services	57,513	57,097	56,796	(301)
Fines and Forfeits	14,370	13,236	13,204	(32)
Miscellaneous	7,790	10,199	12,254	2,055
Investment Earnings	755	507	627	120
Transfers from Other Funds	12,380	27,295	27,699	404
Amounts Available for Appropriation	942,063	993,755	1,022,335	28,580
Charges to Appropriations (Outflows):				
General Government	70,062	70,543	70,166	377
Public Safety	656,116	661,846	664,257	(2,411)
Public Works	52,154	56,149	56,044	105
Health Services	22,514	22,664	22,695	(31)
Welfare	33,167	34,706	33,563	1,143
Culture and Recreation	86,186	85,445	85,459	(14)
Convention and Tourism	606	611	671	(60)
Economic Development and Opportunity	7,269	16,078	16,031	47
Urban Redevelopment and Housing	14,422	15,356	15,248	108
Debt Service:				
Principal Retirement	11,305	11,305	11,305	
Interest	399	399	399	
Transfers to Other Funds	27,633	49,061	49,031	30
Total Charges to Appropriations:	981,833	1,024,163	1,024,869	(706)
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(39,770)	(30,408)	(2,534)	27,874
Fund Balance Allocation	39,770	30,408	2,534	(27,874)
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	$ -	$ -	$ -	$ -

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

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 1,022,335
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(27,699)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 994,636
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,024,869
Differences - budget to GAAP:	
Encumbrances and Earmarks for supplies and equipment ordered but not received is reported in the year the orders are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(35,965)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(30,201)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 958,703

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

The City noted budget violations of the Fire department within the Public Safety function, Animal Care department within the Health Services function, Downtown Operations and Library departments within the Culture and Recreation function, and the Visitor Information Center within the Convention and Tourism function. The City had sufficient fund balance to cover these department excesses.

(unaudited - see accompanying auditors' report)

Budgetary Comparison Schedule
Pre-K 4 SA
Year-Ended September 30, 2014
(In Thousands)

	2014			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Sales & Use Tax [1]	$ 29,399	$ 29,399	$ 30,488	$ 1,089
State/Local Match [1]	2,016	1,511	1,543	32
USDA (Food) [1]	543	215		(215)
Charges for Services [1]	63	252	242	(10)
Interest/Miscellaneous		68	300	232
Amounts Available for Appropriation	32,021	31,445	32,573	1,128
Charges to Appropriations (Outflows):				
Education:				
Administration	1,034	1,252	1,398	(146)
Public Relations/Marketing		421	395	26
Sales Tax Collection Fee		601	603	(2)
Pre-K Education Centers	10,173	10,184	10,082	102
Pre-K Facility Leases	5,220	3,242	2,713	529
Transportation	472	627	567	60
Professional Development	1,992	1,800	1,630	170
Program Assessment	308	317	317	
Transfers to Other Funds	3,753	4,063	3,786	277
Total Charges to Appropriations:	22,952	22,507	21,491	1,016
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	9,069	8,938	11,082	2,144
Fund Balance Allocation	(9,069)	(8,938)	(11,082)	(2,144)
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	$ -	$ -	$ -	$ -

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

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 32,573
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 32,573
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 21,491
Differences - budget to GAAP:	
Encumbrances for supplies, equipment, and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies, equipment and services are received for financial reporting purposes	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(3,786)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 17,705

[1] For financial reporting presentation the revenue is reported as transfers in or intergovernmental; however the above schedule reflects the fund schedule from the City's 2014 Adopted Budget.

(unaudited - see accompanying auditors' report)

Pension and Post-employment Schedules

Required Supplementary Information - (Unaudited)
Post-employment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CITY OF SAN ANTONIO RETIREE HEALTH BENEFITS FUND

ACTUARIAL VALUATION DATE [1]	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14	$ -	$ 318,910	$ 318,910	0.0%	$ 303,141	105.2%
01-01-13		332,943	332,943	0.0%	288,246	115.5%
01-01-11		324,516	324,516	0.0%	276,095	117.5%

FIRE AND POLICE RETIREE HEALTH CARE FUND

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-13	$ 273,929	$ 692,336	$ 418,407	39.6%	$ 281,414	148.7%
10-01-12	250,718	664,425	413,707	37.7%	268,551	154.1%
10-01-11	236,239	639,853	403,614	36.9%	259,797	155.4%

SAN ANTONIO WATER SYSTEM - OPEB PLAN

ACTUARIAL VALUATION DATE [2]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 12,665	$ 267,567	$ 254,902	4.7%	$ 88,895	286.7%
01-01-11		242,388	242,388	0.0%	83,505	290.3%
01-01-09		297,259	297,259	0.0%	75,270	394.9%

[1] City will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability for the Retiree Health Benefits Fund.

[2] SAWS will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability.

Required Supplementary Information - (Unaudited)
Post-employment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CPS ENERGY - HEALTH PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-12	$ 224,792	$ 222,878	$ (1,914)	100.9%	$ 246,908	(0.8)%
01-01-11	218,555	222,472	3,917	98.2%	237,823	1.6%
01-01-10	209,894	219,929	10,035	95.4%	228,525	4.4%

CPS ENERGY - LIFE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-12	$ 47,074	$ 40,670	$ (6,404)	115.7%	$ 214,898	(3.0)%
01-01-11	47,386	39,076	(8,310)	121.3%	206,643	(4.0)%
01-01-10	47,092	37,266	(9,826)	126.4%	200,649	(4.9)%

CPS ENERGY - DISABILITY PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-12	$ 4,598	$ 5,390	$ 792	85.3%	$ 214,898	0.4%
01-01-11	4,342	5,744	1,402	75.6%	206,643	0.7%
01-01-10	3,902	6,567	2,665	59.4%	200,649	1.3%

[1] CPS Energy has selected the aggregate cost method for determining Disability and Life Plans' funding amounts. Since this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method, which approximates the funding progress of the Plan.

Required Supplementary Information - (Unaudited)
Pension Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

TEXAS MUNICIPAL RETIREMENT SYSTEM - CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-13	$ 1,156,538	$ 1,331,301	$ 174,763	86.9%	$ 290,156	60.2%
12-31-12	1,091,706	1,190,339	98,633	91.7%	279,728	35.3%
12-31-11	1,031,749	1,126,876	95,127	91.6%	264,088	36.0%

CPS ENERGY - ALL EMPLOYEE PLAN

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
01-01-12	$ 1,185,076	$ 1,383,413	$ 198,337	85.7%	$ 246,908	80.3%
01-01-11	1,146,039	1,298,936	152,897	88.2%	237,823	64.3%
01-01-10	1,097,147	1,243,118	145,971	88.3%	228,525	63.9%

(unaudited - see accompanying auditor's report)

Required Supplementary Information - (Unaudited)

Pension Schedules

Schedules of Funding Progress

Last Three Fiscal Years

(In Thousands)

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-13	$ 145,193	$ 172,388	$ 27,195	84.2%	$ 94,529	28.8%
12-31-12	135,354	156,661	21,307	86.4%	87,098	24.5%
12-31-11	125,424	149,640	24,216	83.8%	84,611	28.6%

SAN ANTONIO WATER SYSTEM - SAWSRP

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14	$ 126,906	$ 171,170	$ 44,264	74.1%	$ 88,895	49.8%
01-01-13	107,242	160,674	53,432	66.7%	89,542	59.7%
01-01-12	90,496	144,552	54,056	62.6%	85,394	63.3%

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule - (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in the Net Pension Liability
Current Fiscal Year

(in Thousands)

	Fiscal Year				
	2014	2013	2012	2011	2010
Total Pension Liability					
Service Cost	$ 75,600	(Historical information prior to implementation of GASB 67 is not required.)			
Interest	207,004				
Change of Benefit Terms					
Differences Between Expected and Actual Experience					
Changes of Assumptions					
Benefit Payments, including Refunds of Employee Contributions	(122,307)				
Net Change in Total Pension Liability	$ 160,297				
Total Pension Liability - Beginning	2,821,196				
Total Pension Liability - Ending (a)	$ 2,981,493				
Plan Fiduciary Net Position					
Contributions - Employer	$ 76,146				
Contributions - Employee	38,073				
Net Investment Income	223,054				
Benefit Payments, including Refunds of Employee Contributions	(122,307)				
Administrative Expense	(2,789)				
Net Change in Plan Fiduciary Net Position	$ 212,177				
Plan Fiduciary Net Position - Beginning	2,464,678				
Plan Fiduciary Net Position - Ending (b)	$ 2,676,855				
City's Net Pension Liability - Ending (a) - (b)	$ 304,638				
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.8%				
Covered Employee Payroll	$ 309,031				
City's Net Pension Liability as a Percentage of Covered Employee Payroll	98.6%				

Notes to Schedule:

Benefit Changes : There have been no changes in benefit provisions since GASB 67 implementation.

Change of Assumptions : There have been no assumption changes since GASB 67 implementation.

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule - (Unaudited)
Fire and Police Pension Fund
Schedule of City's Contributions to the Fund
Last Ten Fiscal Years
(in Thousands)

Fiscal Year Ended	Actuarially Determined Contribution*	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered - Employee Payroll**	Contributions as a Percentage of Covered - Employee Payroll
2005	$ 49,665	$ 49,665	$ -	$ 204,516	24.6%
2006	51,614	51,614		207,145	24.6%
2007	54,952	54,952		214,230	24.6%
2008	58,101	58,101		229,547	24.6%
2009	62,344	62,344		243,904	24.6%
2010	64,498	64,498		269,359	24.6%
2011	67,328	67,328		271,533	24.6%
2012	70,389	70,389		286,327	24.6%
2013	72,359	72,359		293,665	24.6%
2014	76,146	76,146		309,031	24.6%

* The Actuarially Determined Contribution is based on the statutory rate of 24.6% of payroll.

** Payroll is estimated based on the actual member contributions received and a 12.3% contribution rate.

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule - (Unaudited)
Fire and Police Pension Fund
Schedule of Investment Returns

	2014
Annual Money-Weighted Rate of Return, net of investment expense	9.2%

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule - (Unaudited)
Fire and Police Pension Fund
Notes to Required Supplementary Information

Valuation Date	Actuarially determined contribution is calculated using an October valuation date as of the beginning of the fiscal year in which contributions are reported.
Methods and Used Assumptions to Determine Contribution Rates:	
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, using 3.5% annual increases
Remaining amortization period	7.3 years remaining as of October 1, 2013
Asset valuation method	Five-year smoothed market value based on expected return of 7.5%
Actuarial assumptions:	
Investment rate of return	7.5% including inflation, net of pension plan investment expense
Inflation rate	3.5%
Projected salary increases	3.5% (plus merit scale of 0.8% - 11.3%)
Cost of living adjustments	3.5% for retirement before October 1, 1999; 2.6% for retirement on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.0% retirement at age 65
Mortality:	
Healthy	1994 Group Annuity Mortality Table, for both males and females, with rates increased 25.0% for females only.
Disabled	1994 Group Annuity Mortality Table for males, set forward five years

FY 2014

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

AMERICAN RECOVERY REINVESTMENT ACT – to accept, receipt, and disburse federal funds designated as part of the American Recovery Reinvestment Act.

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs.

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

HOME – to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

HUD 108 LOAN PROGRAM – to accept, receipt, and disburse federal funds designed to finance various HUD eligible capital improvements within the City.

OTHER SPECIAL REVENUES

ADVANCED TRANSPORTATION DISTRICT – to account for a ⅛ cent sales tax that funds the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community, and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for a ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to a ⅛ cent sales tax to fund the Pre-K 4 SA education initiative created to provide high quality pre-k for four year olds throughout the City.

RIGHT OF WAYS – to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.

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

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF).

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

Nonmajor Governmental Funds

Special Revenue Funds (continued)

BLENDED COMPONENT UNITS

SAN ANTONIO EDUCATION FACILITIES CORPORATION (EFC) – was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION (HFDC) – was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, and 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 (IDA) – 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.

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – was established for the purpose of, and to act on behalf of the City in, operating and promoting the City of San Antonio municipal golf facilities.

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION (TMFC) – to account for the financing for the acquisition and construction of a One Stop Development Services Center and a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, for the City of San Antonio, Texas. Financing was derived from the sale of City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds.

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

SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION (EDC) – was established to promote, assist, and enhance economic development activities for the City.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City of San Antonio in August 2009 for the purpose of aiding and acting on behalf of the City assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair and adjacent to or near Hemisfair.

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. Financing is provided from the City of San Antonio, and the sale of redeveloped real estate.

WESTSIDE DEVELOPMENT CORPORATION (WDC) – was established to promote economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality.

Nonmajor Governmental Funds

Capital Projects Funds

GENERAL OBLIGATION BONDS

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

PRE-1999 GENERAL OBLIGATION BONDS – consist of six bond elections from 1980 to 1994 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, and May 7, 1994, respectively, for development and improvement projects. These six bond elections covered projects within seven areas: libraries, fire protection, crime prevention, parks, San Antonio River flood control, drainage and flood control, and street, bridge, and related improvements.

1999 GENERAL OBLIGATION BONDS – a bond election held on May 1, 1999 approved $140.2 million in physical infrastructure development and improvement projects. These projects were within six areas: streets and pedestrian, drainage improvements, flood control with park improvements, parks and recreation, library system, and public safety.

2003 GENERAL OBLIGATION BONDS – a bond election held on November 4, 2003 approved $115.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

2007 GENERAL OBLIGATION BONDS – a bond election held on May 12, 2007 approved $550.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

GENERAL OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of General Obligation Bonds.

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, and emergency fire protection projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 1985 to 2005 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2006 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2007 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2007 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2008 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2008 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2010 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2010 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2011 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2011 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

Nonmajor Governmental Funds

Capital Projects Funds (continued)

CERTIFICATES OF OBLIGATION (continued)

2012 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2012 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2013 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2013 for construction of a new fire station facility, various street lighting improvements, and the equipment and management related to these projects.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

CONVENTION CENTER EXPANSION – to account for financial resources to be used in the Convention Center Expansion Project. Financing is primarily derived by contributions from the Texas Public Facility Corporation, a City blended component unit, and from proceeds from the sale of debt.

EDWARDS AQUIFER PROTECTION VENUE – to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a ⅛ cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.

EQUIPMENT ACQUISITION – to account for the lease financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.

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

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

PARKS DEVELOPMENT AND EXPANSION – to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a ⅛ cent sales tax approved by voters on May 6, 2000, extended by voters on May 7, 2005, again on November 2, 2010, and a portion from the prior sale of sales tax revenue commercial paper notes.

RESIDUAL CAPITAL PROJECTS – to account for residual investment earnings generated from Pre-1999 General Obligation Bonds and Pre-2006 Certificates of Obligation project fundings. These residual earnings were primarily used for the debt service of the 2009 Tax Notes, and to fund specific municipal facilities and street projects.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

Nonmajor Governmental Funds

Permanent Funds

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

CITY CEMETERIES – to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

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

BOZA BECICA ENDOWMENT – to account for funds donated to the City of San Antonio by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2014
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 12,627	$ 1,827	$ -	$ 14,454
Investments	94,693	20,229		114,922
Receivables, Net	6,606	15		6,621
Materials and Supplies, at Cost	87			87
Prepaid Expenditures	1			1
Due From Other Governmental Agencies, Net	1,267			1,267
Restricted Assets:				
Cash and Cash Equivalents	13,841	31,718	343	45,902
Investments	129,806	152,852	3,833	286,491
Receivables, Net	81,667	1,960	87	83,714
Materials and Supplies, at Cost	295			295
Deposits	1			1
Prepaid Expenditures	4	31		35
Due From Other Funds	3,513	60,664		64,177
Due From Other Governmental Agencies, Net	298	3,846		4,144
Total Assets	$ 344,706	$ 273,142	$ 4,263	$ 622,111
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 3,070	$ -	$ -	$ 3,070
Accounts Payable - Other	6,949			6,949
Accrued Payroll	620			620
Accrued Leave Payable	6			6
Due To Other Funds	283			283
Restricted Liabilities:				
Vouchers Payable	1,593	24,826	5	26,424
Accounts Payable - Other	2,346	24,239		26,585
Accrued Payroll	1,075			1,075
Accrued Leave Payable	2			2
Unearned Revenue	69,148	18,078		87,226
Due To Other Funds	13,414	35,738		49,152
Due To Other Governmental Agencies	3,970			3,970
Total Liabilities	102,476	102,881	5	205,362
Fund Balances:				
Nonspendable	388	31	3,662	4,081
Restricted	139,046	151,653	596	291,295
Committed	79,112	22,071		101,183
Assigned	24,367			24,367
Unassigned	(683)	(3,494)		(4,177)
Total Fund Balances	242,230	170,261	4,258	416,749
Total Liabilities and Fund Balances	$ 344,706	$ 273,142	$ 4,263	$ 622,111

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2014
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 12,680	$ -	$ -	$ 12,680
General Sales and Use	76,750			76,750
Gross Receipts Business	3,020			3,020
Occupancy	77,064			77,064
Penalties and Interest on Delinquent Taxes	155			155
Intergovernmental	32,894	16,635		49,529
Charges for Services	96,923		276	97,199
Fines and Forfeits	393			393
Miscellaneous	33,911	569		34,480
Investment Earnings	1,128	980	16	2,124
Contributions	4,641	14		4,655
Total Revenues	339,559	18,198	292	358,049
Expenditures:				
Current:				
General Government	7,848	229	2	8,079
Public Safety	6,569	7,251		13,820
Public Works	36,239			36,239
Health Services	12,491			12,491
Sanitation	6,923			6,923
Welfare	933			933
Culture and Recreation	57,902	348	77	58,327
Convention and Tourism	20,300			20,300
Urban Redevelopment and Housing	8,928			8,928
Education	13,259			13,259
Economic Development and Opportunity	12,577			12,577
Capital Outlay		379,309		379,309
Debt Service:				
Principal Retirement	4,432	1,440		5,872
Interest	4,523			4,523
Issuance Costs		329		329
Total Expenditures	192,924	388,906	79	581,909
Excess (Deficiency) of Revenue Over (Under) Expenditures	146,635	(370,708)	213	(223,860)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	65	63,510		63,575
Premium on Long-Term Debt		309		309
Transfers In	17,942	408,605	4	426,551
Transfers Out	(170,739)	(156,670)		(327,409)
Total Other Financing Sources (Uses)	(152,732)	315,754	4	163,026
Net Change in Fund Balances	(6,097)	(54,954)	217	(60,834)
Fund Balances, October 1 (restated)	248,327	225,215	4,041	477,583
Fund Balances, September 30	$ 242,230	$ 170,261	$ 4,258	$ 416,749

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2014
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 11,383	$ 1,244	$ 12,627
Investments		94,393	300	94,693
Receivables, Net		5,524	1,082	6,606
Materials and Supplies, at Cost		87		87
Prepaid Expenditures			1	1
Due From Other Governmental Agencies, Net		1,267		1,267
Restricted Assets:				
Cash and Cash Equivalents	1,266	10,945	1,630	13,841
Investments	14,408	115,398		129,806
Receivables, Net	61,757	19,874	36	81,667
Materials and Supplies, at Cost		87	208	295
Deposits	1			1
Prepaid Expenditures			4	4
Due From Other Funds	4	3,509		3,513
Due From Other Governmental Agencies	3	295		298
Total Assets	$ 77,439	$ 262,762	$ 4,505	$ 344,706
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 3,070	$ -	$ 3,070
Accounts Payable - Other		6,945	4	6,949
Accrued Payroll		620		620
Accrued Leave Payable		6		6
Due To Other Funds		283		283
Restricted Liabilities:				
Vouchers Payable	234	1,326	33	1,593
Accounts Payable - Other	731	1,160	455	2,346
Accrued Payroll	73	970	32	1,075
Accrued Leave Payable		2		2
Unearned Revenue	69,148			69,148
Due To Other Funds	779	12,019	616	13,414
Due To Other Governmental Agencies	3,957		13	3,970
Total Liabilities	74,922	26,401	1,153	102,476
Fund Balances:				
Nonspendable	1	174	213	388
Restricted	3,188	134,544	1,314	139,046
Committed		79,112		79,112
Assigned		22,531	1,836	24,367
Unassigned	(672)		(11)	(683)
Total Fund Balances	2,517	236,361	3,352	242,230
Total Liabilities and Fund Balances	$ 77,439	$ 262,762	$ 4,505	$ 344,706

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2014
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 12,680	$ -	$ 12,680
General Sales and Use		76,750		76,750
Gross Receipts Business		3,020		3,020
Occupancy		77,064		77,064
Penalties and Interest on Delinquent Taxes		155		155
Intergovernmental	16,842	16,052		32,894
Charges for Services	339	86,482	10,102	96,923
Fines and Forfeits		393		393
Miscellaneous	5,471	28,440		33,911
Investment Earnings	153	974	1	1,128
Contributions	345	3,823	473	4,641
Total Revenues	23,150	305,833	10,576	339,559
Expenditures:				
Current:				
General Government	2,662	5,186		7,848
Public Safety	1,674	4,895		6,569
Public Works		36,239		36,239
Health Services		12,491		12,491
Sanitation	331	6,592		6,923
Welfare	710	223		933
Culture and Recreation	871	48,247	8,784	57,902
Convention and Tourism		20,300		20,300
Urban Redevelopment and Housing	8,648	280		8,928
Education		13,259		13,259
Economic Development and Opportunity	234	10,720	1,623	12,577
Debt Service:				
Principal Retirement	2,350		2,082	4,432
Interest	2,404		2,119	4,523
Total Expenditures	19,884	158,432	14,608	192,924
Excess (Deficiency) of Revenue Over (Under) Expenditures	3,266	147,401	(4,032)	146,635
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			65	65
Transfers In	2,052	10,851	5,039	17,942
Transfers Out	(5,409)	(165,079)	(251)	(170,739)
Total Other Financing Sources (Uses)	(3,357)	(154,228)	4,853	(152,732)
Net Change in Fund Balances	(91)	(6,827)	821	(6,097)
Fund Balances, October 1 (restated)	2,608	243,188	2,531	248,327
Fund Balances, September 30	$ 2,517	$ 236,361	$ 3,352	$ 242,230

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2014
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 39	$ 132	$ 228	$ 513	$ 354	$ 1,266
Investments	448	2,883	2,555	4,414	4,108	14,408
Receivables, Net	3,571	16,628	4	41,549	5	61,757
Deposits	1					1
Due From Other Funds			4			4
Due From Other Governmental Agencies			3			3
Total Assets	$ 4,059	$ 19,643	$ 2,794	$ 46,476	$ 4,467	$ 77,439
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ 5	$ 41	$ 17	$ 171	$ -	$ 234
Accounts Payable - Other	2	268		461		731
Accrued Payroll		58	7	8		73
Unearned Revenue	4,054	19,258		45,836		69,148
Due To Other Funds		187	28		564	779
Due To Other Governmental Agencies	123	377	15		3,442	3,957
Total Liabilities	4,184	20,189	67	46,476	4,006	74,922
Fund Balances:						
Nonspendable	1					1
Restricted			2,727		461	3,188
Unassigned	(126)	(546)				(672)
Total Fund Balances	(125)	(546)	2,727		461	2,517
Total Liabilities and Fund Balances	$ 4,059	$ 19,643	$ 2,794	$ 46,476	$ 4,467	$ 77,439

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2014
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:						
Intergovernmental	$ 215	$ 7,934	$ -	$ 3,542	$ 5,151	$ 16,842
Charges for Services		339				339
Miscellaneous	126	434	1,694	1,357	1,860	5,471
Investment Earnings	2	105	11	18	17	153
Contributions			345			345
Total Revenues	343	8,812	2,050	4,917	7,028	23,150
Expenditures:						
Current:						
General Government	1	2,652	2	4	3	2,662
Public Safety		126	1,548			1,674
Sanitation	331					331
Welfare		710				710
Culture and Recreation		871				871
Urban Redevelopment and Housing	123	765		4,913	2,847	8,648
Economic Development and Opportunity		234				234
Debt Service:						
Principal Retirement					2,350	2,350
Interest					2,404	2,404
Total Expenditures	455	5,358	1,550	4,917	7,604	19,884
Excess (Deficiency) of Revenue Over (Under) Expenditures	(112)	3,454	500		(576)	3,266
Other Financing Sources (Uses):						
Transfers In		244			1,808	2,052
Transfers Out	(13)	(4,244)	(381)		(771)	(5,409)
Total Other Financing Sources (Uses)	(13)	(4,000)	(381)		1,037	(3,357)
Net Change in Fund Balances	(125)	(546)	119		461	(91)
Fund Balances, October 1			2,608			2,608
Fund Balances, September 30	$ (125)	$ (546)	$ 2,727	$ -	$ 461	$ 2,517

Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2014
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:												
Cash and Cash Equivalents	$ -	$ 10,243	$ 666	$ -	$ -	$ -	$ 49	$ 425	$ -	$ -	$ -	$ 11,383
Investments		80,680	2,873				549	10,291				94,393
Receivables, Net		5,111	245				156	12				5,524
Materials and Supplies, at Cost		87										87
Due From Other Governmental Agencies		9					1,258					1,267
Restricted Assets:												
Cash and Cash Equivalents	790	388	2,632	136	4,472	16			1,750	757	4	10,945
Investments	8,871	4,361	24,353	1,204	48,796	176			19,671	7,928	38	115,398
Receivables, Net	2,522	529	1,252	1,318	5,361	5,265			2,947	132	548	19,874
Materials and Supplies, at Cost			21						66			87
Due From Other Funds			18			3,122			369			3,509
Due From Other Governmental Agencies			273							22		295
Total Assets	$ 12,183	$ 101,408	$ 32,333	$ 2,658	$ 58,629	$ 8,579	$ 2,012	$ 10,728	$ 24,803	$ 8,839	$ 590	$ 262,762
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable	$ -	$ 2,497	$ 537	$ -	$ -	$ -	$ 18	$ 18	$ -	$ -	$ -	$ 3,070
Accounts Payable - Other		6,931					14					6,945
Accrued Payroll		594					26					620
Accrued Leave Payable		6										6
Due To Other Funds		281					2					283
Restricted Liabilities:												
Vouchers Payable	13		820						255	1	237	1,326
Accounts Payable - Other	36		421			114			145	385	59	1,160
Accrued Payroll	40		107			425			299	10	89	970
Accrued Leave Payable									2			2
Due To Other Funds	372		2,362		397	8,040			723		125	12,019
Total Liabilities	461	10,309	4,247		397	8,579	60	18	1,424	396	510	26,401
Fund Balances:												
Nonspendable		87	21						66			174
Restricted	11,722	5,278	24,818	2,658	58,232				23,313	8,443	80	134,544
Committed		65,155	3,247					10,710				79,112
Assigned		20,579					1,952					22,531
Total Fund Balances	11,722	91,099	28,086	2,658	58,232		1,952	10,710	23,379	8,443	80	236,361
Total Liabilities and Fund Balances	$ 12,183	$ 101,408	$ 32,333	$ 2,658	$ 58,629	$ 8,579	$ 2,012	$ 10,728	$ 24,803	$ 8,839	$ 590	$ 262,762

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2014
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:												
Taxes:												
Property	$ -	$ -	$ 3,676	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,004	$ -	$ 12,680
General Sales and Use	14,784				30,983	30,983						76,750
Gross Receipts Business			3,020									3,020
Occupancy		59,939		17,125								77,064
Penalties and Interest on Delinquent Taxes		121		34								155
Intergovernmental		4,737	11,315									16,052
Charges for Services		24,458	8,725				2,764		43,863		6,672	86,482
Fines and Forfeits			393									393
Miscellaneous	2	692	8,071	43		19,340		145	139	8		28,440
Investment Earnings	44	334	131	10	243		3	70	99	40		974
Contributions			3,691		132							3,823
Total Revenues	14,830	90,281	39,022	17,212	31,358	50,323	2,767	215	44,101	9,052	6,672	305,833
Expenditures:												
Current:												
General Government	9	70	5,018	3	50		1	7	20	8		5,186
Public Safety			4,895									4,895
Public Works	2,833						1,810		31,596			36,239
Health Services			12,491									12,491
Sanitation											6,592	6,592
Welfare			223									223
Culture and Recreation		45,586	1,917		744							48,247
Convention and Tourism		20,300										20,300
Urban Redevelopment and Housing			81					199				280
Education						13,259						13,259
Economic Development and Opportunity			2,919							7,801		10,720
Total Expenditures	2,842	65,956	27,544	3	794	13,259	1,811	206	31,616	7,809	6,592	158,432
Excess of Revenue Over Expenditures	11,988	24,325	11,478	17,209	30,564	37,064	956	9	12,485	1,243	80	147,401
Other Financing Sources (Uses):												
Transfers In	2	1,609	1,939	6,352		933			16			10,851
Transfers Out	(13,357)	(17,912)	(13,505)	(22,767)	(39,162)	(37,999)			(18,384)	(1,993)		(165,079)
Total Other Financing Sources (Uses)	(13,355)	(16,303)	(11,566)	(16,415)	(39,162)	(37,066)			(18,368)	(1,993)		(154,228)
Net Change in Fund Balances	(1,367)	8,022	(88)	794	(8,598)	(2)	956	9	(5,883)	(750)	80	(6,827)
Fund Balances, October 1	13,089	83,077	28,174	1,864	66,830	2	996	10,701	29,262	9,193		243,188
Fund Balances, September 30	$ 11,722	$ 91,099	$ 28,086	$ 2,658	$ 58,232	$ -	$ 1,952	$ 10,710	$ 23,379	$ 8,443	$ 80	$ 236,361

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2014
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPIAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:											
Cash and Cash Equivalents	$ 91	$ 7	$ 9	$ -	$ -	$ -	$ 14	$ 768	$ 235	$ 120	$ 1,244
Investments							300				300
Receivables, net							168	60	399	455	1,082
Prepaid Expenditures										1	1
Restricted Assets:											
Cash and Cash Equivalents				887	603	140					1,630
Receivables, Net				36							36
Materials and Supplies, at Cost				208							208
Prepaid Expenditures						3		1			4
Total Assets	$ 91	$ 7	$ 9	$ 1,131	$ 603	$ 143	$ 482	$ 829	$ 634	$ 576	$ 4,505
Liabilities and Fund Balances:											
Liabilities:											
Accounts Payable - Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 4
Restricted Liabilities:											
Vouchers Payable							11	6	16		33
Accounts Payable - Other				438				17			455
Accrued Payroll								32			32
Due To Other Funds									616		616
Due To Other Governmental Agencies									13		13
Total Liabilities				438			11	55	645	4	1,153
Fund Balances:											
Nonspendable				208		3		1		1	213
Restricted					603	140				571	1,314
Assigned	91	7	9	485			471	773			1,836
Unassigned									(11)		(11)
Total Fund Balances	91	7	9	693	603	143	471	774	(11)	572	3,352
Total Liabilities and Fund Balances	$ 91	$ 7	$ 9	$ 1,131	$ 603	$ 143	$ 482	$ 829	$ 634	$ 576	$ 4,505

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2014
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:											
Taxes:											
Charges for Services	$ 25	$ -	$ 3	$ 9,942	$ -	$ -		$ -	$ -	$ 132	$ 10,102
Investment Earnings								1			1
Contributions				20				345		108	473
Total Revenues	25		3	9,962				346		240	10,576
Expenditures:											
Current:											
Culture and Recreation				8,784							8,784
Economic Development and Opportunity					9	2		1,075		537	1,623
Debt Service:											
Principal Retirement				577	1,505						2,082
Interest					1,385	734					2,119
Total Expenditures				9,361	2,899	736		1,075		537	14,608
Excess (Deficiency) of Revenue Over (Under) Expenditures	25		3	601	(2,899)	(736)		(729)		(297)	(4,032)
Other Financing Sources:											
Issuance of Long-Term Debt				65							65
Transfers In					2,893	737		1,150		259	5,039
Transfers Out				(251)							(251)
Total Other Financing Sources (Uses)				(186)	2,893	737		1,150		259	4,853
Net Change in Fund Balances	25		3	415	(6)	1		421		(38)	821
Fund Balances, October 1 (restated)	66	7	6	278	609	142	471	353	(11)	610	2,531
Fund Balances, September 30	$ 91	$ 7	$ 9	$ 693	$ 603	$ 143	$ 471	$ 774	$ (11)	$ 572	$ 3,352

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2014
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 1,827	$ 1,827
Investments			20,229	20,229
Receivables, Net			15	15
Restricted Assets:				
Cash and Cash Equivalents	17,189	5,495	9,034	31,718
Investments	76,872	29,431	46,549	152,852
Receivables, Net	1,601	260	99	1,960
Prepaid Expenditures			31	31
Due From Other Funds	25,741	878	34,045	60,664
Due From Other Governmental Agencies	3,667		179	3,846
Total Assets	$ 125,070	$ 36,064	$ 112,008	$ 273,142
Liabilities and Fund Balances:				
Liabilities:				
Restricted Liabilities:				
Vouchers Payable	$ 13,436	$ 3,467	$ 7,923	$ 24,826
Accounts Payable - Other	10,123	1,134	12,982	24,239
Unearned Revenue	17,655	33	390	18,078
Due To Other Funds	8,195	2,281	25,262	35,738
Total Liabilities	49,409	6,915	46,557	102,881
Fund Balances:				
Nonspendable			31	31
Restricted	75,661	32,450	43,542	151,653
Committed			22,071	22,071
Unassigned		(3,301)	(193)	(3,494)
Total Fund Balances	75,661	29,149	65,451	170,261
Total Liabilities and Fund Balances	$ 125,070	$ 36,064	$ 112,008	$ 273,142

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2014
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Taxes:				
Intergovernmental	$ 16,044	$ 34	$ 557	$ 16,635
Miscellaneous	67	478	24	569
Investment Earnings	562	218	200	980
Contributions	6		8	14
Total Revenues	16,679	730	789	18,198
Expenditures:				
Current:				
General Government	124	53	52	229
Public Safety			7,251	7,251
Culture and Recreation			348	348
Capital Outlay	159,221	39,191	180,897	379,309
Debt Service:				
Principal Retirement			1,440	1,440
Issuance Costs			329	329
Total Expenditures	159,345	39,244	190,317	388,906
Excess (Deficiency) of Revenue Over (Under) Expenditures	(142,666)	(38,514)	(189,528)	(370,708)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			63,510	63,510
Premium on Long-Term Debt			309	309
Transfers In	161,042	42,558	205,005	408,605
Transfers Out	(78,423)	(29,155)	(49,092)	(156,670)
Total Other Financing Sources (Uses)	82,619	13,403	219,732	315,754
Net Change in Fund Balances	(60,047)	(25,111)	30,204	(54,954)
Fund Balances, October 1	135,708	54,260	35,247	225,215
Fund Balances, September 30	$ 75,661	$ 29,149	$ 65,451	$ 170,261

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2014
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 13	$ 3	$ 233	$ 6,508	$ 10,432	$ 17,189
Investments	147	37	2,658	74,030		76,872
Receivables, Net		1	9	233	1,358	1,601
Due From Other Funds					25,741	25,741
Due From Other Governmental Agencies					3,667	3,667
Total Assets	$ 160	$ 41	$ 2,900	$ 80,771	$ 41,198	$ 125,070
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ 158	$ -	$ 9	$ -	$ 13,269	$ 13,436
Accounts Payable - Other					10,123	10,123
Unearned Revenue					17,655	17,655
Due To Other Funds		1		8,194		8,195
Total Liabilities	158	1	9	8,194	41,047	49,409
Fund Balances:						
Restricted	2	40	2,891	72,577	151	75,661
Total Fund Balances	2	40	2,891	72,577	151	75,661
Total Liabilities and Fund Balances	$ 160	$ 41	$ 2,900	$ 80,771	$ 41,198	$ 125,070

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2014
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Revenues:						
Taxes:						
Intergovernmental	$ -	$ -	$ -	$ -	$ 16,044	$ 16,044
Miscellaneous	1		3	50	13	67
Investment Earnings	1	4	20	537		562
Contributions					6	6
Total Revenues	2	4	23	587	16,063	16,679
Expenditures:						
Current:						
General Government		1	8	113	2	124
Capital Outlay					159,221	159,221
Total Expenditures		1	8	113	159,223	159,345
Excess of Revenue Over Expenditures	2	3	15	474	(143,160)	(142,666)
Other Financing Sources (Uses):						
Transfers In					161,042	161,042
Transfers Out	(31)	(1,083)	(1,834)	(75,475)		(78,423)
Total Other Financing Sources (Uses):	(31)	(1,083)	(1,834)	(75,475)	161,042	82,619
Net Change in Fund Balances	(29)	(1,080)	(1,819)	(75,001)	17,882	(60,047)
Fund Balances, October 1	31	1,120	4,710	147,578	(17,731)	135,708
Fund Balances, September 30	$ 2	$ 40	$ 2,891	$ 72,577	$ 151	$ 75,661

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2014
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:										
Restricted Assets:										
Cash and Cash Equivalents	$ 79	$ 1,017	$ 585	$ 146	$ 419	$ 805	$ 343	$ 462	$ 1,639	$ 5,495
Investments	909	2,142	1,686	1,699	4,719	9,071	3,934	5,271		29,431
Receivables, Net	4	4	8	9	11	21	15	18	170	260
Due From Other Funds									878	878
Total Assets	$ 992	$ 3,163	$ 2,279	$ 1,854	$ 5,149	$ 9,897	$ 4,292	$ 5,751	$ 2,687	$ 36,064
Liabilities and Fund Balances:										
Liabilities:										
Restricted Liabilities:										
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,467	$ 3,467
Accounts Payable - Other									1,134	1,134
Unearned Revenue									33	33
Due To Other Funds			4	289	187	240	207		1,354	2,281
Total Liabilities			4	289	187	240	207		5,988	6,915
Fund Balances:										
Restricted	992	3,163	2,275	1,565	4,962	9,657	4,085	5,751		32,450
Unassigned									(3,301)	(3,301)
Total Fund Balances	992	3,163	2,275	1,565	4,962	9,657	4,085	5,751	(3,301)	29,149
Total Liabilities and Fund Balances	$ 992	$ 3,163	$ 2,279	$ 1,854	$ 5,149	$ 9,897	$ 4,292	$ 5,751	$ 2,687	$ 36,064

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2014
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:										
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34	$ 34
Miscellaneous	478									478
Investment Earnings	7	16	22	18	25	48	30	52		218
Total Revenues	485	16	22	18	25	48	30	52	34	730
Expenditures:										
Current:										
General Government	2	4	5	5	7	11	8	11		53
Capital Outlay									39,191	39,191
Total Expenditures	2	4	5	5	7	11	8	11	39,191	39,244
Excess (Deficiency) of Revenue Over (Under) Expenditures	483	12	17	13	18	37	22	41	(39,157)	(38,514)
Other Financing Sources (Uses):										
Transfers In		13							42,545	42,558
Transfers Out	(450)	(497)	(4,059)	(3,571)	(1,601)	(2,522)	(4,491)	(10,608)	(1,356)	(29,155)
Total Other Financing Sources (Uses)	(450)	(484)	(4,059)	(3,571)	(1,601)	(2,522)	(4,491)	(10,608)	41,189	13,403
Net Change in Fund Balances	33	(472)	(4,042)	(3,558)	(1,583)	(2,485)	(4,469)	(10,567)	2,032	(25,111)
Fund Balances, October 1	959	3,635	6,317	5,123	6,545	12,142	8,554	16,318	(5,333)	54,260
Fund Balances, September 30	$ 992	$ 3,163	$ 2,275	$ 1,565	$ 4,962	$ 9,657	$ 4,085	$ 5,751	$ (3,301)	$ 29,149

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2014
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:									
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,827	$ -	$ 1,827
Investments							20,229		20,229
Receivables, Net							15		15
Restricted Assets:									
Cash and Cash Equivalents	301	1	1,497	2,594	837	17		3,787	9,034
Investments	109	13	642		8,862	190		36,733	46,549
Receivables, Net	1		12	3	19			64	99
Prepaid Expenditures	31								31
Due From Other Funds	27,941			6,104					34,045
Due From Other Governmental Agencies				179					179
Total Assets	$ 28,383	$ 14	$ 2,151	$ 8,880	$ 9,718	$ 207	$ 22,071	$ 40,584	$ 112,008
Liabilities and Fund Balances:									
Liabilities:									
Restricted Liabilities:									
Vouchers Payable	$ 4,116	$ -	$ 11	$ 3,729	$ 60	$ -	$ -	$ 7	$ 7,923
Accounts Payable - Other	8,684			4,200	98				12,982
Unearned Revenue				390					390
Due To Other Funds	15,531		261	754				8,716	25,262
Total Liabilities	28,331		272	9,073	158			8,723	46,557
Fund Balances:									
Nonspendable	31								31
Restricted	21	14	1,879		9,560	207		31,861	43,542
Committed							22,071		22,071
Unassigned				(193)					(193)
Total Fund Balances	52	14	1,879	(193)	9,560	207	22,071	31,861	65,451
Total Liabilities and Fund Balances	$ 28,383	$ 14	$ 2,151	$ 8,880	$ 9,718	$ 207	$ 22,071	$ 40,584	$ 112,008

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2014
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:									
Intergovernmental	$ -	$ -	$ -	$ 554	$ 3	$ -	$ -	$ -	$ 557
Miscellaneous				24					24
Investment Earnings	2		11		45	1	31	110	200
Contributions				8					8
Total Revenues	2		11	586	48	1	31	110	789
Expenditures:									
Current:									
General Government			9		11	1	5	26	52
Public Safety			7,251						7,251
Culture and Recreation			348						348
Capital Outlay	73,411			106,203	1,283				180,897
Debt Service:									
Principal Retirement			1,440						1,440
Issuance Costs			68					261	329
Total Expenditures	73,411		9,116	106,203	1,294	1	5	287	190,317
Excess (Deficiency) of Revenue Over (Under) Expenditures	(73,409)		(9,105)	(105,617)	(1,246)		26	(177)	(189,528)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt			17,500					46,010	63,510
Premium on Long-Term Debt								309	309
Transfers In	74,598			112,474	173		17,760		205,005
Transfers Out			(7,803)	(933)	(932)		(4,672)	(34,752)	(49,092)
Total Other Financing Sources (Uses)	74,598		9,697	111,541	(759)		13,088	11,567	219,732
Net Change in Fund Balances	1,189		592	5,924	(2,005)		13,114	11,390	30,204
Fund Balances, October 1	(1,137)	14	1,287	(6,117)	11,565	207	8,957	20,471	35,247
Fund Balances, September 30	$ 52	$ 14	$ 1,879	$ (193)	$ 9,560	$ 207	$ 22,071	$ 31,861	$ 65,451

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2014
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:					
Cash and Cash Equivalents	$ 33	$ 241	$ 26	$ 43	$ 343
Investments	370	2,697	288	478	3,833
Receivables, Net	1	84	1	1	87
Total Assets	$ 404	$ 3,022	$ 315	$ 522	$ 4,263
Liabilities and Fund Balances:					
Liabilities:					
Restricted Liabilities:					
Vouchers Payable	$ -	$ -	$ -	$ 5	$ 5
Total Liabilities				5	5
Fund Balances:					
Nonspendable	334	2,814		514	3,662
Restricted	70	208	315	3	596
Total Fund Balances	404	3,022	315	517	4,258
Total Liabilities and Fund Balances	$ 404	$ 3,022	$ 315	$ 522	$ 4,263

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2014
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:					
Charges for Services	$ -	$ 276	$ -	$ -	$ 276
Investment Earnings	2	11	1	2	16
Total Revenues	2	287	1	2	292
Expenditures:					
Current:					
General Government		2			2
Culture and Recreation		71	1	5	77
Total Expenditures		73	1	5	79
Excess (Deficiency) of Revenue Over (Under) Expenditures	2	214		(3)	213
Other Financing Sources:					
Transfers In		4			4
Total Other Financing Sources		4			4
Net Change in Fund Balances	2	218		(3)	217
Fund Balances, October 1	402	2,804	315	520	4,041
Fund Balances, September 30	$ 404	$ 3,022	$ 315	$ 517	$ 4,258

Supplementary Budget and Actual Schedules for Legally Adopted Funds

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 538,091	$ 547,578	$ 9,487
Licenses and Permits	7,382	7,396	14
Intergovernmental	8,102	8,301	199
Revenues from Utilities	331,846	348,480	16,634
Charges for Services	57,097	56,796	(301)
Fines and Forfeits	13,236	13,204	(32)
Miscellaneous	10,199	12,254	2,055
Investment Earnings	507	627	120
Total Revenues	966,460	994,636	28,176
Expenditures:			
General Government	70,543	70,166	377
Public Safety	661,846	664,257	(2,411)
Public Works	56,149	56,044	105
Health Services	22,664	22,695	(31)
Welfare	34,706	33,563	1,143
Culture and Recreation	85,445	85,459	(14)
Convention and Tourism	611	671	(60)
Economic Development and Opportunity	16,078	16,031	47
Urban Redevelopment and Housing	15,356	15,248	108
Debt Service:			
Principal Retirement	11,305	11,305	
Interest	399	399	
Total Expenditures	975,102	975,838	(736)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,642)	18,798	27,440
Other Financing Sources (Uses):			
Transfers In	27,295	27,699	404
Transfers Out	(49,061)	(49,031)	30
Total Other Financing Sources (Uses)	(21,766)	(21,332)	434
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(30,408)	(2,534)	$ 27,874
Fund Balances, October 1	185,164	185,164	
Add Encumbrances		35,965	
Fund Balances, September 30	$ 154,756	$ 218,595	

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 252,144	$ 254,506	$ 2,362
Delinquent	2,878	3,762	884
City Sales	243,626	247,862	4,236
Alcoholic Beverages	6,358	7,554	1,196
Telecommunication Access Lines Fees	14,783	14,949	166
Cablevision Franchise	14,632	15,096	464
Bingo	1,055	1,120	65
Other	648	599	(49)
Penalties and Interest on Delinquent Taxes	1,967	2,130	163
Total Taxes	538,091	547,578	9,487
Licenses and Permits:			
Alcoholic Beverages Licenses	833	779	(54)
Health Licenses	4,019	4,074	55
Amusement Licenses	119	121	2
Professional and Occupational Licenses	2,047	1,992	(55)
Street Permits	364	430	66
Total Licenses and Permits	7,382	7,396	14
Intergovernmental:			
Library Aid from Bexar County	3,785	3,784	(1)
Bexar County - Child Support	40	44	4
Magistration and Detention - Bexar	1,588	1,324	(264)
Other	1,306	1,796	490
Health Aid from Bexar County	736	745	9
SAWS Reimbursement	263	285	22
VIA Contributions	315	315	
Hotel/Motel Tax Collection Fee	69	8	(61)
Total Intergovernmental	8,102	8,301	199
Revenues from Utilities:			
CPS Energy	319,327	335,932	16,605
San Antonio Water System	12,519	12,548	29
Total Revenues from Utilities	$ 331,846	$ 348,480	$ 16,634

(Continued)

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 4,605	$ 4,492	$ (113)
Public Safety:			
Police Department	6,216	6,157	(59)
Fire Department	32,248	31,386	(862)
Sanitation:			
Demolition of Unsafe Structures	345	387	42
Streets	210	432	222
Health	2,834	3,031	197
Culture and Recreation:			
Tower of the Americas	772	787	15
Hemisphere Plaza	95	101	6
La Villita	601	552	(49)
Recreation Fees	1,559	1,622	63
Concessions in Other Parks	22	20	(2)
River Boats	5,720	5,862	142
Swimming Pools	94	80	(14)
Community Centers	445	486	41
Library	922	983	61
Miscellaneous Recreation Revenue	409	418	9
Total Charges for Services	57,097	56,796	(301)
Fines and Forfeits:			
Municipal Court Fines	13,236	13,204	(32)
Miscellaneous:			
Sales	3,774	3,274	(500)
Recovery of Expenditures	1,557	2,714	1,157
Interfund Charges	1,650	1,738	88
Rents, Leases, and Concessions	1,812	2,625	813
Other	1,406	1,903	497
Total Miscellaneous	10,199	12,254	2,055
Investment Earnings:			
Interest	507	627	120
Total Revenues	$ 966,460	$ 994,636	$ 28,176

(End of Schedule)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Legislative:			
Personal Services	$ 1,910	$ 1,712	$ 198
Contractual Services	1,107	1,361	(254)
Commodities	184	826	(642)
Other Expenditures	3,591	2,669	922
Total Legislative	6,792	6,568	224
Judicial:			
Personal Services	11,108	10,798	310
Contractual Services	778	811	(33)
Commodities	187	158	29
Other Expenditures	1,580	1,565	15
Capital Outlay		9	(9)
Total Judicial	13,653	13,341	312
Executive:			
Personal Services	27,118	26,653	465
Contractual Services	19,214	21,110	(1,896)
Commodities	643	864	(221)
Other Expenditures	3,040	1,542	1,498
Capital Outlay	83	88	(5)
Total Executive	50,098	50,257	(159)
Total General Government	70,543	70,166	377
Public Safety:			
Police:			
Personal Services	303,735	306,008	(2,273)
Contractual Services	8,053	8,052	1
Commodities	1,085	779	306
Other Expenditures	20,237	20,005	232
Total Police	333,110	334,844	(1,734)
Fire:			
Personal Services	212,686	216,532	(3,846)
Contractual Services	7,065	7,085	(20)
Commodities	4,795	6,515	(1,720)
Other Expenditures	19,934	20,256	(322)
Capital Outlay	7	34	(27)
Total Fire	$ 244,487	$ 250,422	$ (5,935)

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Administration:			
Personal Services	$ 21,598	$ 19,174	$ 2,424
Contractual Services	3,143	2,834	309
Commodities	1,443	1,227	216
Other Expenditures	12,155	11,821	334
Capital Outlay		8	(8)
Total Administration	38,339	35,064	3,275
Other Protection:			
Personal Services	25,068	23,478	1,590
Contractual Services	4,785	4,508	277
Commodities	2,181	2,292	(111)
Other Expenditures	13,876	13,649	227
Total Other Protection	45,910	43,927	1,983
Total Public Safety	661,846	664,257	(2,411)
Public Works:			
Streets:			
Personal Services	19,332	18,260	1,072
Contractual Services	8,732	8,965	(233)
Commodities	6,660	6,906	(246)
Other Expenditures	7,069	6,948	121
Capital Outlay		169	(169)
Total Streets	41,793	41,248	545
Lighting:			
Contractual Services	1,000	709	291
Commodities		290	(290)
Other Expenditures	13,356	13,797	(441)
Total Lighting	14,356	14,796	(440)
Total Public Works	$ 56,149	$ 56,044	$ 105

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health Services:			
Personal Services	$ 15,065	$ 14,607	$ 458
Contractual Services	2,921	3,378	(457)
Commodities	1,397	1,383	14
Other Expenditures	3,258	3,327	(69)
Capital Outlay	23		23
Total Health Services	22,664	22,695	(31)
Welfare:			
Personal Services	7,046	6,619	427
Contractual Services	23,606	22,795	811
Commodities	270	451	(181)
Other Expenditures	3,694	3,546	148
Capital Outlay	90	152	(62)
Total Welfare	34,706	33,563	1,143
Culture and Recreation:			
Libraries:			
Personal Services	21,633	21,264	369
Contractual Services	3,735	4,027	(292)
Commodities	4,701	4,916	(215)
Other Expenditures	3,673	3,556	117
Total Libraries	33,742	33,763	(21)
Parks:			
Personal Services	28,920	28,167	753
Contractual Services	8,708	9,588	(880)
Commodities	3,324	3,341	(17)
Other Expenditures	10,671	10,431	240
Capital Outlay	80	169	(89)
Total Parks	51,703	51,696	7
Total Culture and Recreation	$ 85,445	$ 85,459	$ (14)

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2014

(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Convention and Tourism:			
Personal Services	$ 413	$ 406	$ 7
Contractual Services	30	41	(11)
Commodities	107	163	(56)
Other Expenditures	61	61	
Total Convention and Tourism	611	671	(60)
Economic Development and Opportunity:			
Personal Services	3,490	3,415	75
Contractual Services	11,855	12,250	(395)
Commodities	156	163	(7)
Other Expenditures	577	203	374
Total Economic Development and Opportunity	16,078	16,031	47
Urban Redevelopment and Housing:			
Personal Services	10,143	9,917	226
Contractual Services	2,733	2,978	(245)
Commodities	395	300	95
Other Expenditures	1,969	1,919	50
Capital Outlay	116	134	(18)
Total Urban Redevelopment and Housing:	15,356	15,248	108
Debt Service:			
Principal Retirement	11,305	11,305	
Interest	399	399	
Total Debt Service:	11,704	11,704	
Total Expenditures	$ 975,102	$ 975,838	$ (736)

(End of Schedule)

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 150,432	$ 152,219	$ 1,787
Delinquent	1,819	2,249	430
Penalties and Interest on Delinquent Taxes	1,175	1,272	97
Miscellaneous	3,550	3,556	6
Investment Earnings	259	35	(224)
Total Revenues	157,235	159,331	2,096
Expenditures:			
General Government:			
Contractual Services	16	674	(658)
Debt Service:			
Principal Retirement	110,340	110,340	
Interest	69,296	69,294	2
Issuance Costs	433	416	17
Total Expenditures	180,085	180,724	(639)
Excess of Revenues Over Expenditures	(22,850)	(21,393)	1,457
Other Financing:			
Transfers In	13,325	14,006	681
Long-Term Debt Issued	67,295	67,050	(245)
Payment to Refunded Bond Escrow Agent	(76,594)	(76,531)	63
Premium on Long-Term Debt	9,731	9,696	(35)
Total Other Financing	13,757	14,221	464
Excess of Revenues Over Expenditures	(9,093)	(7,172)	$ 1,921
Fund Balances, October 1	53,980	53,980	
Fund Balances, September 30	$ 44,887	$ 46,808	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 14,096	$ 14,784	$ 688
Investment Earnings	33	44	11
Miscellaneous	2	2	
Total Revenues	14,131	14,830	699
Expenditures:			
General Government:			
Other Expenditures		9	(9)
Total General Government		9	(9)
Public Works:			
Personal Services	1,720	1,736	(16)
Contractual Services	617	961	(344)
Commodities	49	37	12
Other Expenditures	408	413	(5)
Capital Outlay	145	144	1
Total Public Works	2,939	3,291	(352)
Total Expenditures	2,939	3,300	(361)
Excess of Revenues Over Expenditures	11,192	11,530	338
Other Financing Sources (Uses):			
Transfers In		2	2
Transfers Out	(13,000)	(22,422)	(9,422)
Total Other Financing Sources (Uses)	(13,000)	(22,420)	(9,420)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(1,808)	(10,890)	$ (9,082)
Fund Balances, October 1	13,089	13,089	
Add Encumbrances		9,523	
Fund Balances, September 30	$ 11,281	$ 11,722	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2014

(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 58,695	$ 59,939	$ 1,244
Penalties and Interest on Delinquent Taxes	34	121	87
Intergovernmental	920	4,737	3,817
Charges for Services	22,403	24,458	2,055
Miscellaneous	906	692	(214)
Investment Earnings	30	334	304
Total Revenues	82,988	90,281	7,293
Expenditures:			
General Government:			
Other Expenditures		70	(70)
Total General Government		70	(70)
Culture & Recreation:			
Arts & Cultural Affairs:			
Personal Services	1,372	1,368	4
Contractual Services	940	1,208	(268)
Commodities	15	15	
Other Expenditures	105	360	(255)
Capital Outlay	4	3	1
Total Arts & Cultural Affairs	2,436	2,954	(518)
Convention Facilities:			
Personal Services	17,841	17,658	183
Contractual Services	4,264	4,326	(62)
Commodities	1,022	1,134	(112)
Other Expenditures	10,668	11,592	(924)
Capital Outlay	23	256	(233)
Total Convention Facilities	33,818	34,966	(1,148)
Nondepartmental:			
Personal Services	175	275	(100)
Contractual Services	3,292	3,315	(23)
Other Expenditures	11	607	(596)
Total Nondepartmental	3,478	4,197	(719)
Contributions to Other Agencies	5,269	9,445	(4,176)
Total Cultural and Recreation	45,001	51,562	(6,561)
Convention and Tourism:			
Convention and Visitors Bureau:			
Personal Services	7,530	7,499	31
Contractual Services	11,055	11,717	(662)
Commodities	222	257	(35)
Other Expenditures	505	1,069	(564)
Capital Outlay	14	28	(14)
Total Convention and Tourism	19,326	20,570	(1,244)
Total Expenditures	64,327	72,202	(7,875)
Excess of Revenues Over Expenditures	18,661	18,079	(582)
Other Financing Sources (Uses):			
Transfers In	151	1,609	1,458
Transfers Out	(18,245)	(19,768)	(1,523)
Total Other Financing Sources (Uses)	(18,094)	(18,159)	(65)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	567	(80)	$ (647)
Fund Balances, October 1	83,077	83,077	
Add Encumbrances		8,102	
Fund Balances, September 30	$ 83,644	$ 91,099	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of San Antonio through the Convention and Visitors Bureau and support for arts and cultural organizations in the Department of Cultural and Creative Development.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous	$ 1,375	$ 1,694	$ 319
Contributions		345	345
Investment Earnings	3	11	8
Total Revenues	1,378	2,050	672
Expenditures:			
General Government:			
Other Expenditures		2	(2)
Total General Government		2	(2)
Public Safety:			
Personal Services	381	380	1
Contractual Services	371	349	22
Commodities	191	193	(2)
Other Expenditures	218	226	(8)
Capital Outlay	121	433	(312)
Total Public Safety	1,283	1,581	(299)
Total Expenditures	1,283	1,583	(301)
Excess of Revenues Over Expenditures	95	467	371
Other Financing (Uses):			
Transfers Out	(381)	(381)	
Total Other Financing (Uses)	(381)	(381)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(286)	86	$ 371
Fund Balances, October 1	2,608	2,608	
Add Encumbrances		33	
Fund Balances, September 30	$ 2,322	$ 2,727	

The City noted budget violations of excess expenditures and encumbrances are over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 16,770	$ 17,125	$ 355
Penalties and Interest on Delinquent Taxes	75	34	(41)
Miscellaneous		43	43
Investment Earnings		10	10
Total Revenues	16,845	17,212	367
Expenditures:			
General Government:			
Other Expenditures		3	(3)
Total Expenditures		3	(3)
Excess of Revenues Over Expenditures	16,845	17,209	364
Other Financing Sources (Uses):			
Transfer In	5,915	6,352	437
Transfers Out	(21,308)	(22,767)	(1,459)
Total Other Financing Sources (Uses)	(15,393)	(16,415)	(1,022)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	1,452	794	$ (658)
Fund Balances, October 1	1,864	1,864	
Fund Balances, September 30	$ 3,316	$ 2,658	

The City noted budget violations of excess expenditures and transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2010, 2005, and 2000 Venue Projects
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use	$ 30,593	$ 30,983	$ 390
Contributions		132	132
Investment Earnings	103	243	140
Total Revenues	30,696	31,358	662
Expenditures:			
General Government:			
Other Expenditures		50	(50)
Total General Government		50	(50)
Culture and Recreation:			
Contractual Services	612	844	(232)
Total Culture and Recreation	612	844	(232)
Total Expenditures	612	894	(282)
Excess of Revenues Over Expenditures	30,084	30,464	380
Other Financing (Uses):			
Transfers Out	(33,477)	(70,035)	(36,558)
Total Other Financing (Uses)	(33,477)	(70,035)	(36,558)
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(3,393)	(39,571)	$ (36,178)
Fund Balances, October 1	66,830	66,830	
Add Encumbrances		30,973	
Fund Balances, September 30	$ 63,437	$ 58,232	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Environmental & Sanitation
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 6,636	$ 6,672	$ 36
Total Revenues	6,636	6,672	36
Expenditures:			
Sanitation:			
Personal Services	3,949	3,912	37
Contractual Services	1,747	2,008	(261)
Commodities	421	186	235
Other Expenditures	519	492	27
Capital Outlay			
Total Public Works	6,636	6,598	38
Total Expenditures	6,636	6,598	38
Excess of Revenues Over Expenditures		74	74
Excess (Deficiency) of Revenues Over (Under) Expenditures		74	$ 74
Fund Balances, October 1			
Add Encumbrances		6	
Fund Balances, September 30	$ -	$ 80	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,619	$ 2,764	$ 145
Investment Earnings		3	3
Total Revenues	2,619	2,767	148
Expenditures:			
General Government:			
Other Expenditures		1	(1)
Total General Government		1	(1)
Public Works:			
Personal Services	1,258	1,347	(89)
Contractual Services	105	106	(1)
Commodities	22	12	10
Other Expenditures	273	294	(21)
Capital Outlay		51	(51)
Total Public Works	1,658	1,810	(152)
Total Expenditures	1,658	1,811	(153)
Excess of Revenues Over Expenditures	961	956	(5)
Other Financing (Uses):			
Transfers In			
Transfers Out	(42)		42
Total Other Financing (Uses)	(42)		42
Excess of Revenues Over Expenditures and Other Financing (Uses)	919	956	$ 37
Fund Balances, October 1	996	996	
Fund Balances, September 30	$ 1,915	$ 1,952	

The City noted budget violations of excess expenditures and encumbrances are over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2014

(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 44,043	$ 43,863	$ (180)
Miscellaneous	126	139	13
Investment Earnings	64	99	35
Total Revenues	44,233	44,101	(132)
Expenditures:			
General Government:			
Other Expenditures		20	(20)
Total General Government		20	(20)
Public Works:			
Administration:			
Personal Services	1,972	2,685	(713)
Contractual Services	5,141	5,366	(225)
Commodities	42	18	24
Other Expenditures	1,557	1,526	31
Capital Outlay	7	8	(1)
Total Administration	8,719	9,603	(884)
Vegetation Control:			
Personal Services	2,749	2,911	(162)
Contractual Services	782	611	171
Commodities	272	841	(569)
Other Expenditures	1,220	1,249	(29)
Capital Outlay	12	2	10
Total Vegetation Control	5,035	5,614	(579)
River Maintenance:			
Personal Services	3,882	2,309	1,573
Contractual Services	2,892	1,163	1,729
Commodities	292	282	10
Other Expenditures	1,992	1,946	46
Capital Outlay	3		3
Total River Maintenance	9,061	5,700	3,361
Street Sweeping:			
Personal Services	2,590	2,240	350
Contractual Services	378	729	(351)
Commodities	249	337	(88)
Other Expenditures	1,355	1,344	11
Capital Outlay		3	(3)
Total Street Sweeping	4,572	4,653	(81)
Tunnel Maintenance:			
Personal Services	1,369	2,002	(633)
Contractual Services	263	172	91
Commodities	713	589	124
Other Expenditures	919	699	220
Capital Outlay	86		86
Total Tunnel Maintenance	3,350	3,462	(112)
Design Engineering:			
Personal Services	2,096	2,179	(83)
Contractual Services	212	132	80
Commodities	25	23	2
Other Expenditures	464	491	(27)
Capital Outlay	12	24	(12)
Total Design Engineering	2,809	2,849	(40)
Total Public Works	33,546	31,901	1,665
Excess of Revenues Over Expenditures	10,687	12,200	1,533
Other Financing Sources (Uses):			
Transfers In		16	16
Transfers Out	(19,090)	(32,975)	(13,885)
Total Other Financing Sources (Uses)	(19,090)	(32,959)	(13,869)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(8,403)	(20,759)	$ (12,336)
Fund Balances, October 1	29,262	29,262	
Add Encumbrances		14,876	
Fund Balances, September 30	$ 20,859	$ 23,379	

The City noted budget violations of excess expenditures, transfers out, and encumbrances are over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous	$ 504	$ 512	$ 8
Total Revenues	504	512	8
Expenditures:			
Economic Development and Opportunity:			
Personal Services	461	469	(8)
Contractual Services	10	1	9
Commodities	7	1	6
Other Expenditures	28	28	
Total Expenditures	506	499	7
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2)	13	15
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2)	13	$ 15
Fund Balances, October 1	15	15	
Fund Balances, September 30	$ 13	$ 28	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 408	$ 393	$ (15)
Intergovernmental	1,705	1,762	57
Total Revenues	2,113	2,155	42
Expenditures:			
Public Safety:			
Personal Services	1,438	1,442	(4)
Contractual Services	14	13	1
Commodities	14	7	7
Other Expenditures	539	723	(184)
Capital Projects	4	4	
Total Expenditures	2,009	2,189	(180)
Excess (Deficiency) of Revenues Over (Under) Expenditures	104	(34)	(138)
Excess (Deficiency) of Revenues Over (Under) Expenditures	104	(34)	$ (138)
Fund Balances, October 1	41	41	
Fund Balances, September 30	$ 145	$ 7	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Energy Efficiency Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 404	$ 379	$ (25)
Miscellaneous Revenue	1	3	2
Investment Earnings	3	5	2
Total Revenues	408	387	4
Expenditures:			
General Government:			
Personal Services	241	243	(2)
Contractual Services	1,163	1,427	(264)
Other Expenditures	25	20	5
Total Expenditures	1,429	1,690	(261)
(Deficiency) of Revenues (Under) Expenditures	(1,021)	(1,303)	(257)
Other Financing Sources (Uses):			
Transfers In	710	710	
Transfers Out		(729)	(729)
Total Other Financing Sources (Uses)	710	(19)	(729)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(311)	(1,322)	$ (986)
Fund Balances, October 1	1,628	1,628	
Add Encumbrances		784	
Fund Balances, September 30	$ 1,317	$ 1,090	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Services Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 252	$ 252	$ -
Total Revenues	252	252	
Other Financing:			
Transfers In	210	210	
Transfers Out	(102)	(102)	
Total Other Financing	108	108	
Excess of Revenues Over Expenditures	360	360	$ -
Fund Balances, October 1	(1,429)	(1,429)	
Fund Balances, September 30	$ (1,069)	$ (1,069)	

[1] For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2014 Adopted Budget.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 858	$ 782	$ (76)
Miscellaneous Revenue		76	76
Investment Earnings	2	2	
Total Revenues	860	860	
Expenditures:			
General Government:			
Personal Services	741	758	(17)
Contractual Services	8	9	(1)
Commodities	5	3	2
Other Expenditures	41	41	
Total Expenditures	795	811	(16)
Excess of Revenues Over Expenditures	65	49	(16)
Excess of Revenues Over Expenditures	65	49	$ (16)
Fund Balances, October 1	743	743	
Fund Balances, September 30	$ 808	$ 792	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 487	$ 486	$ (1)
Total Revenues	487	486	(1)
Expenditures:			
General Government:			
Personal Services	420	415	5
Contractual Services	7	7	
Commodities	3	2	1
Other Expenditures	28	28	
Capital Outlay		2	(2)
Total Expenditures	458	454	4
Excess of Revenues Over Expenditures	29	32	3
Other Financing (Uses):			
Transfers Out	(23)	(23)	
Total Other Financing (Uses)	(23)	(23)	
Excess of Revenues Over Expenditures and Other Financing (Uses)	6	9	$ 3
Fund Balances, October 1	2	2	
Fund Balances, September 30	$ 8	$ 11	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 649	$ 647	$ (2)
Investment Earnings		4	4
Total Revenues	649	651	2
Expenditures:			
General Government:			
Personal Services	59	59	
Contractual Services	929	768	161
Commodities	10	1	9
Other Expenditures	5	5	
Capital Outlay	19	25	(6)
Total Expenditures	1,022	858	164
(Deficiency) of Revenues (Under) Expenditures	(373)	(207)	166
Other Financing (Uses):			
Transfers Out	(19)	(279)	(260)
Total Other Financing (Uses)	(19)	(279)	(260)
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(392)	(486)	$ (94)
Fund Balances, October 1	1,425	1,425	
Fund Balances, September 30	$ 1,033	$ 939	

The City noted budget violations of excess transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Preservation and Mitigation Fund
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,116	$ 3,493	$ 1,377
Investment Earnings	1	5	4
Total Revenues	2,117	3,498	4
Expenditures:			
Culture and Recreation:			
Personal Services	98	80	18
Contractual Services	142	117	25
Commodities	191	164	27
Other Expenditures	56	60	(4)
Capital Outlay		1	(1)
Total Expenditures	487	422	65
Excess of Revenues Over Expenditures	1,630	3,076	69
Other Financing (Uses):			
Transfers Out	(14)	(14)	
Total Other Financing (Uses)	(14)	(14)	
Excess of Revenues Over Expenditures and Other Financing (Uses)	1,616	3,062	$ 69
Fund Balances, October 1	393	393	
Add Encumbrances		3	
Fund Balances, September 30	$ 2,009	$ 3,458	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2014
(In Thousands)

	2014		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 203	$ 276	$ 73
Investment Earnings	3	11	8
Total Revenues	206	287	81
Expenditures:			
General Government:			
Other Expenditures		2	(2)
Total General Government		2	(2)
Culture and Recreation:			
Personal Services		50	(50)
Contractual Services	87	19	68
Commodities	5		5
Other Expenditures	2	2	
Total Culture and Recreation	94	71	23
Total Expenditures	94	73	21
Excess of Revenues Over Expenditures	112	214	102
Other Financing Sources:			
Transfers In		4	4
Total Other Financing Sources		4	4
Excess of Revenues and Other Financing Sources Over Expenditures	112	218	$ 106
Fund Balances, October 1	2,804	2,804	
Fund Balances, September 30	$ 2,916	$ 3,022	

Nonmajor Enterprise Funds

DEVELOPMENT SERVICES – accounts for all revenues and expenses associated with the operation and maintenance of the City's development and service activities.

MARKET SQUARE – accounts for all revenues and expenses associated with the management and operation of the Farmer's Market, El Mercado, the Market Square Parking Lot, and Alameda.

PARKING SYSTEM – accounts for all revenues and expenses associated with the operation and maintenance of the City's structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.

SOLID WASTE MANAGEMENT – accounts for all revenues and expenses associated with the operation and maintenance of the City's solid waste and environmental management programs, required debt service for outstanding bonds, and construction and management of Solid Waste Management's assets.

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2014
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 1,337	$ 100	$ 495	$ 1,191	$ 3,123
Investments	14,944	1,117	5,523	8,035	29,619
Receivables, Net	94	23	368	7,869	8,354
Materials and Supplies, at Cost			12	18	30
Due From Other Funds	1				1
Total Unrestricted Assets	16,376	1,240	6,398	17,113	41,127
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents			435		435
Investments			4,880		4,880
Receivables, Net			9		9
Construction Accounts:					
Cash and Cash Equivalents			41	2,640	2,681
Investments				25	25
Receivables, Net				2	2
Improvement and Contingency Accounts:					
Cash and Cash Equivalents			280	263	543
Investments			3,142	3,018	6,160
Receivables, Net			6	12	18
Total Restricted Assets			8,793	5,960	14,753
Total Current Assets	16,376	1,240	15,191	23,073	55,880
Noncurrent Assets:					
Capital Assets:					
Land		45	8,125	1,107	9,277
Buildings		1,357	24,590	5,133	31,080
Improvements		7,950	5,294	9,210	22,454
Machinery and Equipment	504		1,307	32,990	34,801
Construction in Progress			627	3,583	4,210
Total Capital Assets	504	9,352	39,943	52,023	101,822
Less: Accumulated Depreciation	425	3,041	14,377	21,993	39,836
Net Capital Assets	79	6,311	25,566	30,030	61,986
Total Noncurrent Assets	79	6,311	25,566	30,030	61,986
Total Assets	16,455	7,551	40,757	53,103	117,866
Total Deferred Outflows of Resources			1,343	49	1,392

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2014
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 370	$ 112	$ 127	$ 981	$ 1,590
Accounts Payable-Other	883	102	91	701	1,777
Accrued Payroll	374	8	93	720	1,195
Accrued Interest				54	54
Current Portion of Accrued Leave Payable	629	14	173	1,404	2,220
Unearned Revenue		2			2
Current Portion of Capital Lease Liability				4,612	4,612
Current Portion of Accrued Landfill Postclosure Costs				103	103
Due To Other Funds	145			22	167
Total Payable from Current Unrestricted Assets	2,401	238	484	8,597	11,720
Payable from Restricted Assets:					
Vouchers Payable			40	323	363
Accrued Interest			119	23	142
Current Portion of Bonds and Certificates (net of premium/discount)			995	183	1,178
Other Payables				541	541
Total Payable from Restricted Assets			1,154	1,070	2,224
Total Current Liabilities	2,401	238	1,638	9,667	13,944
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & discount/premium)			11,097	2,817	13,914
Accrued Leave Payable (net of current portion)	6	4		221	231
Capital Lease Liability (net of current portion)				9,118	9,118
Net OPEB and Pension Obligation	6,722	172	2,271	16,459	25,624
Accrued Landfill Postclosure Costs (net of current portion)				1,058	1,058
Total Noncurrent Liabilities	6,728	176	13,368	29,673	49,945
Total Liabilities	9,129	414	15,006	39,340	63,889
Net Position:					
Net Investment in Capital Assets	79	6,311	14,817	18,836	40,043
Restricted:					
Debt Service			5,205	(23)	5,182
Capital Projects			281	1,297	1,578
Unrestricted	7,247	826	6,791	(6,298)	8,566
Total Net Position	$ 7,326	$ 7,137	$ 27,094	$ 13,812	$ 55,369

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2014
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:					
Charges for Services	$ 27,646	$ 2,598	$ 8,487	$ 96,321	$ 135,052
Total Operating Revenues	27,646	2,598	8,487	96,321	135,052
Operating Expenses:					
Personal Services	15,918	354	4,347	36,065	56,684
Contractual Services	1,622	1,398	1,203	27,763	31,986
Commodities	391	47	196	6,586	7,220
Other	4,068	385	1,134	22,828	28,415
Depreciation	5	352	1,137	4,811	6,305
Total Operating Expenses	22,004	2,536	8,017	98,053	130,610
Operating Income (Loss)	5,642	62	470	(1,732)	4,442
Nonoperating Revenues (Expenses):					
Investment Earnings	65	8	58	73	204
Other Nonoperating Revenue	2,095	16	1,118	1,134	4,363
(Loss) on Sale of Capital Assets				(947)	(947)
Interest and Debt Expense			(1,078)	(467)	(1,545)
Other Nonoperating Expense	(14)		(2,267)	(102)	(2,383)
Total Nonoperating Revenues (Expenses)	2,146	24	(2,169)	(309)	(308)
Change in Net Position Before Contributions and Transfers	7,788	86	(1,699)	(2,041)	4,134
Capital Contributions		18			18
Transfers In (Out):					
Transfers In	2,515		3,069	462	6,046
Transfers Out	(4,615)	(242)	(2,567)	(2,947)	(10,371)
Total Transfers In (Out)	(2,100)	(242)	502	(2,485)	(4,325)
Change In Net Position	5,688	(138)	(1,197)	(4,526)	(173)
Net Position - October 1 (restated)	1,638	7,275	28,291	18,338	55,542
Net Position - September 30	$ 7,326	$ 7,137	$ 27,094	$ 13,812	$ 55,369

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2014
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 27,808	$ 2,607	$ 8,248	$ 95,970	$ 134,633
Cash Payments to Suppliers for Goods and Services	(6,363)	(1,728)	(2,443)	(57,733)	(68,267)
Cash Payments to Employees for Service	(15,632)	(323)	(4,032)	(32,952)	(52,939)
Cash Received from Other Nonoperating Revenues	314	16	1,113	1,130	2,573
Net Cash Provided by Operating Activities	6,127	572	2,886	6,415	16,000
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	2,515		3,069	462	6,046
Transfers Out to Other Funds	(4,615)	(242)	(2,567)	(2,947)	(10,371)
Due to Other Funds	(3,271)		(32)	17	(3,286)
Due from Other Funds	226			25	251
Cash Received from Other Noncapital Financing Activity	1,781		5	4	1,790
Net Cash Provided by (Used for) Noncapital Financing Activities	(3,364)	(242)	475	(2,439)	(5,570)
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(80)		(1,508)	(1,680)	(3,268)
Principal Payments on Long-Term Debt			(1,141)	(170)	(1,311)
Interest and Fees Paid on Long-Term Debt			(1,089)	(145)	(1,234)
Interest Paid on Notes and Leases				(331)	(331)
Principal Payments on Notes and Leases				(3,927)	(3,927)
Net Cash (Used for) Capital and Related Financing Activities	(80)		(3,738)	(6,253)	(10,071)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(15,966)	(1,193)	(14,471)	(11,835)	(43,465)
Maturity of Investment Securities	13,190	867	14,280	16,259	44,596
Purchases of Investments for Securities Lending	321	21	330	407	1,079
Proceeds from Cash Collected for Securities Lending Cash Collateral	(321)	(21)	(330)	(407)	(1,079)
Investments Earnings	64	7	56	73	200
Net Cash Provided by (Used for) Investing Activities	(2,712)	(319)	(135)	4,497	1,331
Net Increase (Decrease) in Cash and Cash Equivalents	(29)	11	(512)	2,220	1,690
Cash and Cash Equivalents, October 1	1,366	89	1,763	1,874	5,092
Cash and Cash Equivalents, September 30	$ 1,337	$ 100	$ 1,251	$ 4,094	$ 6,782
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	$ 5,642	$ 62	$ 470	$ (1,732)	$ 4,442
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	5	352	1,137	4,811	6,305
Other Nonoperating Revenues	314	16	1,113	1,130	2,573
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	162	7	(239)	(351)	(421)
(Increase) in Due from Other Governmental Agencies	(2)				(2)
(Increase) Decrease in Materials and Supplies			42	(18)	24
Increase in Vouchers Payable	189	30	29	177	425
Increase (Decrease) in Accounts Payable - Other	(469)		19	11	(439)
Increase in Accrued Payroll	30	72	18	105	225
Increase (Decrease) in Accrued Leave Payable	(112)	4	16	(12)	(104)
(Decrease) in Landfill Postclosure Liability				(726)	(726)
Increase in Net OPEB Obligation and Pension Obligation	368	27	281	3,020	3,696
Increase in Unearned Revenue		2			2
Net Cash Provided by Operating Activities	$ 6,127	$ 572	$ 2,886	$ 6,415	$ 16,000
Noncash Capital and Related Financing Activities					
Acquisitions and Construction of Capital Assets from Lease Purchase Proceeds	$ -	$ -	$ -	$ 4,470	$ 4,470
Contributed Capital		18			18

Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.

INFORMATION SERVICES – to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

OTHER INTERNAL SERVICES – to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Purchasing, Central Stores, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

CAPITAL IMPROVEMENTS MANAGEMENT SERVICES (CIMS) – to account for revenues and expenses associated with the administration and delivery of the City's capital improvement projects.

Combining Statement of Net Position
Internal Service Funds
As of September 30, 2014
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Assets:							
Current Assets:							
Cash and Cash Equivalents	$ 224	$ 2,335	$ 3,774	$ 472	$ 4,196	$ 231	$ 11,232
Investments	2,690	26,142	42,217	5,332	46,930	2,535	125,846
Receivables, Net	61	45	69	34	135	24	368
Materials and Supplies, at Cost				24	1,574		1,598
Deposits	102		36				138
Prepaid Expenses		668					668
Due From Other Funds	224		15	334	370		943
Due From Other Governmental Agencies				1,472	330		1,802
Total Current Assets	3,301	29,190	46,111	7,668	53,535	2,790	142,595
Capital Assets:							
Buildings				21	158		179
Improvements					244		244
Machinery and Equipment	16			5,566	164,975	80	170,637
Depreciable Intangible						250	250
Total Capital Assets	16			5,587	165,377	330	171,310
Less: Accumulated Depreciation	11			5,058	92,817	157	98,043
Net Capital Assets	5			529	72,560	173	73,267
Total Assets	3,306	29,190	46,111	8,197	126,095	2,963	215,862
Liabilities:							
Current Liabilities:							
Vouchers Payable	274	56	103	484	4,201	39	5,157
Accounts Payable-Other	2,255	15	21	739	428	161	3,619
Claims Payable	11,299	5,390	10,159				26,848
Accrued Payroll	43	35	47	437	367	362	1,291
Current Portion of Accrued Leave Payable	56	112	32	933	694	697	2,524
Unearned Revenue	4						4
Due To Other Funds	11,451				853	6	12,310
Total Current Liabilities	25,382	5,608	10,362	2,593	6,543	1,265	51,753
Noncurrent Liabilities:							
Claims Payable		18,484	24,370				42,854
Accrued Leave Payable (net of current portion)	3	6	4	309	114	11	447
Net OPEB and Pension Obligation	777	520	666	6,542	9,703	5,926	24,134
Total Noncurrent Liabilities	780	19,010	25,040	6,851	9,817	5,937	67,435
Total Liabilities	26,162	24,618	35,402	9,444	16,360	7,202	119,188
Net Position:							
Net Investment in Capital Assets	5			529	72,560	173	73,267
Unrestricted	(22,861)	4,572	10,709	(1,776)	37,175	(4,412)	23,407
Total Net Position	$ (22,856)	$ 4,572	$ 10,709	$ (1,247)	$ 109,735	$ (4,239)	$ 96,674

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year-Ended September 30, 2014
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Revenues:							
Charges for Services	$ 110,624	$ 10,763	$ 17,550	$ 42,593	$ 93,267	19,144	$ 293,941
Total Operating Revenues	110,624	10,763	17,550	42,593	93,267	19,144	293,941
Operating Expenses:							
Personal Services	4,355	1,633	2,032	20,353	19,201	16,398	63,972
Contractual Services	14,332	854	1,358	16,950	3,688	468	37,650
Commodities	13	26	42	734	1,145	198	2,158
Materials					31,151		31,151
Claims	113,737	4,221	9,146				127,104
Other	1,362	2,230	564	5,638	8,352	2,261	20,407
Depreciation				130	23,830	65	24,025
Total Operating Expenses	133,799	8,964	13,142	43,805	87,367	19,390	306,467
Operating Income (Loss)	(23,175)	1,799	4,408	(1,212)	5,900	(246)	(12,526)
Nonoperating Revenues (Expenses):							
Investment Earnings	37	115	176	27	208		563
Other Nonoperating Revenue	214	48	529	242	230	30	1,293
Gain (Loss) on Sale of Capital Assets					268	(3)	265
Other Nonoperating Expense	(6)	(24)	(36)	(5)	(41)		(112)
Total Nonoperating Revenues (Expenses)	245	139	669	264	665	27	2,009
Change in Net Position Before Transfers	(22,930)	1,938	5,077	(948)	6,565	(219)	(10,517)
Transfers In (Out):							
Transfers In			84		8,414	1,233	9,731
Transfers Out		(84)		(399)	(3,514)	(33)	(4,030)
Total Transfers In (Out)		(84)	84	(399)	4,900	1,200	5,701
Change in Net Position	(22,930)	1,854	5,161	(1,347)	11,465	981	(4,816)
Net Position - October 1	74	2,718	5,548	100	98,270	(5,220)	101,490
Net Position - September 30	$ (22,856)	$ 4,572	$ 10,709	$ (1,247)	$ 109,735	$ (4,239)	$ 96,674

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2014
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 110,635	$ 10,763	$ 17,550	$ 41,856	$ 93,282	19,124	$ 293,210
Cash Payments to Suppliers for Goods and Services	(125,780)	(6,976)	(10,407)	(24,053)	(43,196)	(2,905)	(213,317)
Cash Payments to Employees for Service	(4,242)	(1,513)	(1,998)	(19,293)	(17,944)	(15,750)	(60,740)
Cash Received from Other Nonoperating Revenues	214	48	529	242	230	30	1,293
Net Cash Provided by (Used for) Operating Activities	(19,173)	2,322	5,674	(1,248)	32,372	499	20,446
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			84		8,414	1,233	9,731
Transfers Out to Other Funds		(84)		(399)	(3,514)	(33)	(4,030)
Due To Other Funds	11,451	(212)		(55)	641	(143)	11,682
Due From Other Funds	163	107	116	1	(119)		268
Net Cash Provided by (Used for) Noncapital Financing Activities	11,614	(189)	200	(453)	5,422	1,057	17,651
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets	(5)			(313)	(34,491)		(34,809)
Proceeds from Sale of Assets					3,468		3,468
Net Cash (Used for) Capital and Related Financing Activities	(5)			(313)	(31,023)		(31,341)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(2,874)	(27,928)	(45,102)	(5,697)	(50,138)	(2,708)	(134,447)
Maturity of Investment Securities	9,580	25,392	38,830	7,373	42,957	1,260	125,392
Purchases of Investments for Securities Lending	248	623	948	185	1,048	29	3,081
Proceeds from Cash Collected for Securities Lending Cash Collateral	(248)	(623)	(948)	(185)	(1,048)	(29)	(3,081)
Investment Earnings	47	83	131	22	167		450
Net Cash Provided by (Used for) Investing Activities	6,753	(2,453)	(6,141)	1,698	(7,014)	(1,448)	(8,605)
Net Increase (Decrease) in Cash and Cash Equivalents	(811)	(320)	(267)	(316)	(243)	108	(1,849)
Cash and Cash Equivalents, October 1	1,035	2,655	4,041	788	4,439	123	13,081
Cash and Cash Equivalents, September 30	$ 224	$ 2,335	$ 3,774	$ 472	$ 4,196	$ 231	$ 11,232
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ (23,175)	$ 1,799	$ 4,408	$ (1,212)	$ 5,900	$ (246)	$ (12,526)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation				130	23,830	65	24,025
Other Nonoperating Revenues	214	48	529	242	230	30	1,293
Changes in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	14			(18)	(26)	(20)	(50)
(Increase) Decrease in Due from Other Governmental Agencies				(719)	41		(678)
Decrease in Materials and Supplies				4	257		261
Decrease in Prepaid Expenses		209					209
Increase (Decrease) in Vouchers Payable	190	(17)	9	(698)	821	21	326
Increase in Claims Payable	2,506	163	709				3,378
Increase (Decrease) in Accounts Payable - Other	968		(16)	(37)	63	1	979
Increase in Accrued Payroll	8	7	7	60	29	47	158
Increase (Decrease) in Accrued Leave Payable	(16)	56	(75)	60	(64)	(53)	(92)
Increase in Net OPEB and Pension Obligation	121	57	103	940	1,291	654	3,166
(Decrease) in Unearned Revenue	(3)						(3)
Net Cash Provided by (Used for) Operating Activities	$ (19,173)	$ 2,322	$ 5,674	$ (1,248)	$ 32,372	$ 499	$ 20,446
Noncash Investing, Capital and Financing Activities:	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Fiduciary Funds

FIRE AND POLICE PENSION AND HEALTH CARE FUNDS – to account for resources of the pension and health care funds established for the City's firefighters and police officers, as provided for under state law and the respective collective bargaining agreements:

SAN ANTONIO FIRE AND POLICE PENSION FUND – to account for collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.

SAN ANTONIO FIRE AND POLICE RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

AGENCY FUNDS – to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

CRIMINAL JUSTICE PLANNING FUND – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

CVB HOUSING BUREAU FUND – to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions**.**

DEPOSIT FUND – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

EVIDENTIARY CASH FUND – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

LESSEES' SPECIAL EVENTS LIABILITY INSURANCE FUND – to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.

MUNICIPAL COURT CASH BOND FUND – to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

MAYOR'S LUNCH – to account for collection and payment to caterers for lunch events with the Mayor organized and for the benefit of third parties.

STATE SALES TAX FUND – to account for the collection and payment to the State of Texas for sales tax collected.

UNCLAIMED PROPERTY FUND – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Combining Statement of Fiduciary Net Position
Fire and Police Pension and Health Care Funds
As of September 30, 2014
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 156,722	$ 13,790	$ 170,512
Security Lending Collateral	107,230	4,712	111,942
Investments:			
Common Stock	1,026,373	15,136	1,041,509
U.S. Government Securities	73,228		73,228
Corporate Bonds	443,295		443,295
Mutual Funds		76,069	76,069
Hedge Funds	394,077	7,207	401,284
Real Estate	249,564	51,065	300,629
Alternative	341,002	146,344	487,346
Receivables:			
Accounts	4,626		4,626
Accrued Interest	10,191	13	10,204
Prepaid Expenses		24	24
Total Current Assets	2,806,308	314,360	3,120,668
Capital Assets:			
Machinery and Equipment	379	47	426
Buildings	551	103	654
Total Capital Assets	930	150	1,080
Less: Accumulated Depreciation	268	78	346
Net Capital Assets	662	72	734
Total Assets	$ 2,806,970	$ 314,432	$ 3,121,402
Liabilities:			
Vouchers Payable	$ 4,723	$ 54	$ 4,777
Accounts Payable - Other	17,919		17,919
Claims Payable		3,019	3,019
Accrued Payroll	243	39	282
Securities Lending Obligation	107,230	4,712	111,942
Total Liabilities	130,115	7,824	137,939
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,676,855	$ 306,608	$ 2,983,463

Combining Statement of Changes in Fiduciary Net Position
Fire and Police Pension and Health Care Funds
Year-Ended September 30, 2014
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Additions:			
Contributions:			
Employer	$ 76,146	$ 26,343	$ 102,489
Employee	38,073	13,166	51,239
Other Contributions		1,165	1,165
Total Contributions	114,219	40,674	154,893
Investment Earnings:			
Net Increase in Fair Value of Investments	185,817	21,298	207,115
Real Estate Income, Net	9,332		9,332
Interest and Dividends	41,035	3,131	44,166
Securities Lending	401	11	412
Other Income	66	12	78
Total Investment Earnings	236,651	24,452	261,103
Less: Investment Expenses			
Investment Management Fees and Custodian Fees	(13,588)	(457)	(14,045)
Less: Securities Lending Expenses			
Borrower Rebates and Lending Fees	(9)	(5)	(14)
Net Investment Earnings	223,054	23,990	247,044
Total Additions	337,273	64,664	401,937
Deductions:			
Benefits	121,945	25,969	147,914
Refunds of Contributions	362		362
Administrative Expenses	2,789	2,160	4,949
Total Deductions	125,096	28,129	153,225
Change in Net Position	212,177	36,535	248,712
Net Position - October 1	2,464,678	270,073	2,734,751
Net Position - September 30	$ 2,676,855	$ 306,608	$ 2,983,463

Combining Balance Sheet
Agency Funds
As of September 30, 2014
(In Thousands)

	ASSETS				
	CASH AND CASH EQUIVALENTS	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:					
Bexar County Hotel/Motel Tax Collections Fund	$ 133	$ 1,467	$ 16	$ 1	$ 1,617
Criminal Justice Planning Fund	3,288				3,288
CVB Housing Bureau Fund	29				29
Deposit Fund	5,060				5,060
Evidentiary Cash Fund	215	2,398		3	2,616
Lessees' Special Events Liability Insurance Fund	14				14
Municipal Court Cash Bond Fund	114				114
Mayor's Lunch	1	2			3
State Sales Tax Fund	820		3		823
Unclaimed Property Fund	217	415		1	633
Total	$ 9,891	$ 4,282	$ 19	$ 5	$ 14,197

	LIABILITIES	
	ACCOUNTS PAYABLE OTHER	TOTAL LIABILITIES
Funds:		
Bexar County Hotel/Motel Tax Collections Fund	$ 1,617	$ 1,617
Criminal Justice Planning Fund	3,288	3,288
CVB Housing Bureau Fund	29	29
Deposit Fund	5,060	5,060
Evidentiary Cash Fund	2,616	2,616
Lessees' Special Events Liability Insurance Fund	14	14
Municipal Court Cash Bond Fund	114	114
Mayor's Lunch	3	3
State Sales Tax Fund	823	823
Unclaimed Property Fund	633	633
Total	$ 14,197	$ 14,197

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2014

(In Thousands)

	BALANCE 10-01-2013	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2014
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 1,065	$ 20,120	$ 21,052	$ 133
Securities Lending Collateral	5		5	
Investments	192	3,810	2,535	1,467
Receivables:				
Accounts	10	16,749	16,743	16
Accrued Interest		1		1
Total Assets	$ 1,272	$ 40,680	$ 40,335	$ 1,617
Liabilities:				
Accounts Payable - Other	$ 1,267	$ 16,629	$ 16,279	$ 1,617
Securities Lending Obligation	5		5	
Total Liabilities	$ 1,272	$ 16,629	$ 16,284	$ 1,617
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 3,722	$ 12,930	$ 13,364	$ 3,288
Total Assets	$ 3,722	$ 12,930	$ 13,364	$ 3,288
Liabilities:				
Vouchers Payable	$ -	$ 46	$ 46	$ -
Accounts Payable - Other	3,722	21,020	21,454	3,288
Total Liabilities	$ 3,722	$ 21,066	$ 21,500	$ 3,288
CVB Housing Bureau Fund				
Assets:				
Cash and Cash Equivalents	$ -	$ 157	$ 128	$ 29
Total Assets	$ -	$ 157	$ 128	$ 29
Liabilities:				
Vouchers Payable	$ -	$ 129	$ 129	$ -
Accounts Payable - Other		169	140	29
Total Liabilities	$ -	$ 298	$ 269	$ 29
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 4,491	$ 5,333	$ 4,764	$ 5,060
Receivables:				
Accounts	195	5,021	5,216	
Total Assets	$ 4,686	$ 10,354	$ 9,980	$ 5,060
Liabilities:				
Vouchers Payable	$ -	$ 50	$ 50	$ -
Accounts Payable - Other	4,686	403,587	403,213	5,060
Total Liabilities	$ 4,686	$ 403,637	$ 403,263	$ 5,060

(continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2014

(In Thousands)

	BALANCE 10-01-2013	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2014
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 223	$ 2,887	$ 2,895	$ 215
Securities Lending Collateral	52		52	
Investments	1,981	2,398	1,981	2,398
Receivables:				
Accrued Interest	3	3	3	3
Total Assets	$ 2,259	$ 5,288	$ 4,931	$ 2,616
Liabilities:				
Accounts Payable - Other	$ 2,207	$ 564	$ 155	$ 2,616
Securities Lending Obligation	52		52	
Total Liabilities	$ 2,259	$ 564	$ 207	$ 2,616
Lessees' Special Event Liability Insurance Fund				
Assets:				
Cash and Cash Equivalents	$ 20	$ 14	$ 20	$ 14
Receivables:				
Accounts		1	1	
Total Assets	$ 20	$ 15	$ 21	$ 14
Liabilities:				
Vouchers Payable	$ -	$ 18	$ 18	$ -
Accounts Payable - Other	20	14	20	14
Total Liabilities	$ 20	$ 32	$ 38	$ 14
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 150	$ 90	$ 126	$ 114
Total Assets	$ 150	$ 90	$ 126	$ 114
Liabilities:				
Accounts Payable - Other	$ 150	$ 226	$ 262	$ 114
Total Liabilities	$ 150	$ 226	$ 262	$ 114
Mayor's Lunch Fund				
Assets:				
Cash and Cash Equivalents	$ 1	$ 4	$ 4	$ 1
Investments	2	2	2	2
Total Assets	$ 3	$ 6	$ 6	$ 3
Liabilities:				
Vouchers Payable	$ -	$ 1	$ 1	$ -
Accounts Payable - Other	3	1	1	3
Total Liabilities	$ 3	$ 2	$ 2	$ 3

(continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2014

(In Thousands)

	BALANCE 10-01-2013	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2014
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 225	$ 11,904	$ 11,309	$ 820
Receivables:				
Accounts	2	32	31	3
Total Assets	$ 227	$ 11,936	$ 11,340	$ 823
Liabilities:				
Accounts Payable - Other	$ 227	$ 11,924	$ 11,328	$ 823
Total Liabilities	$ 227	$ 11,924	$ 11,328	$ 823
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 41	$ 717	$ 541	$ 217
Securities Lending Collateral	10		10	
Investments	366	415	366	415
Receivables:				
Accounts		3	3	
Accrued Interest	1	1	1	1
Total Assets	$ 418	$ 1,136	$ 921	$ 633
Liabilities:				
Vouchers Payable	$ -	$ 41	$ 41	$ -
Accounts Payable - Other	408	331	106	633
Securities Lending Obligation	10		10	
Total Liabilities	$ 418	$ 372	$ 157	$ 633
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 9,938	$ 54,156	$ 54,203	$ 9,891
Securities Lending Collateral	67		67	
Investments	2,541	6,625	4,884	4,282
Receivables:				
Accounts	207	21,806	21,994	19
Accrued Interest	4	5	4	5
Total Assets	$ 12,757	$ 82,592	$ 81,152	$ 14,197
Liabilities:				
Vouchers Payable	$ -	$ 285	$ 285	$ -
Accounts Payable - Other	12,690	454,465	452,958	14,197
Securities Lending Obligation	67		67	
Total Liabilities	$ 12,757	$ 454,750	$ 453,310	$ 14,197

(end of statement)

Nonmajor Discretely Presented Component Units

BROOKS DEVELOPMENT AUTHORITY (BDA) – was designated to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

PORT AUTHORITY OF SAN ANTONIO (THE PORT) – was established for the purpose of monitoring the closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The Port is authorized to issue bonds to finance related projects. These bonds are not obligations of the City.

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION (SAEAPFC) – was established for the purpose of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City of San Antonio.

SAWS DISTRICT SPECIAL PROJECT (DSP) – was established as a component unit of the City during the transition of BexarMet's operations into SAWS.

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION (HTFC) – was established in accordance with state laws for the purpose of acting on behalf of the City, to carry out the purposes of the Texas Housing Finance Corporations Act.

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (HTF) – is a nonprofit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Permanent Fund of the City.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION (HTPFC) – was established to assist the City in financing, refinancing, or providing public facilities. The Corporation was to provide a tool to develop affordable housing.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2014
(In Thousands)

	BROOKS DEVELOPMENT AUTHORITY	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAWS DISTRICT SPECIAL PROJECT	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	TOTAL NONMAJOR COMPONENT UNITS
Assets:								
Current Assets:								
Unrestricted Assets:								
Cash and Cash Equivalents	$ 24,236	$ 18,125	$ 773	$ 38,269	$ 410	$ -	$ 1,005	$ 82,818
Receivables, Net	406	1,007	5,084	7,990				14,487
Materials and Supplies, at Cost	44							44
Due from Other Governmental Agencies	60	1,492						1,552
Prepaid Expenses	110		32,774	487				33,371
Other Assets		360						360
Total Unrestricted Assets	24,856	20,984	38,631	46,746	410		1,005	132,632
Restricted Assets:								
Debt Service Accounts:								
Cash and Cash Equivalents			13,365	5,730				19,095
Investments			9,702					9,702
Receivables			85					85
Other Restricted Accounts:								
Cash and Cash Equivalents		3,102		2,412		2,636		8,150
Receivables			65,608			75		65,683
Total Restricted Assets		3,102	88,760	8,142		2,711		102,715
Total Current Assets	24,856	24,086	127,391	54,888	410	2,711	1,005	235,347
Noncurrent Assets:								
Capital Assets:								
Land	4,500	35,583		10,121				50,204
Infrastructure	25,817	45,785						71,602
Buildings	63,571	174,936						238,507
Utility in Plant Service				380,315				380,315
Machinery and Equipment	9,798	7,637					5,863	23,298
Construction in Progress	1,970	5,774		17,066				24,810
Total Capital Assets	105,656	269,715		407,502			5,863	788,736
Less: Accumulated Depreciation	42,624	93,130		127,262				263,016
Assets Held for Resale				2,247				2,247
Net Capital Assets	63,032	176,585		282,487			5,863	527,967
Other Noncurrent Assets:								
Receivables, Net		4,360		670		3,873		8,903
Prepaid Expenses		484	307,432					307,916
Other Noncurrent Assets		2,590						2,590
Total Other Noncurrent Assets		7,434	307,432	670		3,873		319,409
Total Noncurrent Assets	63,032	184,019	307,432	283,157		3,873	5,863	847,376
Total Assets	87,888	208,105	434,823	338,045	410	6,584	6,868	1,082,723
Deferred Outflows of Resources	2,397	987		4,513				7,897
Liabilities:								
Current Liabilities:								
Payable from Current Unrestricted Assets:								
Accounts Payable and Other Current Liabilities	1,694	3,082		8,482		1,718	90	15,066
Unearned Revenues	670	5,760						6,430
Due to Other Governmental Agencies		3						3
Current Portion of Long-term Lease/Notes Payable	1,420	2,318						3,738
Current Portion of Other Payables	160							160
Total Payable from Current Unrestricted Assets	3,944	11,163		8,482		1,718	90	25,397
Payable from Restricted Assets:								
Accrued Bond Interest		310	11,049	1,383				12,742
Current Portion of Bonds and Certificates		2,567	25,620	6,520				34,707
Other Payables		1,218		1,024			5,438	7,680
Total Payable from Current Restricted Assets		4,095	36,669	8,927			5,438	55,129
Total Current Liabilities	3,944	15,258	36,669	17,409		1,718	5,528	80,526
Noncurrent Liabilities:								
Bonds and Certificates (net of current portion & premium/discount)		38,225	398,154	232,292				668,671
Long-term Lease/Notes Payable (net of current portion)	21,158	17,875						39,033
Other Payables (net of current portion)	6,136			293				6,429
Total Noncurrent Liabilities	27,294	56,100	398,154	232,585				714,133
Total Liabilities	31,238	71,358	434,823	249,994		1,718	5,528	794,659
Net Position:								
Net Investment in Capital Assets	40,614	116,587		59,946			5,863	223,010
Debt Service		915		9,231				10,146
Capital Projects		3,445		7,185				10,630
Operating and Other Reserves				1,501				1,501
Unrestricted	18,433	16,787		14,701	410	4,866	(4,523)	50,674
Total Net Position	$ 59,047	$ 137,734	$ -	$ 92,564	$ 410	$ 4,866	$ 1,340	$ 295,961

Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2014

(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION							
FUNCTION/PROGRAM ACTIVITIES	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	BROOKS DEVELOPMENT AUTHORITY	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAWS DISTRICT SPECIAL PROJECT	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION, INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	TOTAL NONMAJOR COMPONENT UNITS
Brooks Development Authority												
Economic Development and Opportunity	$ 13,827	$ 8,240	$ 220	$ 750	$ (4,617)	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,617)
Port Authority of San Antonio												
Economic Development and Opportunity	35,251	36,284				1,033						1,033
SA Energy Acquisition Public Facility Corporation												
General Government	47,616	46,711					(905)					(905)
SAWS District Special Project												
Public Works	66,601	67,257	7,718					8,374				8,374
San Antonio Housing Trust Finance Corporation												
Urban Redevelopment and Housing	7	23							16			16
San Antonio Housing Trust Foundation, Inc.												
Urban Redevelopment and Housing	318									(318)		(318)
San Antonio Housing Trust Public Facility Corporation												
Urban Redevelopment and Housing	94	469									375	375
Total	$ 163,714	$ 158,984	$ 7,938	$ 750	(4,617)	1,033	(905)	8,374	16	(318)	375	3,958
General Revenues:												
Investment Earnings					639	367	905	91		66		2,068
Miscellaneous					10,872			636		152		11,660
Total General Revenues					11,511	367	905	727		218		13,728
Change in Net Position					6,894	1,400		9,101	16	(100)	375	17,686
Net Position - Beginning of Fiscal Year (restated)					52,153	136,334		83,463	394	4,966	965	278,275
Net Position - End of Fiscal Year					$ 59,047	$ 137,734	$ -	$ 92,564	$ 410	$ 4,866	$ 1,340	$ 295,961

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2014

(In Thousands)

		2014
Governmental Funds Capital Assets:		
Land	$	1,404,226
Other Non-Depreciable Assets		2,844
Non-Depreciable Intangible Assets		123,169
Depreciable Intangible Assets		3,855
Buildings		919,960
Improvements		694,891
Infrastructures		2,780,934
Machinery and Equipment		292,991
Construction in Progress		422,488
Total Governmental Funds Capital Assets	$	6,645,358
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,378,582
General Obligation Bonds, Certificates of Obligation, Notes, and Revenue Bonds		3,623,401
Federal and State Grants		604,657
Special Assessments		1,008
Our SA		678
Municipal Golf Association - SA		7,722
Housing Trust Foundation		62
Westside Development Corp		11
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	6,645,358

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2014

(In Thousands)

	LAND	OTHER NON-DEPRECIABLE ASSETS	NON-DEPRECIABLE INTANGIBLE ASSETS	DEPRECIABLE INTANGIBLE ASSETS	BUILDINGS	IMPROVEMENTS	INFRA-STRUCTURE	MACHINERY AND EQUIPMENT	TOTAL
General Government:									
Legislative	$ 56	$ -	$ -	$ -	$ 2,592	$ 91	$ -	$ 343	$ 3,082
Judicial	196			1,004	19,091	248		295	20,834
Executive								27	27
Administration	3,930		12,556	2,176	233,586	34,893	10,699	150,368	448,208
Total General Government	4,182		12,556	3,180	255,269	35,232	10,699	151,033	472,151
Public Safety:									
Police	12,187				40,082	10,152		64,392	126,813
Fire	39,598				70,960	11,204	236	42,395	164,393
Building Inspection and Regulations	7,299				14,210			211	21,720
Total Public Safety	59,084				125,252	21,356	236	106,998	312,926
Public Works	1,246,503	2,166	2,751		200,166	314,879	2,734,154	11,754	4,512,373
Health Services	1,302			469	8,288	672		4,303	15,034
Convention and Tourism	1,422			206	132,352	97,518		8,721	240,219
Sanitation					45	15		647	707
Welfare	419				30,157	7,795		1,038	39,409
Culture and Recreation:									
Libraries	8,707				99,193	25,102	22,997	1,800	157,799
Parks	81,695		107,862		41,486	188,993	10,982	5,656	436,674
Total Culture and Recreation	90,402		107,862		140,679	214,095	33,979	7,456	594,473
Urban Redevelopment and Housing		678				699	1,866	750	3,993
Education	912				27,752			269	28,933
Economic Development and Opportunity						2,630		22	2,652
Total Capital Assets Allocated to Functions	$ 1,404,226	$ 2,844	$ 123,169	$ 3,855	$ 919,960	$ 694,891	$ 2,780,934	$ 292,991	$ 6,222,870
Construction in Progress									422,488
Total Governmental Funds Capital Assets									$ 6,645,358

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2014

(In Thousands)

	GOVERNMENTAL FUNDS CAPITAL ASSETS 10-01-2013 (Restated)	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS 09-30-2014
Function and Activity:				
General Government:				
Legislative	$ 3,082	$ -	$ -	$ 3,082
Judicial	20,825	9		20,834
Executive	27			27
Administration	449,951	3,518	5,261	448,208
Total General Government	473,885	3,527	5,261	472,151
Public Safety:				
Police	122,974	5,323	1,484	126,813
Fire	160,369	6,999	2,975	164,393
Building Inspection and Regulations	21,720			21,720
Total Public Safety	305,063	12,322	4,459	312,926
Public Works	4,390,688	154,599	32,914	4,512,373
Health Services	15,341	215	522	15,034
Convention and Tourism	240,550	594	925	240,219
Sanitation	747		40	707
Welfare	40,837	98	1,526	39,409
Culture and Recreation:				
Libraries	161,804	361	4,366	157,799
Parks	401,876	35,802	1,004	436,674
Total Culture and Recreation	563,680	36,163	5,370	594,473
Urban Redevelopment and Housing	3,984	134	125	3,993
Education	1,181	27,752		28,933
Economic Development and Opportunity	2,647	5		2,652
Construction in Progress	308,352	147,255	33,119	422,488
Total Governmental Funds Capital Assets	$ 6,346,955	$ 382,664	$ 84,261	$ 6,645,358

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

FY 2014

STATISTICAL SECTION

Statistical Section (Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012 (Restated)	2013 [2] (Restated)	2014 [3] (Restated)
Governmental Activities:										
Net Investment in Capital Assets	$ 2,042,288	$ 1,984,942	$ 2,024,576	$ 2,092,623	$ 2,200,616	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579	$ 2,553,627
Restricted	101,253	105,024	120,591	122,537	128,727	124,300	126,142	104,158	72,643	100,264
Unrestricted	133,052	181,484	184,154	162,997	168,054	162,135	63,069	78,783	72,932	16,793
Total Governmental Activities, net position	$ 2,276,593	$ 2,271,450	$ 2,329,321	$ 2,378,157	$ 2,497,397	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154	$ 2,670,684
Business-Type Activities:										
Net Investment in Capital Assets	$ 212,715	$ 216,459	$ 201,846	$ 208,894	$ 260,679	$ 273,344	$ 273,108	$ 270,500	$ 292,278	$ 300,791
Restricted	26,636	27,700	61,559	76,178	66,099	78,558	90,532	104,990	91,418	102,390
Unrestricted	1,719	7,240	23,010	31,247	2,976	556	15,320	9,851	18,024	20,492
Total Business-Type Activities, net position	$ 241,070	$ 251,399	$ 286,415	$ 316,319	$ 329,754	$ 352,458	$ 378,960	$ 385,341	$ 401,720	$ 423,673
Primary Government:										
Net Investment in Capital Assets	$ 2,255,003	$ 2,201,401	$ 2,226,422	$ 2,301,517	$ 2,461,295	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857	$ 2,854,418
Restricted	127,889	132,724	182,150	198,715	194,826	202,858	216,674	209,148	164,061	202,654
Unrestricted	134,771	188,724	207,164	194,244	171,030	162,691	78,389	88,634	90,956	37,285
Total Primary Government, net position	$ 2,517,663	$ 2,522,849	$ 2,615,736	$ 2,694,476	$ 2,827,151	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,874	$ 3,094,357

[1] Net Position were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

[3] Net Position was restated as implementing GASB Statement No. 65 resulted in the reclassification of items previously reported as assets and liabilities.

CITY OF SAN ANTONIO, TEXAS

Statistical Data

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(In Thousands)

	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012	2013 [2,3] (Restated)	2014
Expenses:										
Governmental Activities:										
General Government	$ 80,018	$ 83,719	$ 118,881	$ 109,850	$ 92,415	$ 114,591	$ 103,617	$ 140,761	$ 127,697	$ 112,845
Public Safety	428,582	424,058	456,375	529,762	497,274	545,359	607,532	613,975	684,547	721,930
Public Works	149,476	226,849	143,172	220,267	212,256	221,612	239,195	252,804	257,395	324,257
Sanitation	2,731	3,112	2,878	3,000	3,953	8,385	20,015	14,382	13,250	7,142
Health Services	89,011	87,283	91,432	90,443	92,351	104,667	101,995	101,293	38,250	55,014
Culture and Recreation	84,555	90,337	128,450	142,537	145,386	143,122	147,591	153,642	161,280	167,463
Convention and Tourism	48,364	126,802	155,285	69,734	42,512	26,437	28,735	31,892	29,674	31,579
Conservation	2	146								
Urban Redevelopment and Housing	29,764	21,766	20,575	39,700	45,533	26,486	13,570	13,252	9,111	25,949
Welfare	131,840	134,554	153,704	168,585	162,956	177,819	185,600	157,678	162,015	115,094
Education									6,381	8,530
Economic Development and Opportunity	60,461	12,159	19,167	22,479	23,260	104,964	90,258	115,253	117,362	25,909
Bond Issuance Costs										1,862
Interest on Long-term Debt, Net	70,655	65,960	48,114	71,103	75,108	70,945	87,792	85,073	115,016	93,313
Total Governmental Activities Expenses	1,175,459	1,276,745	1,338,033	1,467,460	1,393,004	1,544,387	1,625,900	1,680,005	1,721,978	1,690,887
Business-Type Activities:										
Airport System	46,868	78,083	64,482	80,505	81,229	83,109	105,708	118,560	102,041	106,033
Development Services						19,570	20,195	23,327	24,437	22,273
Market Square						251	2,215	2,297	2,135	2,558
Parking System	8,413	9,234	8,525	10,382	8,984	9,135	8,703	8,117	8,214	12,165
Solid Waste Management	54,703	61,318	68,072	82,002	88,900	85,058	82,128	89,405	93,056	98,555
Total Business-Type Activities Expenses	109,984	148,635	141,079	172,889	179,113	197,123	218,949	241,706	229,883	241,584
Total Primary Government Expenses	$ 1,285,443	$ 1,425,380	$ 1,479,112	$ 1,640,349	$ 1,572,117	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861	$ 1,932,471
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 57,660	$ 62,286	$ 45,307	$ 45,757	$ 29,323	$ 21,176	$ 27,853	$ 22,245	$ 27,951	$ 27,710
Public Safety	7,861	9,046	9,059	9,536	9,026	10,350	9,882	12,190	12,278	49,363
Public Works	34,201	36,969	39,090	46,970	50,266	53,723	43,267	43,164	44,706	47,342
Sanitation			268	5		397	407	509	365	7,491
Health Services	10,252	15,852	24,401	22,792	26,518	31,595	33,815	30,940	30,356	18,844
Culture and Recreation	19,583	18,947	26,277	40,549	34,483	33,791	33,037	34,483	46,707	53,698
Convention and Tourism	14,740	19,640	19,067	1,278	1,308	1,262				
Urban Redevelopment and Housing		126	1	2	22,949	388	400	634	584	
Welfare	327	341	19	192	122	72	52	15	2	
Education										267
Economic Development and Opportunity	2,485	2,562	1,971	2,026	2,141	2,582	2,631	5,025	90	135
Operating Grants and Contributions	198,185	179,917	186,381	198,736	206,356	256,214	267,524	211,290	202,932	168,170
Capital Grants and Contributions	8,256	29,050	57,891	49,577	81,114	98,362	137,892	149,713	145,199	84,744
Total Governmental Activities Program Revenues	353,550	374,736	409,732	417,420	463,606	509,912	556,760	510,208	511,170	457,764
Business-Type Activities:										
Charges for Services:										
Airport System	45,791	50,058	53,115	63,944	61,764	63,524	82,901	84,395	80,635	84,410
Development Services						20,336	21,629	23,392	24,813	27,646
Market Square						138	2,211	2,316	2,477	2,598
Parking System	10,325	10,276	10,236	10,988	9,143	9,287	8,588	8,630	8,654	8,487
Solid Waste Management	51,753	60,090	70,080	81,988	81,263	87,888	90,067	93,333	92,871	96,321
Capital Grants and Contributions	2,223	18,079	23,188	36,987	31,115	40,156	40,237	34,765	39,580	44,206
Total Business-Type Activities Program Revenues	110,092	138,503	156,619	193,907	183,285	221,329	245,633	246,831	249,030	263,668
Total Primary Government Program Revenues	$ 463,642	$ 513,239	$ 566,351	$ 611,327	$ 646,891	$ 731,241	$ 802,393	$ 757,039	$ 760,200	$ 721,432

[1] Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units

[3] EMS was reclassed from Health Services to Public Safety

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012	2013 [2] (Restated)	2014
Net (Expense) Revenue:										
Governmental Activities	$ (821,909)	$ (902,009)	$ (928,301)	$ (1,050,040)	$ (929,398)	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)	$ (1,233,123)
Business-Type Activities	108	(10,132)	15,540	21,018	4,172	24,206	26,684	5,125	19,147	22,084
Total Primary Government Net Expense	$ (821,801)	$ (912,141)	$ (912,761)	$ (1,029,022)	$ (925,226)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)	$ (1,211,039)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	$ 269,138	$ 276,728	$ 326,342	$ 379,457	$ 407,183	$ 406,579	$ 396,847	$ 395,944	$ 402,619	$ 423,781
General Sales and Use Taxes	167,332	210,141	224,480	232,348	221,746	223,475	236,819	259,927	287,944	324,612
Selective Sales and Use Taxes	4,473	4,932	5,308	5,712	5,741	5,921	5,879	5,200	5,799	7,554
Gross Receipts Business Taxes	26,274	30,415	30,236	31,705	33,396	35,913	34,341	33,625	33,745	34,784
Occupancy Taxes	51,726	58,678	63,878	68,414	58,800	59,734	62,968	67,937	72,770	77,064
Penalties and Interest on Delinquent Taxes	3,434	3,851	4,088	3,797	3,784	3,885	3,797	3,554	3,302	3,557
Revenues from Utilities	222,162	256,541	257,687	304,545	275,993	293,091	308,838	299,693	307,687	355,515
Investment Earnings	19,931	38,386	54,027	39,463	17,500	6,954	6,184	5,005	5,192	3,997
Miscellaneous	22,431	16,173	26,530	30,299	24,017	24,039	40,217	53,990	35,500	50,868
Gain on Sale of Capital Assets	1,507									
Special Items				8,320						
Transfers, net	2,150	1,021	(6,404)	(5,184)	498	5,429	1,404	1,156	(2,871)	1,570
Total Governmental Activities	790,558	896,866	986,172	1,098,876	1,048,658	1,065,020	1,097,294	1,126,031	1,151,687	1,283,302
Business-Type Activities:										
Investment Earnings	5,434	10,023	11,099	12,010	4,769	823	772	827	1,026	764
Miscellaneous	9,962	589	1,973	12	464	1,547	450	1,585	621	4,861
Gain on Sale of Capital Assets	96									
Special Items		10,870		(8,320)	4,528					
Transfers, net	(2,150)	(1,021)	6,404	5,184	(498)	(5,429)	(1,404)	(1,156)	(4,351)	(4,552)
Total Business-Type Activities	13,342	20,461	19,476	8,886	9,263	(3,059)	(182)	1,256	(2,704)	1,073
Total Primary Government	$ 803,900	$ 917,327	$ 1,005,648	$ 1,107,762	$ 1,057,921	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983	$ 1,284,375
Change in Net Position:										
Governmental Activities	$ (31,351)	$ (5,143)	$ 57,871	$ 48,836	$ 119,260	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)	$ 50,179
Business-Type Activities	13,450	10,329	35,016	29,904	13,435	21,147	26,502	6,381	16,443	23,157
Total Primary Government	$ (17,901)	$ 5,186	$ 92,887	$ 78,740	$ 132,695	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)	$ 73,336

[1] Net Assets and Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary
[2] Net Position was restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010	2011 [1] (Restated)	2012	2013 [2] (Restated)	2014
General Fund:										
Reserved	$ 10,923	$ 11,866	$ 16,730	$ 14,773	$ 16,100	$ 30,526				
Unreserved	108,490	149,610	143,567	190,775	190,407	199,110				
Total General Fund	$ 119,413	$ 161,476	$ 160,297	$ 205,548	$ 206,507	$ 229,636				
All Other Governmental Funds:										
Reserved	$ 188,745	$ 263,230	$ 280,443	$ 411,023	$ 377,536	$ 421,620				
Unreserved, reported in:										
Special Revenue	91,729	1,928	3,003	3,487	2,734	4,183				
Permanent	12,947	3,102	4,756	5,018	4,649	4,802				
Capital Project	361,120	238,946								
Unrestricted		176,631	380,823	279,624	354,906	298,480				
Total All Other Governmental Funds	$ 654,541	$ 683,837	$ 669,025	$ 699,152	$ 739,825	$ 729,085				
General Fund:										
Nonspendable							$ 4,939	$ 5,800	$ 6,238	$ 5,504
Restricted							1,107	1,003	718	1,032
Committed							48,540	47,035	39,603	46,882
Assigned							7,413	4,143	3,230	523
Unassigned							170,693	158,532	135,375	164,654
Total General Fund							$ 232,692	$ 216,513	$ 185,164	$ 218,595
All Other Governmental Funds:										
Nonspendable							$ 4,416	$ 5,235	$ 4,943	$ 4,716
Restricted							686,530	665,530	946,189	853,657
Committed							67,281	77,204	85,060	101,183
Assigned							13,237	12,330	19,866	24,367
Unassigned							(74,796)	(38,916)	(30,699)	(4,812)
Total All Other Governmental Funds							$ 696,668	$ 721,383	$ 1,025,359	$ 979,111

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010 [1]	2011	2012	2013 [2]	2014
Revenues:										
Taxes	$ 524,720	$ 597,379	$ 653,427	$ 718,860	$ 729,808	$ 733,694	$ 740,039	$ 766,903	$ 808,185	$ 872,987
Licenses and Permits	20,716	19,765	6,927	7,756	7,090	7,769	8,680	8,469	8,343	7,396
Intergovernmental	190,251	192,285	202,667	221,943	229,476	269,315	306,813	245,030	230,356	240,847
Revenues from Utilities	221,775	256,368	257,687	304,158	275,605	292,726	308,451	299,306	307,300	348,480
Charges for Services	107,264	120,541	136,950	148,981	143,526	144,293	117,607	122,229	131,220	153,995
Fines and Forfeits	12,025	10,948	15,114	12,249	13,111	11,506	14,124	14,807	13,925	13,597
Miscellaneous	26,848	27,305	24,498	29,471	30,631	34,393	40,626	43,989	35,308	50,955
Contributions		19,871	29,744	15,053	30,359	83,541	104,709	123,020	128,012	30,579
In-Kind Contributions[1]	24,872	15,617	13,786	16,222	13,273					
Investment Earnings	18,544	35,830	50,050	35,412	15,696	6,383	5,515	4,354	4,232	3,505
Total Revenues	1,147,015	1,295,909	1,390,850	1,510,105	1,488,575	1,583,620	1,646,564	1,628,107	1,666,881	1,722,341
Expenditures:										
General Government	69,332	80,672	114,968	117,853	85,651	92,054	93,797	105,291	94,973	74,902
Public Safety	419,634	440,231	450,664	472,904	501,560	522,982	553,324	571,221	659,949	688,987
Public Works	85,940	119,697	101,433	121,023	103,127	114,327	93,975	88,697	92,498	164,768
Health Services	88,533	86,258	92,350	90,086	90,615	96,342	102,723	100,061	36,625	52,499
Sanitation	63,116	70,509	2,824	4,372	3,764	8,596	20,020	14,590	13,190	7,050
Welfare	131,012	137,711	153,877	166,263	162,411	176,961	184,942	156,105	159,528	113,074
Culture and Recreation	79,586	87,136	85,522	132,750	127,830	123,202	132,801	132,596	146,270	142,537
Convention and Tourism	48,315	87,509	60,288	20,053	20,930	21,240	20,043	20,158	18,939	20,969
Conservation	2									
Urban Redevelopment and Housing	25,557	17,538	14,028	20,008	43,700	41,686	13,298	15,902	9,214	25,251
Education									3,500	34,750
Economic Development and Opportunity	16,337	11,678	24,821	14,637	20,307	106,645	23,951	114,927	116,838	25,524
Capital Outlay	146,850	115,229	345,047	319,663	313,944	287,722	411,270	301,381	291,038	379,309
Debt Service:										
Principal Retirement	57,581	61,865	81,835	99,385	113,316	152,605	140,975	117,265	117,595	130,412
Interest	60,202	71,848	57,190	77,271	79,723	75,614	83,981	87,327	102,965	105,417
Bond Escrow Agent		5								
Arbitrage Expenditure			42							
Issuance Costs	1,027	429	3,557	2,467	1,630	3,518	1,626	1,732	6,465	1,862
Total Expenditures	1,293,024	1,388,315	1,588,446	1,658,735	1,668,508	1,823,494	1,876,726	1,827,253	1,869,587	1,967,311
(Deficiency) of Revenues (Under) Expenditures	(146,009)	(92,406)	(197,596)	(148,630)	(179,933)	(239,874)	(230,162)	(199,146)	(202,706)	(244,970)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	192,329	70,690	382,060	381,745	205,485	413,180	176,635	218,985	793,671	223,555
Refunding Debt Issued										67,050
Payments to Refunded Bond Escrow Agent	(93,163)	(34,927)	(210,643)	(170,737)		(185,508)		(37,892)	(356,969)	(76,531)
Issuance of Notes and Loans	210,607	63,218	10,966	2,799	1,768		14,716			
Issuance of Commercial Paper			4,000	6,500	15,305					
Premium/(Discount) on Long-Term Debt	12,904	2,251	7,139	12,014	3,034	27,680	15,182	30,617	43,246	31,455
Release of Enterprise Fund Obligations				9,645						
Debt Transfer to Enterprise Fund				(11,045)						
Transfers In	159,821	228,041	335,090	341,227	411,807	361,508	336,070	368,586	694,459	528,253
Transfers Out	(160,611)	(231,290)	(350,275)	(348,140)	(415,809)	(364,600)	(340,516)	(369,827)	(698,979)	(532,384)
Total Other Financing Sources (Uses)	321,887	97,983	178,337	224,008	221,590	252,260	202,087	210,469	475,428	241,398
Net Change in Fund Balances	$ 175,878	$ 5,577	$ (19,259)	$ 75,378	$ 41,657	$ 12,386	$ (28,075)	$ 11,323	$ 272,722	$ (3,572)
Debt Service as a Percentage of Noncapital Expenditures	9.9%	10.7%	10.3%	12.4%	13.9%	14.5%	14.2%	13.1%	13.8%	14.9%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

[2] EMS was reclassed from Health Services to Public Safety

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Hotel/Motel Occupancy	Alcoholic Beverage Tax [3]	Business Tax	Penalties and Interest and Judgments	Total
2005	271,490	167,332	51,717	4,473	26,274	3,434	524,720
2006	289,348	210,141	58,672	4,932	30,823	3,464	597,380
2007	325,811	224,480	63,892	5,308	30,236	3,701	653,428
2008	376,884	232,348	68,414	5,712	31,705	3,797	718,860
2009	406,341	221,746	58,800	5,741	33,396	3,784	729,808
2010	404,766	223,475	59,734	5,921	35,913	3,885	733,694
2011	396,235	236,819	62,968	5,879	34,341	3,797	740,039
2012	396,660	259,927	67,937	5,200	33,625	3,554	766,903
2013	404,625	287,944	72,770	5,799	33,745	3,302	808,185
2014	425,416	324,612	77,064	7,554	34,784	3,557	872,987
Change:							
2005-2014	56.7%	94.0%	49.0%	68.9%	32.4%	3.6%	66.4%

[1] The City had maintained the property tax rate at a current tax rate from 2002 to 2007, and was able to reduce the property tax rate in 2008 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property).

[2] Sales and Use tax revenues increased in the past ten years, with the exception of 2009 and 2010, due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

[3] Alcoholic Beverage Tax increased in 2011 due to legislative measures, and again in 2014 due to restoration of a 2.0% administrative fee to City, plus additional legislative measures to broaden the Alcoholic Beverage Tax base.

Statistical Data

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Net Taxable Assessed Value	Total Direct Tax Rate
2005	$ 28,522,603	$ 19,030,656	$ 1,509,281	$ 2,761,668	$ 5,342,234	$ 46,481,974	0.58
2006	30,761,632	20,736,858	1,654,272	3,598,145	6,881,952	49,868,955	0.58
2007	35,144,958	23,195,079	1,728,928	4,964,661	8,265,925	56,767,701	0.58
2008	40,002,580	27,919,043	2,751,798	5,792,563	10,511,117	65,954,867	0.57
2009	42,379,588	30,763,686	2,735,402	7,973,642	11,311,176	72,541,142	0.57
2010	41,874,227	32,060,323	2,515,645	8,031,416	11,738,392	72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547 [2]	0.57
2012	41,126,475	31,052,797	2,362,451	8,114,854	11,975,378	70,681,199 [2]	0.57
2013	40,716,193	32,283,498	2,455,552	8,039,080	12,095,367	71,398,956	0.57
2014	41,251,546	34,899,935	2,494,938	8,336,790	12,371,142	74,612,067	0.57

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include historic properties, tax phase-ins, freeport, and transitional housing.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

Statistical Data

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2005	2004	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.629600	1.680000
2006	2005	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.656600	1.680000
2007	2006	0.367040	0.211500	0.578540	0.137050	0.314147	0.243869	0.016425	1.486600	1.520000
2008	2007	0.360800	0.211500	0.572300	0.134550	0.326866	0.237408	0.015951	1.156600	1.190000
2009	2008	0.355640	0.211500	0.567140	0.135855	0.326866	0.266235	0.015951	1.162000	1.319500
2010	2009	0.354190	0.211500	0.565690	0.135855	0.326866	0.276235	0.015951	1.168000	1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.198000	1.296000
2012	2011	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.017370	1.218000	1.296000
2013	2012	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017370	1.218000	1.275000
2014	2013	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017500	1.205000	1.275000

		Overlapping Rates									
Fiscal Year	Tax Roll	Edgewood ISD	Harlandale ISD	Judson ISD	Northeast ISD	Northside ISD	San Antonio ISD	Somerset ISD	South San Antonio ISD	Southside ISD	Southwest ISD
2005	2004	1.734500	1.756000	1.776000	1.794000	1.762500	1.722000	1.685000	1.738300	1.720000	1.642200
2006	2005	1.722200	1.756000	1.776000	1.794000	1.775000	1.720000	1.685000	1.840000	1.720000	1.618800
2007	2006	1.610000	1.700000	1.636000	1.669000	1.592500	1.579700	1.536700	1.710000	1.690000	1.496000
2008	2007	1.405000	1.349000	1.410000	1.402900	1.262500	1.249700	1.194000	1.445000	1.360000	1.195000
2009	2008	1.405000	1.479000	1.463000	1.402900	1.337500	1.249700	1.228000	1.433800	1.368990	1.243200
2010	2009	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368990	1.256100
2011	2010	1.407000	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368990	1.222600
2012	2011	1.398000	1.538500	1.425000	1.402900	1.375500	1.357600	1.278000	1.454900	1.368900	1.273000
2013	2012	1.398000	1.538500	1.425000	1.425000	1.375500	1.357600	1.278000	1.451500	1.368900	1.401622
2014	2013	1.382600	1.528800	1.425000	1.425000	1.375500	1.357600	1.278000	1.451500	1.368900	1.401622

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

Statistical Data
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H.E.Butt Grocery Stores	$ 826,933	1	1.10%	$ 525,786	1	1.13%
Toyota Motor Manufacturing Texas	440,403	2	0.59%			
Methodist Healthcare System	386,566	3	0.51%	173,423	5	0.37%
VHS San Antonio Partners LP	379,545	4	0.50%			
Wal-Mart Stores, Inc.	346,274	5	0.46%	219,857	4	0.47%
United Services Automobile Association	312,108	6	0.42%	309,480	3	0.67%
Hyatt Regency Hotels	296,628	7	0.39%	105,758	9	0.23%
Mariott Corporation	238,660	8	0.32%	166,114	6	0.36%
La Cantera Retail LTD Partnership	237,166	9	0.32%			
AT&T (previously Southwestern Bell Telephone Company)	202,394	10	0.27%	348,918	2	0.75%
Time Warner				123,028	7	0.26%
Simon Properties Group (Texas)				102,988	10	0.22%
North Star Mall				116,484	8	0.25%
Total	$ 3,666,677		4.88%	$ 2,191,836		4.71%

Source: City of San Antonio

Statistical Data

Property Tax Levies and Collections

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2] [3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	$ 268,917	$ 264,393	98.32%	$ 3,667	$ 268,060	99.68%
2006	288,512	283,418	98.23%	3,941	287,359	99.60%
2007	326,326	321,211	98.43%	3,789	325,000	99.59%
2008	372,823	366,888	98.41%	3,781	370,669	99.42%
2009	405,010	398,119	98.30%	3,632	401,751	99.20%
2010	405,896	397,356	97.90%	3,439	400,795	98.74%
2011	396,621	389,419	98.18%	3,820	393,239	99.15%
2012	395,466	389,217	98.42%	3,533	392,750	99.31%
2013	400,055	394,756	98.68%	2,065	396,821	99.19%
2014	418,177	413,452	98.87%		413,452	98.87%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Amounts represent the taxes levied during that fiscal year-end that were collected in subsequent fiscal years.

Statistical Data
Taxable Sales by Category
Last Ten Calendar Years
(In Thousands)

	Calendar Year [1]									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Motor Vehicle and Parts Dealers	$ 3,682,539	$ 4,530,840	$ 4,279,474	$ 4,741,297	$ 4,255,879	$ 3,748,520	$ 4,433,993	$ 4,992,543	$ 5,800,519	$ 6,242,321
Furniture and Home Furnishings Stores	451,644	558,900	632,722	623,580	587,033	543,871	534,378	531,298	660,701	595,966
Electronics and Appliance Stores	795,617	922,766	1,092,875	1,105,409	933,284	869,489	883,394	1,173,505	1,270,747	1,069,591
Building Material and Garden Equipment and Supplies Dealers	997,618	1,071,339	1,184,707	1,184,077	1,179,431	1,144,487	1,193,047	1,345,821	1,474,677	1,653,623
Food and Beverage Stores [2]	2,416,103	2,553,203	2,744,361	2,947,324	3,233,292	3,296,735	3,360,128	3,850,446	3,770,484	4,261,436
Health and Personal Care Stores	1,191,515	1,521,135	1,729,193	1,952,449	1,895,026	1,265,431	1,266,153	1,758,122	1,668,709	1,706,340
Gasoline Stations	1,087,281	1,270,710	1,482,688	1,553,859	1,684,077	1,312,607	1,557,800	1,843,246	2,214,699	1,864,947
Clothing and Clothing Accessories Stores [3]	916,003	939,403	1,042,774	1,083,057	1,083,856	1,011,987	1,068,586	1,133,418	1,275,161	1,332,480
Sporting Goods, Hobby, Book and Music Stores	415,861	437,902	390,546	405,698	528,716	542,502	674,629	629,928	657,522	718,030
General Merchandise Stores	2,204,383	2,554,982	2,884,279	3,142,862	3,229,483	3,173,001	3,234,093	3,376,580	3,506,042	3,602,616
Miscellaneous Store Retailers	741,205	789,071	846,862	982,130	818,767	774,875	808,292	861,017	896,706	973,027
Nonstore Retailers	90,393	86,138	81,602	107,407	114,534	98,354	117,890	146,821	146,666	170,897
Food Services and Drinking Places	2,048,179	2,228,510	2,371,142	2,530,543	2,653,768	2,640,952	4,011,106	2,994,004	3,253,930	3,438,648
Total	$ 17,038,341	$ 19,464,899	$ 20,763,225	$ 22,359,692	$ 22,197,146	$ 20,422,811	$ 23,143,489	$ 24,636,749	$ 26,596,563	$ 27,629,922
City Direct Sales Tax Rate	1.000%	1.000%	1.000%	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.250% [4 5]

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2014 information will not be available until May of 2015.

[2] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[3] Clothing under $100 is exempt during the sales and use tax holiday in August.

[4] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

[5] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

Statistical Data
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	San Antonio Tax	PreK4SA Tax[4]	San Antonio ATD [1]	San Antonio MTA [2]	State of Texas	Total
2005	1.000%		0.250%	0.500%	6.250%	8.000%
2006 [3]	1.125%		0.250%	0.500%	6.250%	8.125%
2007	1.125%		0.250%	0.500%	6.250%	8.125%
2008	1.125%		0.250%	0.500%	6.250%	8.125%
2009	1.125%		0.250%	0.500%	6.250%	8.125%
2010	1.125%		0.250%	0.500%	6.250%	8.125%
2011	1.125%		0.250%	0.500%	6.250%	8.125%
2012	1.125%		0.250%	0.500%	6.250%	8.125%
2013 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2014 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%

[1] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

[2] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

[3] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

[4] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

[5] The City is currently at its Sales and Use Tax Rate maximum limit of 8.25%.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation	Taxable Certificates of Obligation	Tax Notes	Contractual Obligations	Revenue Bonds	Revenue Notes	Capital Leases	Notes Payable
2005	$ 658,450	$ -	$ -	$ 194,675	$ 6,850	$ -	$ -	$ 556,152	$ -	$ 7,232	$ 1,369
2006	612,290	10,785		183,455	6,170	37,600		551,767		10,267	58,005
2007	657,595	9,685	4,000	218,185	290	60,000		554,372		14,465	56,171
2008	717,275		10,500	291,380	225	17,925		578,412		12,685	54,958
2009	731,270		25,805	348,235	155	48,095		570,252		10,567	53,355
2010	721,350	191,550	14,370	303,635	80	28,860		557,387		5,796	50,880
2011	708,055	191,550		356,870		27,450		575,115		17,045	48,816
2012	810,275	191,550		332,685		32,015		564,371		14,193	46,631
2013	850,645	191,550		328,140		19,190		878,564	18,460	15,285	43,671
2014	950,405	191,550		282,235		38,070	17,500	870,919	28,055	8,916	41,320

Business-Type Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Certificates of Obligation	Tax Notes	Revenue Bonds	Capital Leases	Total Primary Government[2]	Percentage of Personal Income [1]	Per Capita [1]
2005	$ -	$ 12,115	$ -	$ -	$ 272,100	$ 263	$ 1,709,206	6.73%	$ 1,316
2006					261,885	115	1,732,339	6.51%	1,310
2007					251,370	2,678	1,828,811	7.01%	1,394
2008	940	8,555	2,805		395,695	14,946	2,106,301	7.62%	1,585
2009	905	17,575	2,715		360,380	24,664	2,193,973	7.63%	1,637
2010	1,345	16,875	2,135	34,500	344,525	25,615	2,298,903	8.13%	1,742
2011	1,310	16,075	2,035		406,300	21,140	2,371,761	8.35%	1,788
2012	1,270	14,900	1,935		379,665	21,312	2,410,802	8.30%	1,773
2013	1,230	13,600	1,830		361,550	16,105	2,739,820	8.91%	1,981
2014	1,255	12,120	1,635		342,885	16,471	2,803,336	8.88%	1,990

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

[2] In Fiscal Year 2014, unamortized premium and deferred amounts on refunding were removed from this table.

Statistical Data
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental and Business-Type Activities									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Contractual Obligations	Revenue Notes	Total [1]	Less Principal [1]	Net Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita [2]
2005	$ 670,565	$ 201,525	$ -	$ -	$ -	$ 872,090	$ (21,473)	$ 850,617	1.83%	$ 654.72
2006	623,075	189,625	37,600			850,300	(25,680)	824,620	1.65%	623.34
2007	667,280	218,475	60,000			945,755	(31,553)	914,202	1.61%	696.65
2008	726,770	294,410	17,925			1,039,105	(39,898)	999,207	1.51%	751.86
2009	749,750	351,105	48,095			1,148,950	(45,036)	1,103,914	1.52%	823.48
2010	931,120	305,850	63,360			1,300,330	(39,295)	1,261,035	1.73%	955.70
2011	916,990	358,905	27,450			1,303,345	(38,857)	1,264,488	1.78%	953.22
2012	1,017,995	334,620	32,015			1,384,630	(46,141)	1,338,489	1.89%	984.38
2013	1,057,025	329,970	19,190		18,460	1,424,645	(24,866)	1,399,779	1.96%	1,011.99
2014	1,155,330	283,870	38,070	17,500	28,055	1,522,825	(23,788)	1,499,037	2.01%	1,063.89

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Information is provided for the years since the implementation of GASB Statement No. 34.

[1] Airport, Parking, and Solid Waste untilized part of this debt from FY 2005 to FY 2014, refer to note 6.

[2] Resources have been externally restricted for the repayment of the principal of debt.

[3] Population data can be found in Demographic and Economic Statistics.

Statistical Data

Direct and Overlapping Governmental Activities Debt

As of September 30, 2014

(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 478,668	71.87%	$ 344,019
Bexar County Bonds	1,381,664	72.42%	1,000,601
San Antonio River Authority Bonds	30,923	70.20%	21,708
University Health System	708,704	70.45%	499,282
Alamo Heights Independent School District Bonds	100,158	49.35%	49,428
East Central Independent School District Bonds	63,721	42.27%	26,935
Edgewood Independent School District Bonds	76,175	100.00%	76,175
Harlandale Independent School District Bonds	175,839	100.00%	175,839
Judson Independent School District Bonds	431,313	30.00%	129,394
Northeast Independent School District Bonds	1,423,838	84.34%	1,200,865
Northside Independent School District Bonds	1,957,443	75.57%	1,479,240
San Antonio Independent School District Bonds	532,972	99.21%	528,762
Somerset Independent School District Bonds	31,099	2.20%	684
South San Antonio Independent School District Bonds	174,947	100.00%	174,947
Southside Independent School District Bonds	49,180	20.99%	10,323
Southwest Independent School District Bonds	234,563	53.13%	124,623
Total Overlapping Debt			$ 5,842,825
City Direct Debt			$ 2,429,452
Total Direct and Overlapping Debt			$ 8,272,277

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

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

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	$ 86,983,209
Debt Limit (10.0% of Assessed Value)	8,698,321
Debt Applicable to Limit:	
Total Bonded Debt	1,494,770
Less: Self-Supporting Debt:	(69,915)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(43,455)
Total Net Debt Applicable to Limit	1,381,400
Legal Debt Margin	$ 7,316,921

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	$ 5,182,421	$ 5,675,091	$ 6,503,363	$ 7,646,598	$ 8,385,232	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432	$ 8,698,321
Total Net Debt Applicable to Limit	919,223	913,972	879,538	917,865	986,437	1,159,482	1,177,644	1,246,134	1,297,787	1,381,400
Legal Debt Margin	$ 4,263,198	$ 4,761,119	$ 5,623,825	$ 6,728,733	$ 7,398,795	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645	$ 7,316,921
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.7%	16.1%	13.5%	12.0%	11.8%	13.7%	14.2%	15.1%	15.5%	15.9%

Note: City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10.0% of assessed valuation

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Hotel Occupancy Tax Revenue Bonds[3]				Texas Convention Center Hotel Finance [1 2]			
	Hotel Occupancy Tax	Debt Service		Coverage	Net Revenues of Hotel	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2005	$ 40,266	$ 800	$ 9,926	3.75	$ -	$ -	$ 1,073	
2006	45,634	1,375	9,910	4.04			10,442	
2007	49,711	3,100	8,865	4.15			10,442	
2008	53,211	245	6,960	7.39			10,442	
2009	45,733	4,255	5,539	4.67			10,442	
2010	46,460	7,265	4,199	4.05		2,150	10,442	
2011	48,975	7,660	3,952	4.22		2,320	10,345	
2012	52,840	8,385	3,819	4.33		2,500	10,238	
2013						2,690	10,122	
2014						2,895	9,993	

Fiscal Year	Municipal Drainage Utility System				Starbright Industrial Development Corporation			
	Municipal Drainage Utility System Revenue	Debt Service		Coverage	Pledged Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2005	$ 26,382	$ 1,065	$ 2,926	6.61	$ 213,384	$ -	$ 1,138	187.51
2006	27,758	2,410	4,896	3.80	246,084		1,138	216.24
2007	29,540	2,495	4,811	4.04	248,540	525	1,138	149.45
2008	33,485	2,590	4,719	4.58	293,796	535	1,126	176.88
2009	36,306	2,685	4,617	4.97	265,512	550	1,113	159.66
2010	36,972	2,795	4,507	5.06	283,502	565	1,097	170.58
2011	37,576	2,915	4,390	5.14	297,630	585	1,078	178.97
2012	38,187	3,055	4,253	5.23	288,096	605	1,057	173.34
2013	38,847	3,200	2,851	6.42	293,310		605	484.81
2014	39,279	3,245	3,312	5.99	331,717		734	451.93

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] Texas Convention Center Hotel Finance interest for FY 2005-2007 has been capitalized.

[2] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the State Sales Tax collected at the Hotel; fourth, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fifth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

[3] In fiscal year 2013 the City refunded all Hotel Occupancy Tax Revenue Bonds

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Airport System				Parking System [1]			
		Debt Service				Debt Service		
Fiscal Year	Airport System Revenues	Principal	Interest	Coverage	Parking System Revenues	Principal	Interest	Coverage
2005	$ 52,404	$ 7,545	$ 9,866	3.01	$ 10,349	$ 450	$ 1,347	5.76
2006	60,774	7,910	9,526	3.49	11,160	600	1,325	5.80
2007	65,487	8,245	8,749	3.85	10,263	620	1,295	5.36
2008	65,935	8,310	11,466	3.33	11,173	660	1,264	5.81
2009	61,353	9,665	12,456	2.77				
2010	63,878	5,380	11,770	3.72				
2011	63,761	13,325	11,661	2.55				
2012	62,300	12,845	10,200	2.70				
2013	61,370	13,190	10,750	2.56				
2014	67,800	13,440	9,874	2.91				

	PFC Operations						
					Debt Service		
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2005	$ 16,908	$ 9,978	$ 4,648	$ 22,238	$ 845	$ 2,282	7.11
2006	20,960	10,682	10,361	21,281	1,705	3,719	3.92
2007	26,293	12,678	6,050	32,921	1,775	3,651	6.07
2008	31,601	17,115	5,257	43,459	3,965	6,128	4.31
2009	32,024	16,116	13,216	34,924	3,535	7,222	3.25
2010	30,752	16,766	6,049	41,469	3,690	7,066	3.86
2011	32,498	16,197	7,926	40,769	4,845	7,783	3.23
2012	25,200	16,364	3,725	37,839	4,795	7,605	3.05
2013	21,542	16,064	715	36,891	4,925	7,904	2.88
2014	21,165	15,318	10	36,473	5,225	7,609	2.84

(End of Schedule)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2009 the City defeased its Parking System Series 2000 Revenue Bonds. The outstanding debt is not pledged with revenues of the Parking System.

Statistical Data
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	1,299,200	$ 25,386,368	$ 19,540	32.2	279,756	4.4%
2006	1,322,900	26,603,519	20,110	33.2	283,393	3.8%
2007	1,312,286	26,093,495	19,884	32.6	291,873	4.0%
2008	1,328,984	27,653,499	20,808	32.8	295,673	5.4%
2009	1,340,549	28,750,754	21,447	32.6	296,328	6.8%
2010	1,319,492	28,260,879	21,418	32.1	387,343	7.3%
2011	1,326,539	28,421,098	21,425	32.8	392,897	6.7%
2012	1,359,730	29,038,394	21,356	32.7	396,718	5.9%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.3%
2014	1,409,019	31,581,326	22,414	33.0	407,047	4.9%

Sources: Population, personal income, per capita income, median age, school enrollment, and education level information provided by the Planning Department, City of San Antonio, Texas. Unemployment rate provided by the United States Department of Labor, Bureau of Labor Statistics.

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

	2014			2005		
Employer	Employees	Rank	Percentage of Total City Employment [1]	Employees	Rank	Percentage of Total City Employment [2]
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	80,165	1	8.86%			
H.E.B. Food Stores	20,000	2	2.21%			
USAA	16,000	3	1.77%	13,965	1	1.85%
Northside Independent School District	13,000	4	1.44%	10,320	2	1.36%
City of San Antonio	11,326	5	1.25%	9,601	3	1.27%
North East Independent School District	9,141	6	1.01%	7,574	6	1.00%
Methodist Health Care System	8,118	7	0.90%	7,027	8	0.93%
San Antonio Independent School District	7,425	8	0.82%	7,685	5	1.02%
Baptist Health Systems	7,205	9	0.80%			
Wells Fargo	6,500	10	0.72%			
SBC Communications (AT&T)				5,941	9	0.79%
Fort Sam Houston				8,160	4	1.08%
Alamo Community College District				7,200	7	0.95%
University Health System				5,000	10	0.66%
Total	178,880		19.78%	82,473		10.91%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2014, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 905,100 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2014. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 756,700 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2005 Figure provided by the Texas Workforce Commission.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program:										
Mayor and Council	18	17	18	17	17	17	15	18	19	18
City Manager	12	13	24	22	17	17	17	15	18	18
Administrative Services [1 6]		185								
Alamodome [7]	48	46								
Animal Care Services [4]		77	83	100	104	108	103	117	116	109
Asset Management [2]	128	212	212							
Aviation Uniformed Officers	28	28	28	28	27	30	31	33	52	49
Aviation Civilian Employees	342	360	382	417	424	415	409	425	338	322
Building & Equipment Services [11]			182	155	161	147	157	256	250	155
Capital Improvements Management Services (CIMS)[21]				137	183	196	200	200	198	
Center City Development [9]							6	7	7	121
City Attorney	90	93	92	108	104	104	99	95	94	84
City Auditor	19	13	25	23	22	22	20	21	21	21
City Clerk	18	20	22	24	24	20	21	22	27	30
Code Compliance [3]	103									
Communications and Public Affairs [5 18]		6	8	8	9	8	13	16	16	56
Contract Services [1 2]	15									
Convention and Visitors Bureau	67	67	75	86	90	86	84	132	127	80
Convention Facilities [7]	243	252								
Convention, Sports and Entertainment Facilities [7]			276	308	298	280	290	311	292	297
Creative and Cultural Affairs	10	9	11	12	12	11	12	12	19	20
Customer Services/311 System[18]	51	58	52	62	62	56	59	52	42	
Development Services[13 8]	204	219	244	217	220	200	225	199	195	221
Downtown Operations[20]			67	174	174	160	140	143	123	
Eastpoint[19]										15
Early Education Development									146	300
Economic and Employment Development	34	37	37	38	35	33	24	27	21	24
External Relations [5]	13									
Finance[12]	77	71	87	91	87	82	89	134	186	145
Firefighters and EMS	1414	1435	1450	1448	1533	1568	1,606	1,612	1,641	1,655
Fire Department Civilian Employees	110	95	114	103	133	159	144	124	107	112
Grants Monitoring and Administration[15]			20	22	21	25	22	16		
Health [4]	602	510	483	365	365	360	345	314	295	292
Housing and Community Development [3]	25	23								
Human Resources	69	67	77	91	85	73	69	84	80	105
Human Services [10]	357	331	331	335	319	278	251	286	285	255
Information Technology Services	225	212	196	208	218	214	199	194	317	309
Intergovernmental Relations [5]		4	5	5	5	5	5	5	5	7
International Affairs[14]	12	12	10	10	10	8	4	4		
Library	294	311	315	336	331	300	321	497	468	297
Municipal Court	169	174	164	156	166	174	182	188	171	175
Neighborhood Action [3]	49									
Housing and Neighborhood Services [3 17]		153	156	167	173	154	131	133	134	
Non Departmental[14]	21	19	21	35	24	36	36	30	53	35
Office of Historic Preservation[16]										12
Office of Management and Budget	17	17	14	14	18	17	23	22	21	26
Parks and Recreation	817	812	703	624	646	617	602	630	587	566
Planning and Community Development [8 15]	35	33	40	36				48	57	189
Police Officers	1964	1988	2031	2078	2186	2229	2,261	2,276	2,311	2,333
Police Department Civilian Employees	545	562	552	523	638	599	585	565	547	506
Public Works [21]	861	750	740	647	636	610	591	600	547	
Purchasing [1]	180									
Purchasing and Contract Services [2 6 12]			8	147	131	136	131	2		
Solid Waste Management	512	515	468	460	452	455	447	521	512	578
Special Projects	1									
Transportation and Capital Improvments[21]										698
Total	**9,799**	**9,806**	**9,823**	**9,837**	**10,160**	**10,009**	**9,969**	**10,386**	**10,445**	**10,235**

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Source: City of San Antonio, Texas. Figures account for actual employment positions filled

[1] In fiscal year 2006 the Purchasing and Contract Services Departments were combined to form the Administrative Services Department

[2] The Contract Services Department began as a division of Asset Management in FY 2001. In fiscal year 2004, they became their own separate department and in fiscal year 2008 they were moved into Purchasing and Contract Service

[3] In fiscal year 2006 the Neighborhood Action and Code Compliance Departments were combined then in fiscal year 2007 this combined with Housing to form the Housing and Neighborhood Services Departmen

[4] Prior to fiscal year 2006 Animal Care Services was part of the Health Department.

[5] During fiscal year 2006 the External Relations Department divided to form the Intergovernmental Relations and the Communications and Public Affairs Department

[6] In fiscal year 2007 Administrative Services was divided into two new departments, forming the Fleet Maintenance and Operations and Purchasing and Contract Services Department

[7] In fiscal year 2007 Alamodome and Convention Facilities were combined to form the Convention, Sports and Entertainment Facilities Department

[8] In fiscal year 2009 Planning and Community Development was combined with Development Services and then split back up in fiscal year 2012

[9] In fiscal year 2011 Center City Development was separated from Economic and Employment Development

[10] In fiscal year 2011 Community Initiatives was renamed Human Services.

[11] In fiscal year 2012 Fleet Maintenance Operations was renamed Building & Equipment Services

[12] In fiscal year 2012 Purchasing and Contract Services was combined with Finance.

[13] In fiscal year 2012 Code Compliance was combined with Development Services

[14] In fiscal year 2013 International Affairs was combined with Non Departmental

[15] In fiscal year 2013, Grants Monitoring and Administration was combined with Planning and Community Development

[16] In fiscal year 2014, Office of Historic Preservation split from Development Services

[17] In fiscal year 2014, Housing and Neighborhood services combined with Planning and Community Development

[18] In fiscal year 2014, Customer Services/311 Systems combined with Communications and Public Affairs.

[19] In fiscal year 2014, Eastpoint department was established.

[20] In fiscal year 2014, Downtown Operations was combined with Center City Development

[21] In fiscal year 2014, Public Works and CIMS combined to form Transportation and Capital Improvements

Statistical Data

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program:										
Police:										
Physical Arrests [1]	82,158	80,794	75,516	88,078	123,038	186,181	161,604	165,319	164,310	180,667
Parking Violations	111,863	93,888	104,309	110,670	81,480	76,142	62,170	78,612	77,570	76,128
Traffic Violations	271,655	222,326	200,371	236,792	266,866	254,011	165,908	266,157	226,084	215,164
Fire:										
Fire Incidents	84,573	89,426	90,389	100,104	101,421	104,253	114,087	108,507	105,404	99,191
Fires Extinguished	8,370	9,719	7,292	5,305	4,839	2,390	3,121	2,218	2,420	2,371
Inspections	16,223	16,612	19,986	24,718	23,149	22,459	21,180	25,057	23,891	24,517
Solid Waste:										
Refuse Collected (tons per day)	1,690	1,709	1,818	1,842	1,698	1,376	1,137	1,123	1,138	1,084
Recyclables Collected (tons per day)	98	100	149	217	285	478	446	501	593	504
Other Public Works:										
Street Resurfacing (miles)	128.46	115.46	140.09	185.31	453.20	423.00	275.00	348.00	252.00	241.00
Potholes Repaired	27,294	17,290	23,724	12,919	12,120	42,240	15,137	11,431	10,465	12,955
Parks and Recreation:										
Athletic Field Permits Issued	1,854	1,955	1,674	1,628	1,939	1,945	3,939	4,273	4,746	5,043
Community Center Reservations	3,027	2,805	3,079	2,190	2,220	1,930	1,735	2,015	2,198	2,097
Library:										
Volumes in Collection	1,970,661	2,155,843	2,091,735	2,164,172	2,188,219	2,241,491	2,333,032	2,216,722	2,155,139	2,139,234
Volumes in Circulation	5,876,331	6,030,777	5,935,818	6,374,109	6,616,776	6,601,175	6,733,534	7,354,466	7,396,057	7,177,889
Water:										
Customers	315,000	325,944	336,434	344,168	348,834	352,059	356,546	360,281	365,099	367,408
Water Main Breaks	1,305	2,577	3,073	1,392	2,594	3,212	1,475	3,397	2,128	1,863
Average Daily Consumption (millions of gallons)	143.7	172.2	181.6	169.2	194.9	181.4	188.0	204.5	192.2	189.1
Maximum Daily Consumption (millions of gallons)	196.5	278.1	269.0	224.0	299.1	243.5	266.02	265.6	264.0	270.2
Wastewater:										
Amount Treated Peak Day (millions of gallons)	297.0	212.0	169.0	294.0	174.0	194.0	258.0	160.0	199.0	221.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	6	6	6	6	6	6	6	6	6	6
Marked Patrol Units [1]	554	555	559	580	668	680	716	716	716	716
Fire:										
Fire Stations	49	50	50	50	50	50	50	51	51	51
Solid Waste:										
Garbage Trucks	129	137	147	193	224	49	65			
Recycling Trucks [2]	46	46	37	35	23					
Dual Purpose Collection Vehicles [2]						120	160	323	333	349
Other Public Works:										
Streets (miles)	3,953	4,022	3,981	4,018	4,018	4,064	4,066	4,066	4,066	4,066
Highways (miles)	911	911	911	1,004	1,004	1,046	1,036	1,036	1,140	1,180
Streetlights	64,678	64,848	75,490	76,696	77,674	79,468	79,468	70,714	71,531	71,877
Traffic Signals	1,139	1,153	1,180	1,197	1,226	1,288	1,299	1,317	1,332	1,366
Parks and Recreation:										
Acreage	16,151	16,660	18,384	18,914	14,241	14,282	14,288	14,519	14,822	14,866
Playgrounds	115	116	119	114	151	148	154	166	177	178
Baseball/Softball Diamonds	111	112	112	112	129	129	129	129	129	130
Soccer/Football Fields	61	62	62	62	93	93	93	94	94	94
Golf Courses	6	6	6	6	6	6	6	6	6	6
Swimming Pools	23	24	24	24	25	27	26	26	26	26
Community Centers	26	26	29	29	31	30	30	30	30	30
Water:										
Water Mains (miles)	4,324	4,404	4,525	4,673	4,802	4,866	4,936	4,988	5,022	5,072
Fire Hydrants	22,691	23,212	23,964	25,004	25,955	26,599	27,115	27,566	27,914	28,323
Storage Capacity (millions of gallons)	161.5	142.0	166.0	164.0	165.0	166.2	180.8	184.1	183.7	197.4
Wastewater:										
Sewer Mains (miles)	4,533	4,607	4,739	4,877	5,001	5,085	5,118	5,163	5,200	5,238
Storm Sewers (miles)	498.0	498.0	498.0	498.0	498.0	498.0	581.0	581.0	581.0	700.0
Permitted Treatment Capacity (millions of gallons)	225.5	225.5	225.5	179.5	187.0	187.0	187.0	187.0	187.0	187.0

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.

[2] The recycle only vehicles have been removed from the fleet. COSA has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

FY 2014

FEDERAL SECTION

Summary Schedule of Federal Awards by Type
Last Two Fiscal Years

Grant Type	Fiscal Year 2014	Fiscal Year 2013	Variance Increase (Decrease)
Federal Categorical Grants:			
Social Services	$ 60,540,370	$ 70,231,537	$ (9,691,167)
Air Transportation	27,838,320	23,556,391	4,281,929
Public Health	16,350,239	14,350,195	2,000,044
Criminal Justice	3,783,421	4,212,740	(429,319)
Recreation and Culture	2,113,865	1,282,798	831,067
Economic Development	4,353,551	1,500,000	2,853,551
Emergency Management	2,911,064	2,750,274	160,790
Environmental Quality	1,506,854	477,963	1,028,891
Total Federal Categorical Grants	$ 119,397,684	$ 118,361,898	$ 1,035,786
Federal Block Grants:			
Community Development Block Grant	$ 11,772,041	$ 11,559,540	$ 212,501
HOME Program Block Grant	3,745,405	3,872,708	(127,303)
Total Federal Block Grants	$ 15,517,446	$ 15,432,248	$ 85,198
Total Federal Grants	$ 134,915,130	$ 133,794,146	$ 1,120,984

The City's Federal awards increased over the prior year by $1.1 million. Social Services had a $9.7 million decrease from fiscal year 2013 due to money previously awarded to the City now being directly awarded to the agencies as well as an additional $1.5 million in Child Care Services funds being reclassed as State dollars. This decrease is offset with an increase in grants from the Federal Aviation Administration for $4.3 million for airport repairs and taxiway rehabilitation. Economic Development and Environmental Quality both had first time grants from TXDoT for $3.7 million and $1.0 million, respectively, for transportation enhancements. Public Health grants increased by $2.0 million due to increased public health state support projects.

Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U. S. Department of Agriculture:				
Pass Through - Texas Department of State Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children:				
WIC 2012-2013	10.557	2013-042718	26-01636101	$ 24,164
WIC 2013-2014	10.557	2014-045067	26-01636124	6,120,769
Total Special Supplemental Nutrition Program for Women, Infants, and Children				$ 6,144,933
Pass Through - Texas Health and Human Services Commission:				
Summer Food Service Program for Children:				
Summer Food Program 2013	10.559	CE ID 01566	26-02026007	$ (162)
Summer Food Program 2014	10.559	CE ID 01566	26-02026008	627,764
Total Summer Food Service Program for Children				$ 627,602
Total U.S. Department of Agriculture				$ 6,772,535
Department of Commerce:				
Direct Program				
Public Works & Economic Development Facilities Grant:				
Walters Street Revitalization Initiative	11.301	08-01-04548	26-05380001	$ 246,833
Total U.S. Department of Commerce				$ 246,833
U.S. Department of Defense:				
Direct Program				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation:				
Office of Military Transformation 2011	12.607	RA06185-11-04	26-03248003	$ (69,805)
Office of Military Transformation 2013	12.607	RA06185-12-05	26-03248005	261,863
Total Community Economic Adjustment Assistance				$ 192,058
Total U.S. Department of Defense				$ 192,058
U.S. Department of Housing and Urban Development:				
Direct Programs				
Housing Counseling Assistance Program:				
Housing Counseling Program 2012-TSAHC	14.169	MOU	26-05438032	$ 9,355
Housing Counseling Program 2013	14.169	HC13-0821-055	26-05438035	(3,179)
Housing Counseling Program 2014	14.169	HC14-0821-012	26-05438039	15,009
Total Housing Counseling Assistance Program				$ 21,185
Community Development Block Grants/Entitlement Grants:				
Community Development Program - 28th Year	14.218	B02MC480508	28-028000	$ 172,364
Community Development Program - 29th Year	14.218	B03MC480508	28-029000	(903,597)
Community Development Program - 30th Year	14.218	B04MC480508	28-030000	(488)
Community Development Program - 31st Year	14.218	B05MC480508	28-031000	(144,094)
Community Development Program - 32nd Year	14.218	B06MC480508	28-032000	168,503
Community Development Program - 34th Year	14.218	B08MC480508	28-034000	404,364
Community Development Program - 35th Year	14.218	B09MC480508	28-035000	846,929
Community Development Program - 36th Year	14.218	B10MC480508	28-036000	367,411
Community Development Program - 37th Year	14.218	B11MC480508	28-037000	593,752
Community Development Program - 38th Year	14.218	B12MC480508	28-038000	1,402,451
Community Development Program - 39th Year	14.218	B13MC480508	28-039000	5,549,485
Neighborhood Stabilization Grant	14.218	B08MN480501	23-28000001	123,197
CDBG Investment Partnerships Program Outstanding Loans	14.218	Various	Various	4,426,746
Neighborhood Stabilization Grant Program Outstanding Loans	14.218	Various	Various	4,361,882
Total Community Development Block Grants/Entitlement Grants				$ 17,368,905
Community Development Entitlement Grants-Section 108 Loan Guarantees:				
Community Development Block Grants - Section 108 Loans	14.248	MC480508	27-040000	$ 6,524,407
Emergency Solutions Grants Program:				
ESG 2011-2013	14.231	E11MC480508	26-05438025	$ 136
ESG 2011-2013 Supplemental Funds	14.231	E11MC480508	26-05438030	73,529
ESG 2012-2014	14.231	E12MC480508	26-05438031	412,983
ESG 2013-2015	14.231	E13MC480508	26-05438036	695,950
Total Emergency Solutions Grants Program				$ 1,182,598
Supportive Housing Program:				
SHP 2011	14.235	TXB6J001104	26-05438028	$ 116
SHP 2012	14.235	TX7L6J001205	26-05438034	245,529
SHP 2013	14.235	TX0007L5J00XXXX	26-05438038	64,801
Total Supportive Housing Program				$ 310,446
Subtotal U.S. Department of Housing and Urban Development				$ 25,407,541

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development (Continued):				
Direct Programs (Continued)				
HOME Investment Partnerships Program:	*			
HOME Program Grant - 15th Year	14.239	M06MC480508	25-015000	$ 87,906
HOME Program Grant - 17th Year	14.239	M08MC480508	25-017000	117,314
HOME Program Grant - 18th Year	14.239	M09MC480508	25-018000	126,658
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000	565,482
HOME Program Grant - 20th Year	14.239	M11MC480508	25-020000	997,729
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000	2,161,258
HOME Program Grant - 22st Year	14.239	M13MC480508	25-022000	458,043
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various	26,525,007
Total HOME Investment Partnerships Program				$ 31,039,397
Housing Opportunities for Persons with AIDS:				
HOPWA 2011-2014	14.241	TXH11F005	26-05438026	$ 11,306
HOPWA 2012-2015	14.241	TXH12F005	26-05438029	56,653
HOPWA 2013-2016	14.241	TXH13F005	26-05438037	1,120,145
Total Housing Opportunities for Persons with AIDS				$ 1,188,104
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants:				
Railway Safety Classroom Building	14.251	B-08-SP-TX-0146	26-05420001	$ 7,991
Lead Hazard Reduction Demonstration Grant Program:				
Lead Hazard Reduction Demonstration 2011-2014	14.905	TXLHD0226-11	26-05461003	$ 516,719
Lead Hazard Reduction Demonstration 2013-2016	14.905	TXLHD0259-13	26-05450001	78,582
Total Lead Hazard Reduction Demonstration Grant Program				$ 595,301
Healthy Homes Production Grant Program:				
Healthy Homes Production Grant	14.913	TXHHP0009-11	26-05461004	$ 423,377
Total U.S. Department of Housing and Urban Development				$ 58,661,711
U.S. Department of the Interior:				
Pass Through - Texas Historical Commission				
Historic Preservation Fund Grants-In-Aid:				
CLG Grant 2012	15.904	TX12028	26-00680005	$ 134
Total U.S. Department of the Interior				$ 134
U.S. Department of Justice:				
Pass-Through - Office of the Governor, Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Cure Violence Grant 2014	16.738	28266-01	26-05336001	$ 17,648
JAG 2011-2014	16.738	2011DJBX3270	26-02817019	39,358
JAG 2012-2016	16.738	2011DJBX0821	26-02817022	173,055
JAG 2013-2017	16.738	2011DJBX1037C	26-02817024	92,952
Total Edward Byrne Memorial Justice Assistance Grant Program				$ 323,013
Direct Programs				
Economic High-Tech and Cyber Crime Prevention				
Economic High-Tech and Cyber Crime Prevention	16.752	2012-DG-BX-004	26-02817021	$ 1,141
Federal Confiscated Property:				
Airport Federal Account	16.XXX	N/A	29-037000	$ 101,567
Federal Account	16.XXX	N/A	29-039000	67,952
HIDTA - Federal Account	16.XXX	N/A	29-046000	519,211
Total Federal Confiscated Property				$ 688,730
Total U.S. Department of Justice				$ 1,012,884

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Transportation:				
Direct Programs				
Airport Improvement Program:				
Residential Acoustical Program 72-2012	20.106	34801927212	26-05833051	$ 5,195,108
Residential Acoustical Program 75-2013	20.106	348019207513	26-05833061	2,964,491
Runway 12R Rehabilitation 60-09	20.106	34801926009	26-05833058	3,377
Runway 12R Rehabilitation 64-10	20.106	34801926410	26-05833060	24,782
Runway 3-21 Paving 66-10	20.106	34801926610	26-05833040	865,864
Runway 3-21 Paving 6911	20.106	34801920692	26-05833044	4,035,270
Stinson- Air Traffic Control Tower	20.106	2XXAV027	26-05833045	148,730
Stinson- Ramp	20.106	AM 2012TSON	26-05833047	50,000
Stinson-Runway 1432	20.106	13155STSON	26-05833046	209,254
Terminal Area Taxiways 73-12	20.106	348019207312	26-05833052	88,011
Terminal Area Taxiways 60-09	20.106	34801926009	26-05833057	510,046
Terminal Area Taxiways 64-10	20.106	34801926410	26-05833059	87,547
Terminal Area Taxiways 76-13	20.106	34801920762013	26-05833064	5,472,464
Taxiway R Reconstruction 60-2009	20.106	34801920609	26-05833062	55,238
Total Airport Improvement Program				$ 19,710,182
National Motor Carrier Safety:				
TACT Enforcement & Evaluation Program 2012-2013	20.218	FMMHP0064120100	26-05917016	$ 3,993
TACT Public Education & Outreach Program 2012-2013	20.218	FMMHP0065120100	26-05917017	51
TACT Public Education & Outreach Program 2013-2014	20.218	FMMHP0128130101	26-05917019	306,480
TACT Enforcement & Evaluation Program 2013-2014	20.218	FMMHP0128130101	26-05917020	528,402
TACT Enforcement & Evaluation Program 2014-2015	20.218	FMMHP015614	26-05917023	374
Total National Motor Carrier Safety				$ 839,300
Pass Through - Texas Department of Transportation:				
Highway Planning and Construction: *				
TxDOT Low Impact Landsaping	20.205	CSJ 0915-12-534	26-05923004	$ 23,887
School Flasher Communications Upgrade Project	20.205	0915-12-495	26-05923005	140,089
Public Safety Campaign	20.205	0915-12-488	26-05955001	39,679
TXDoT Contributions	20.205	Various	26-05940001	68,399,935
Total Highway Planning and Construction				$ 68,603,590
Enhanced Mobility of Seniors and Individuals with Disabilities:				
Freedom Grant 2014	20.513	N/A	26-05938005	$ 124,009
Total Enhanced Mobility of Seniors and Individuals with Disabilities				$ 124,009
Paul S. Sarbanes Transit in the Parks Grant:				
Paul S. Sarbanes Transit in the Parks	20.520	D2011-ATPL-015	26-05955005	$ 41,749
Alcohol Impaired Driving Countermeasures Incentive Grants I:				
DWI Step Program 2012	20.601	S-IDM-00047	26-05917008	$ 62
DWI Step Program 2013	20.601	S-1YG-0017	26-05917018	(14,611)
Traffic Safety Grant 2014	20.601	S-1YG-0008	26-05917022	987,325
Total Alcohol Impaired Driving Countermeasures Incentive Grants I				$ 972,776
Total U.S. Department of Transportation				$ 90,291,606
Environmental Protection Agency:				
Pass Through - Texas Commission on Environmental Quality				
Surveys, Studies, Research, Investigations, Demonstrations, & Special Purpose Activities Relating to the Clean Air Act:				
Air Monitoring in SA TCEQ PM 2.5 2014	66.034	582-12-10038	26-00836016	$ 63,899
Air Monitoring in SA TCEQ PM 2.5 2015	66.034	582-12-10038	26-00836019	7,420
Total Surveys, Studies, Research, Investigations, Demonstrations, & Special Purpose Activities Relating to the Clean Air Act				$ 71,319
Nonpoint Source Implementation Grants:				
319 Grant for Old Mission Drive In	66.460	582-11-12836	26-00823001	$ 165,805
Total Environmental Protection Agency				$ 237,124
U.S. Department of Energy:				
Direct Programs				
Recovery Act Energy Efficiency and Conservation Block Program: *				
ARRA Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000970/00	23-01455001	$ 62,921
ARRA San Antonio Green Retrofit Initiative Program	81.128	DE-EE0003569	23-01455003	268,308
Total Recovery Act Energy Efficiency and Conservation Block Program				$ 331,229
Total U.S. Department of Energy				$ 331,229

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Education:				
Pass Through - Texas Education Agency:				
Adult Education - Basic Grants to State:				
English Literacy/Civics Education 2012-2013	84.002	134100087110	26-04138006	$ 548
Pass Through - United Way of San Antonio and Bexar County:				
Fund for the Improvement of Education:				
Eastside Promise Neighborhood Grant	84.215	U215N110053	26-04217001	81,539
Total U.S. Department of Education				$ 82,087
U.S. Department of Health and Human Services:				
Direct Program				
Medical Reserve Corps Small Grant Program:				
National Association of County and City Health Officials Grant 2013	93.008	MRC131891	26-02236040	$ 2,094
National Association of County and City Health Officials Grant 2014	93.008	MJRC 14-1891	26-02236029	1,345
Total Medical Reserve Corps Small Grant Program				$ 3,439
Pass Through - Alamo Area Council of Governments:				
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers: *				
SSEP Supportive Service for Elderly 2012-2013	93.044	COSA 13 SST	26-01138014	$ 25,818
SSEP Supportive Service for Elderly 2013-2014	93.044	COSA 14 SST	26-01138016	137,396
Total Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers				$ 163,214
Special Programs for the Aging - Title III, Part C - Nutrition Services: *				
CNP 2012-2013	93.045	COSA 13 NS	26-01138013	$ 18,633
CNP 2013-2014	93.045	COSA 14 NS	26-01138015	1,952,553
Total Special Program for the Aging - Title III, Part C - Nutrition Services				$ 1,971,186
Total Aging Cluster				$ 2,134,400
Direct Programs				
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure:				
Bioterrorism Surge Capacity Grant	93.065	564001002051305	26-06536002	$ 302
Laboratory Information Management Systems Integration Project	93.065	564002002021306	26-01636108	75
Total Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure				$ 377
Sodium Reduction in Communities:				
Sodium Reduction 2013-2014	93.082	1UI58DP004939-0	26-02236045	$ 162,112
Total Sodium Reduction in Communities				$ 162,112
Pass Through-Department of State Health Services:				
Public Health Emergency Preparedness:				
Bio-Terrorism Preparation 2012-2013	93.069	2013-041143-007	26-01636098	$ (10,902)
Bio-Terrorism Preparation 2013-2014	93.069	2014-001103-001	26-01636115	894,179
Bio-Terrorism Preparation 2014-2015	93.069	2015-001103-001	26-01636132	78,320
Cities Readiness Initiative 2012-2014	93.069	2013-041143-003	26-01636099	(2,226)
Cities Readiness Initiative 2013-2015	93.069	2014-001117-001	26-01636116	195,691
Cities Readiness Initiative 2014-2016	93.069	2015-001117-001	26-01636133	16,462
Laboratory Response Network 2013	93.069	2013-041143-001	26-01636097	1,585
Laboratory Response Network 2014	93.069	2014-001067-001	26-01636114	186,051
Laboratory Response Network 2015	93.069	2015-001067-001	26-01636131	8,139
Total Public Health Emergency Preparedness				$ 1,367,299
Environmental Public Health and Emergency Response:				
CDC Healthy Homes Grant 2012	93.070	2012-040143	26-01636085	$ (79)
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:				
Special T.B. Team Project 2013	93.116	2013-041143-010	26-01636094	$ (79)
Special T.B. Team Project 2014	93.116	2014-001409-001	26-01636122	188,339
Special T.B. Team Project 2015	93.116	2015-001409-001	26-01636140	34,339
Total Tuberculosis Control Program				$ 222,599
Direct Programs				
Grants to States to Support Oral Health Workforce Activities:				
Oral Health Workforce Grant 2013	93.236	2013-042497-001	26-02236035	$ 86
Immunization Cooperative Agreements: *				
Hepatitis B Vaccine Pilot Program 2013	93.268	1H23IP000694-01	26-02236038	$ 108,998
Immunization Program 317 - 2013	93.268	1H23IP000718-01	26-02236039	734,523
Immunization Program 317 - 2014	93.268	5H23IP000718-02	26-02236046	2,705,745
Total Immunization Grants				$ 3,549,266
PPHF National Public Health Improvement Initiative:				
Strengthening Public Health Infrastructure for Improved Health	93.507	5U58CD001304-03	26-02236034	$ 28,100
Strengthening Public Health Infrastructure for Improved Health	93.507	5U58CD001304-04	26-02236044	224,561
Total Strengthening Public Health Infrastructure for Improved Health Outcomes				$ 252,661
Subtotal U.S. Department of Health and Human Services				$ 7,692,160

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):				
Pass Through - The Texas Department of Housing & Community Affairs:				
Community Services Block Grant:				
CSBG - 2012	93.569	61120001292	26-06038008	$ (632)
CSBG - 2013	93.569	61130001573	26-06038009	590,334
CSBG - 2014	93.569	61140001833	26-06038010	1,455,262
Total Community Services Block Grant				$ 2,044,964
Pass Through - Alamo Workforce Development, Inc.:				
Temporary Assistance for Needy Families				
CCDS - 2012-2013	93.558	CCDS2008001	26-03938007	$ 9,457
CCDS - 2013-2014	93.558	CCDS2008001	26-03938008	162,887
Child Care Cluster:				$ 172,344
Child Care and Development Block Grant	*			
CCDS - 2012-2013	93.575	CCDS2008001	26-03938007	$ 349,912
CCDS - 2013-2014	93.575	CCDS2008001	26-03938008	11,560,617
				$ 11,910,529
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	*			
CCDS - 2012-2013	93.596	CCDS2008001	26-03938007	$ 3,201,058
CCDS - 2013-2014	93.596	CCDS2008001	26-03938008	13,653,040
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				$ 16,854,098
Total Child Care Cluster				$ 28,764,627
Direct Programs				
Head Start:				
Head Start Program 2012	93.600	06CH0107/34	26-02238013	$ (6,477)
Head Start Program 2013-2014	93.600	06CH0107/35	26-02238014	6,990,584
Head Start Program 2014-2015	93.600	06CH7074/02	26-02238015	12,832,052
Total Head Start Program				$ 19,816,159
Healthy Start Initiative:				
Healthy Start Initiative 2013-2014	93.926	H49MC00101-01	26-02236042	$ 611,678
Healthy Start Initiative 2013-2014	93.926	H49MC00101-01	26-02236049	30,687
Total Healthy Start Initiative				$ 642,365
National Bioterrorism Hospital Preparedness Program:				
PHEP LAB-HPP 2014	93.889	2014-001069-001	26-01636113	$ 25,811
Total National Bioterrorism Hospital Preparedness Program				$ 25,811
Pass Through - Department of State Health Services:				
HIV Prevention Activities - Health Department Based:				
STD-Staff Support Program 2013	93.940	2013-041143-008	26-01636092	$ (39)
STD-Staff Support Program 2014	93.940	2014-001341-001	26-01636119	99,576
STD-Staff Support Expanded Services Program 2014	93.940	2014-001341-001	26-01636126	6,051
STD-Staff Support Program 2015	93.940	2015-001341-001	26-01636135	93,406
Total HIV Prevention Activities Health Department Based				$ 198,994
Preventative Health Services - Sexually Transmitted Diseases Control Grants:				
STD-Staff Support Program 2013	93.977	2013-041143-008	26-01636092	$ (140)
STD-Staff Support Program 2014	93.977	2014-001341-001	26-01636119	353,041
STD-Staff Support Expanded Services Program 2014	93.977	2014-001341-001	26-01636126	21,452
STD-Staff Support Program 2015	93.977	2015-001341-001	26-01636135	331,166
Total Preventative Health Services - Sexually Transmitted Diseases Control Grants				$ 705,519
Maternal and Child Health Services Block Grant to the States:				
Title V CHS - Dental Services 2014	93.994	2014-044723-001	26-01636125	$ 212,386
Title V CHS - Dental Services 2015	93.994	2015-046161-001	26-01636141	11,336
Total Maternal and Child Health Services Block Grant to the States				$ 223,722
Total U.S. Department of Health and Human Services				$ 60,286,665

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Area Program:	*				
HIDTA Initiative San Antonio 2012		95.001	G12SS0009A	26-02817020	$ 108,279
HIDTA Initiative San Antonio 2013		95.001	G13SS0009A	26-02817023	559,901
HIDTA Initiative San Antonio 2014		95.001	G14SS0009A	26-02817025	1,457,980
Total High Intensity Drug Trafficking Area Program					$ 2,126,160
Total Executive Office of the President					$ 2,126,160
U.S. Department of Homeland Security:					
Direct Programs					
Assistance to Firefighters Cluster:					
Recovery Act Assistance to Firefighters Grant:					
ARRA Assistance to Firefighters Grant 2009		97.115	EMW2009FC05882R	23-06540001	$ 13,426
Total Assistance to Firefighters Cluster					$ 13,426
National Explosives Detection Canine Team Program:					
Airport K9 Grant		97.072	HSTS0208HCAN448	26-06533008	$ 363,000
Law Enforcement Officer Reimbursement Agreement Program:					
Airport Checkpoint Grant 2013-2015		97.090	HSTS0213HSLR282	26-06533010	$ 240,900
Pass Through - Office of the Governor:					
Homeland Security Cluster:					
Non-Profit Security Program:	*				
UASI 2010		97.008	10-SS-TO-0008	26-06520015	$ (1,799)
UASI 2012		97.008	2012-SS-00018-S01	26-06520021	992,531
Total Non-Profit Security Program					$ 990,732
Emergency Management Performance Grants:	*				
EMPG 2013		97.042	2013 EP00067	26-06520020	$ (18,873)
EMPG 2014		97.042	14-EPMG-0632	26-06520023	269,648
Total Emergency Management Performance Grants					$ 250,775
Homeland Security Grant Program:	*				
SHSP 2013		97.067	13-SR-65000-01	26-06520024	$ 201,924
Total Homeland Security Grant Program					$ 201,924
Metropolitan Medical Response System:	*				
Metro Medical Response System 2011		97.071	2010-SS-T9-0064	26-06520017	$ 169,023
Total Metropolitan Medical Response System					$ 169,023
State Homeland Security Program:	*				
SHSP 2011		97.073	11-SR-65000-03	26-06520017	$ 1,170,890
SHSP 2012		97.073	12-SR-65000-04	26-06520022	148,524
Total State Homeland Security Program					$ 1,319,414
Total Homeland Security Cluster					$ 2,931,868
Pass Through - Texas Commission on Environmental Quality					
Homeland Security Biowatch Program:					
Biowatch Lab Technical Support 2012		97.091	HSQDC-12-00160	26-06536001	$ 53,844
Air Monitoring Biowatch 2013		97.091	582-13-30020	26-00836012	(98)
Air Monitoring Biowatch 2014		97.091	582-13-30020	26-00836015	221,535
Air Monitoring Biowatch 2015		97.091	582-13-30020	26-00836018	22,539
Total Homeland Security Biowatch Program					$ 297,820
Total U.S. Department of Homeland Security					$ 3,847,014
TOTAL EXPENDITURES OF FEDERAL AWARDS					**$ 224,088,040**

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2014

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

2. In March 1998, the City of San Antonio accepted a U.S. Department of Housing and Urban Development (HUD) Section 108 award in an amount up to $38,700,000 which authorized a loan transaction with Port San Antonio (Port) to fund certain improvements in real property to be leased at KellyUSA. As of September 30, 2014, the City has made third party loans to the Port in the amount of $20,000,000. The construction portion of this program terminated March 2003 and currently, the only activity is the loan repayment account. This loan program contains no continuing compliance requirements.

3. In September 2004, City Council authorized the submission of a $57,000,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been 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. As of September 30, 2014, $58,188,578 has been expended, which includes principal received, as well as interest revenue earned. The City received an extension during fiscal year 2012 that requires the funds to be fully expended by December 31, 2013 or transferred to cover debt service payments. The loan amount outstanding as of September 30, 2014 is $41,290,000.

4. Through September 30, 2014, the City provided federal awards to subrecipients as follows:

Program Titles	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 1,294,792
Emergency Shelter Grants Program	14.231	851,743
HOME Investment Partnerships Program	14.239	263,814
Housing Opportunities for Persons with AIDS	14.241	1,051,323
Community Development Entitlement Grants-Section 108 Loan Guarantees	14.248	1,000,000
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	606,633
Head Start Program	93.600	14,239,661
Total		$ 19,307,967

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2014

5. As of September 30, 2014, the City had HOME Program Notes Receivable of $41,542,318, which is reduced by the estimated allowances for the doubtful accounts of $8,027,186. These are loans that are made for renovation or construction of apartment complexes that provide rental to low income people. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $26,525,007 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

6. As of September 30, 2014, the City had CDBG Program Notes Receivable of $16,607,974, which is reduced by the estimated allowances for the doubtful accounts of $1,927,057. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $4,426,746 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

7. As of September 30, 2014, the City had NSP Program Notes Receivable of $3,570,223, which is reduced by estimated allowances for doubtful accounts of $906,226. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $4,361,882 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2015. Our report was modified to include a reference to other auditors and also a reference to a restatement of beginning net position/fund balance and implementation of new accounting standards. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund, blended component units, which represent 78%, 84%, and 32%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 67%, 59%, and 79%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, and San Antonio Water System – District Special Project, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards.*

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 24, 2015

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of San Antonio, Texas' (the "City") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System, which expended $13,738,743 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2014. Our audit, described below, did not include the operations of CPS Energy, the Port Authority of San Antonio, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Subsequent to the date of completion of the September 30, 2014 audit, the City determined the Immunization Cooperative Agreements program was not audited as a major program. This program has now been audited as a major program and the Schedule of Findings and Questioned Costs and the Schedule of Expenditures of Federal Awards have been updated in this document to reflect the program as a major program.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs, as items 2014-002, 2014-003, and 2014-006, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 24, 2015, except as to the Schedule
of Findings and Questioned Costs,
which is as of October 7, 2015

Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes	____	No

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes	____	No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 501 (a) of Circular A-133? X Yes ____ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	HOME Investment Partnership Programs
20.205	Highway Planning and Construction
ARRA-81.128	Recovery Act Energy Efficiency and Conservation Block Program
93.044, 93.045	Aging Cluster
93.268	Immunization Cooperative Agreement
93.575, 93.596	Child Care Cluster
95.001	High Intensity Drug Trafficking Area Program
97.008, 97.042, 97.067, 97.071, 97.073	Homeland Security Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee? X Yes ____ No

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2014-001
Accounting and Reporting of a Transaction Related to the Convention Center Hotel Finance Corporation
Type of Finding – Significant deficiency

In 2005, the Convention Center Hotel Finance Corporation ("CCHC"), a blended component unit of the City, issued revenue bonds in the amount of $208,145,000 ($195,590,000 outstanding as of 2014) which is recorded as a liability in the City's government-wide financial statements. The proceeds of these bonds were loaned to a partnership for the purpose of constructing a hotel project in downtown San Antonio. The loan is to be paid back to the CCHC, in accordance with the loan agreement, after certain other payments have been made. To date, all required loan payments have been made to the CCHC; however, the loan to the partnership was not recorded in the financial statements of the CCHC or the City.

The CCHC receives trustee statements showing certain receipts and disbursements of the partnership (e.g., payment of property taxes, insurance, return of preferred equity, debt service payments). Currently, CCHC has differing amounts of the balances due to the investor return of preferred equity and basic rentals due to the CCHC. CCHC has currently fully allowed for the basic rental, since no payments have been made.

Additionally, CCHC has recorded all activity from the trustee statements as revenues and expenditures in the City's financial statements, although the majority of these receipts and disbursements do not relate to the CCHC or to the City and, therefore, had initially overstated revenues and expenditures by more than $100,000,000.

We recommend that the City strengthen its procedures over the above transaction and similar transactions to ensure these transactions are appropriately recorded and disclosed in the financial statements.

Views of responsible officials and planned corrective actions:

CCHC is a blended component unit of the City and as such the financial operations and account balances are presented in the City's comprehensive annual financial statements. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the external auditors discovered that the loan receivable between the Grand Hyatt and CCHC's was not previously reported in CCHC's financial statements. It was further noted that operational activity (revenue and expenses) of the hotel was inaccurately running through CCHC operations. The external auditors recommended the City review the agreements in place that formed CCHC and the associated activity generated for its benefit to ensure that CCHC is accurately reporting all of its applicable transactions. The City agreed with the finding, recording of the loan receivable and adjusting the operations to remove transactions that were not applicable to CCHC's operations. It should be noted the adjustments made have no financial or budgetary impact and are merely reporting entries for financial statement purposes. The City will enhance procedures to identify and document significant terms of all future agreements and their accounting triggers to ensure the terms' proper recording and disclosure in the City or its component units' financial statements.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding: 2014-002
Special Tests and Provisions – Drawdowns of HOME Funds

CFDA #14.239 – HOME Investment Partnerships Program
Award Numbers – M08MC480508, M10MC480508, M11MC480508, M12MC480508, and M13MC480508
Award Year – 2009, 2011, 2012, 2013, and 2014
Federal Agency – U.S. Department of Housing and Urban Development

Type of Finding – Non-compliance and Significant deficiency

Questioned Costs - $0

Condition and Context:

The City Department of Planning and Community Development (DPCD) is responsible for drawing funds from the U.S. Department of Housing and Urban Development (HUD) using the Integrated Disbursement and Information System (IDIS). HOME Drawdown certifications are required each time a drawdown of funds is made using IDIS. The certifications require the following:

- a representative of the City to certify the funds are being drawn in accordance with HUD regulations at 24 CFR Part 92,
- he/she is authorized to execute the certifications set forth,
- the City has no funds in its local account that constitutes program income and
- the City has not drawn and will not draw HOME Investment Partnerships Program funds until after all program income has been expended.

Prior to the drawdown of funds, a City representative reviews and approves the drawdown request for funding.

During our auditing procedures of the requirements of the HOME Program's Special Tests and Provisions – Drawdowns of HOME Funds, we found City representatives incorrectly certified the use of program income before the drawdown of funds for 19 out of the 25 drawdown transactions selected for testing.

Cause:

Reconciliation issues between the City's accounting system and IDIS prompted the City to cease expending program income held in its local account. Although the City recognized there were issues in the reconciliation process noted above, the City continued to receive and hold program income receipts that were not being expended in accordance with 24 CFR Part 92.502 prior to the certification of drawdown of funds.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Effect:

The City's discontinued use of program income prior to the drawdown of funds, resulted in non-compliance with 24 CFR Part 92.502 caused by incorrect certifications by the City representative.

Recommendation:

We recommend the City update controls and procedures to ensure the City representative certifying the drawdown of funds reviews the local account to ensure all program income funds have been expended prior to the processing of any request for additional funds as required by HUD regulations.

Views of responsible officials and planned corrective actions:

The City certified the drawdowns knowing program income was not being used first in accordance with communication received from HUD on April 24, 2014. The City and HUD have been working diligently to reconcile the City's HOME Program Income recorded in SAP to that reported in IDIS. HUD requested that we not make any changes until the reconciliation had been completed. A separate review was performed on HOME program income of $4.5M reported inaccurately into IDIS in 2003. The review was submitted to HUD in February 2015 and remaining reconciliation items are anticipated to be resolved by March 2016.

Finding: 2014-003
Program Income

CFDA #14.239 – HOME Investment Partnerships Program
Award Numbers – M08MC480508, M10MC480508, M11MC480508, M12MC480508, and M13MC480508
Award Year – 2009, 2011, 2012, 2013, and 2014
Federal Agency – U.S. Department of Housing and Urban Development

Type of Finding – Non-compliance and Significant deficiency

Questioned Costs - $383

Condition and Context:

Program income must be used in accordance with HUD regulations at 24 CFR Part 92.503. Program income must be deposited in the City's local account. HOME funds in the local account must be disbursed before requests are made for HOME funds in the United States Treasury Account (U.S. Treasury Account).

During our auditing procedures over the HOME Program's program income requirements, we found the City did not disburse any program income funds from the City's local account during fiscal year 2014. During this time the City continued to receive program income receipts into the local account and did not offset the account for program expenditures. During our auditing procedures over the HOME Program's remaining compliance requirements for the fiscal year ended September 30, 2014, we found the City requested and drew down funds 19 times from the U.S. Treasury Account amounting to $2,919,748 even though local funds were available to be disbursed.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Cause:

Due to turnover in DPCD staff the City did not take any action to reconcile the amounts between the City's accounting system and IDIS since 2006 when they suspended using program income to offset program expenditures. The City began reconciliation procedures in February of 2014 and in March of 2014 HUD was informed of the issue. At this time, HUD requested the City reconcile the receipts and vouchers in its local account with IDIS.

During this time, the City's controls and procedures did not operate effectively to ensure the use of program income to offset program expenditures prior to the drawdown of funds. In addition, the City lacked a control and procedure over the reconciliation of amounts between the City's accounting systems and IDIS.

Effect:

This resulted in an advance of funds from the U.S. Treasury Account to the City during the fiscal year ended September 30, 2014 in the amount of $958,083. As a result of the advance, the City calculated the interest earned on the advance that needs to be remitted to the U.S. Treasury. The City multiplied $958,083 by the 2014 annualized risk free interest rate of .04% and determined $383 of interest was earned on this advance by the City in its local account for the fiscal year ended September 30, 2014.

Recommendation:

We recommend the City update controls and procedures to ensure all program income funds have been expended prior to approving the request for additional funds.

We also recommend the City complete a reconciliation of the HOME program income receipts and the HOME program income activities between IDIS and the City's accounting system from 2006 through the present as requested by HUD and apply future expenditures against the program income funds before any additional drawdowns.

In addition, we recommend the City implement monthly reconciliation controls and procedures between HOME program income receipts and vouchers reported in the City's accounting system with drawdowns in IDIS to ensure the accuracy of the amounts being requested from HUD.

Views of responsible officials and planned corrective actions:

The City and HUD have been working diligently to reconcile the City's HOME Program Income recorded in SAP to that reported in IDIS Remaining reconciliation items are anticipated to be resolved by March 2016. Once the reconciliation has been completed and approved by HUD, new processes developed will be initiated to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Finding: 2014-004
Procurement and Suspension and Debarment

CFDA #95.001 – High Intensity Drug Trafficking Area
Award Number – G14SS0009A
Award Year – 2014
Federal Agency – Executive Office of the President

Type of Finding – Non-compliance and Control deficiency

Questioned Costs - $0

Condition and Context:

Procurement

2 CFR section 215.46 requires procurement records and files for purchases in excess of the small purchase threshold ($25,000) to include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

Suspension and Debarment

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from federal contracts. Covered transactions include procurement contracts for goods and services that are expected to equal or exceed $25,000 and all nonprocurement transactions (that is, subawards to subrecipients) irrespective of award amount (2 CFR, Sections 180.210 through 180.220 and 180.970).

During our auditing procedures over procurement and suspension and debarment requirements for the High Intensity Drug Trafficking Area's (HITDA's) program, we found the one procurement contract (a building lease renewal) selected for testing did not follow any of the procurement and suspension and debarment requirements as noted above.

Cause:

Included in the City's Procurement Policy and Procedures is a procedure requiring the Contracting Officer requesting the purchase to check the funding source (i.e., federally funded grant) to determine the legal requirements for the specific solicitation. Although the purchase was in compliance with some of the City's Procurement Policy and Procedures, we noted there were no further procedures to determine compliance with procurement requirements and no further procedures to ensure the vendor was not suspended or debarred. In addition, the City's Procurement Policy and Procedures do not include procedures related to leases and lease renewals to be funded through a federal grant award.

In the situation noted above, the City's controls and procedures to ensure compliance with documentation requirements for the purchase using federal funds did not operate effectively on a timely basis.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Effect:

This resulted in a lack in documentation to support the purchase was in compliance with procurement and suspension and debarment requirements. We noted the vendor for this purchase was not suspended or debarred.

Recommendation:

We recommend the City amend its Procurement Policy and Procedures to include controls and procedures over federally funded leases and lease renewals greater than $25,000 in order to ensure such expenditures are adequately documented and in compliance with procurement and suspension and debarment requirements.

Views of responsible officials and planned corrective actions:

In reviewing the lease purchase referenced above, it was determined that while due diligence was performed before entering into a contract, appropriate documentation was not maintained. In the future, the San Antonio Police Department will coordinate with Eastpoint, the City's Real Estate department, to confirm all background checks are completed and include documentation that the search for suspension or debarment occurred for a prospective supplier.

The Finance Department will coordinate with Eastpoint to draft, release, and train on a Lease Administrative Directive by September 2015. The Administrative Directive and training will include checklists created by the Eastpoint Department to ensure that adherence with all federal procurement regulations are followed, and that proper documentation is retained (to include documentation of sole source cases and searches for suspension and debarment). Specific identification of funding sources of the leases, whether grant or debt, will be required in order to ensure specific adherence to governing regulations.

Finding: 2014-005
Procurement and Suspension and Debarment

Homeland Security Cluster
Award Number – EMW-2012-SS-00018-S01
Award Year – 2012
Federal Agency – U.S. Department of Homeland Security

Type of Finding – Non-compliance and Control deficiency

Questioned Costs - $0

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Condition and Context:

2 CFR section 215.46 requires procurement records and files for purchases in excess of the small purchase threshold ($25,000) to include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

During our auditing procedures over procurement and suspension and debarment requirements for the Homeland Security Cluster, we found one of the two contracts selected for testing did not follow any of the procurement requirements as noted above.

Cause:

Included in the City's Procurement Policy and Procedures is a procedure requiring the Contracting Officer requesting the purchase to check the funding source (i.e., federally funded grant) to determine the legal requirements for the specific solicitation. Although the purchase was in compliance with some of the City's Procurement Policy and Procedures, we noted there was no documentation to support the rationale for contractor selection, lack of competition since competitive bids or offers were not obtained nor a basis for award cost or price.

The City's Office of Emergency Management (OEM) is responsible for administering the Homeland Security Grant. OEM officials asserted the purchase noted above should have been documented as a sole source purchase in accordance with procurement requirements because the purchase was for an annual contract on maintenance for specialty equipment purchased by the department. Subsequent to year-end, OEM followed guidance within the City's Procurement Policy and Procedures Manual and documented the rationale for the sole source purchase including documentation to support the rationale for contractor selection, lack of competition since competitive bids or offers were not obtained and a basis for award cost or price.

In the situation noted above, the City's controls and procedures to ensure documentation regarding the use of federal funds for a sole source purchase did not operate effectively on a timely basis.

Effect:

This resulted in a lack of timely documentation to support the purchase was in compliance with procurement and suspension and debarment requirements.

Recommendation:

We recommend the City should ensure that its departments comply with its procurement requirements and document written justification for limiting competition for each individual purchase in excess of the small purchase threshold ($25,000).

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Views of responsible officials and planned corrective actions:

In 2012, 10 Hazmat detectors were procured utilizing the sole source procurement process. In 2013 this equipment had to be calibrated and maintained in order to remain operational. Field personnel had this equipment serviced by the vendor without notifying the Office of Emergency Management (OEM) and having a purchase order in place. Upon notification, OEM initiated the procurement process for an annual maintenance program by providing Finance's Purchasing Division with an "After the Fact Memo". This memo explained that in order to ensure continuous uninterrupted maintenance, service had to be performed prior to a purchase order. The source sole vendor was researched and validated not to be suspended nor debarred before the purchase order was issued and the invoice was paid. Since the equipment is required to be maintained only by the sole source vendor, the bidding process and contractor selection was not necessary.
OEM has subsequently obtained a sole source letter from the vendor and all required sole source justification documentation has been added to the file. In order to prevent work performance before the issuance of a purchase order, field personnel has been informed that a purchase order must be in place before a vendor can perform maintenance on equipment. This will ensure that suspension and debarment requirements are met prior to the vendor performing any work.

Finding: 2014-006
Program Income

CFDA #14.218 – Community Development Block Grants/Entitlement Grants
Award Number – B05MC480508, B06MC480508, B08MC480508, B09MC480508, B10MC480508, B11MC480508, B12MC480508, B13MC480508
Award Year – 2005, 2006, 2008, 2009, 2010, 2011, 2012, and 2013
Federal Agency – U.S. Department of Housing and Urban Development

Type of Finding –Significant deficiency

Questioned Costs - $0

Condition and Context:

Program income must be used in accordance with HUD regulations at 24 CFR Part 570.504.

Program income received before grant closeout may be retained by the recipient if the income is treated as additional Community Development Block Grants/ Entitlement Grants ("CDBG") funds subject to all applicable requirements governing the use of CDBG funds.

If the recipient chooses to retain program income, that program income shall be disposed of as follows:

i. Program income in the form of repayments to, or interest earned on, a revolving fund as defined in §570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S. Treasury for the same activity. (This rule does not prevent a lump sum disbursement to finance the rehabilitation of privately owned properties as provided for in §570.513.)

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

ii. Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

iii. At the end of each program year, the aggregate amount of program income cash balances and any investment thereof (except those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump-sum drawdown, or cash or investments held for section 108 loan guarantee security needs) that, as of the last day of the program year, exceeds one-twelfth of the most recent grant made pursuant to §570.304 shall be remitted to HUD as soon as practicable thereafter, to be placed in the recipient's line of credit. This provision applies to program income cash balances and investments thereof held by the grantee and its subrecipients.

During our auditing procedures over another major program's program income requirements and as a result of discussions with management, we found the City did not reconcile CDBG program income funds in the City's local account with IDIS during fiscal year 2014.

Cause:

Due to turnover in DPCD staff the City did not take any action to reconcile the amounts between the City's accounting system and IDIS. The City began reconciliation procedures in February of 2014 and in March of 2014 HUD was informed of the issue. At this time, HUD requested the City reconcile the receipts and vouchers in its local account with IDIS.

During this time, the City's controls and procedures did not operate effectively to ensure the use of program income to offset program expenditures prior to the drawdown of funds. In addition, the City lacked a control and procedure over the reconciliation of amounts between the City's accounting systems and IDIS.

Effect:

The lack of reconciliation control noted above resulted in the City's inability to monitor the use of program income.

Recommendation:

We recommend the City update controls and procedures to ensure all program income funds have been expended prior to approving the request for additional funds.

We also recommend the City complete a reconciliation of the CDBG program income receipts and the CDBG program income activities between IDIS and the City's accounting system as requested by HUD, and apply future expenditures against program income funds before any additional drawdowns.

In addition, we recommend the City implement monthly reconciliation controls and procedures between CDBG program income receipts and vouchers reported in the City's accounting system with drawdowns in IDIS to ensure the accuracy of the amounts being requested from HUD.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2014

Views of responsible officials and planned corrective actions:

The City and HUD have been working diligently to reconcile the City's CDBG Program Income recorded in SAP to that reported in IDIS. Remaining reconciliation items are anticipated to be resolved by March 2016.

Once the reconciliation has been completed and approved by HUD, new processes developed will be initiated to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Corrective Action Plan

Federal

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2014

Finding 2014-001
Accounting and Monitoring a Transaction Related to the Convention Center Hotel Finance Corporation

Responsible Person
Troy Elliott, CPA, Director
Finance Department

Implementation Dates
March 5, 2015

Views of responsible officials and planned corrective actions

CCHC is a blended component unit of the City and as such the financial operations and account balances are presented in the City's comprehensive annual financial statements. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the external auditors discovered that the loan receivable between the Grand Hyatt and CCHC's was not previously reported in CCHC's financial statements. It was further noted that operational activity (revenue and expenses) of the hotel was inaccurately running through CCHC operations. The external auditors recommended the City review the agreements in place that formed CCHC and the associated activity generated for its benefit to ensure that CCHC is accurately reporting all of its applicable transactions. The City agreed with the finding, recording of the loan receivable and adjusting the operations to remove transactions that were not applicable to CCHC's operations. It should be noted the adjustments made have no financial or budgetary impact and are merely reporting entries for financial statement purposes. The City will enhance procedures to identify and document significant terms of all future agreements and their accounting triggers to ensure the terms' proper recording and disclosure in the City or its component units' financial statements.

Finding: 2014-002
Special Tests and Provisions – Drawdowns of HOME Funds

CFDA #14.239 – HOME Investment Partnerships Program

Responsible Person
John Dugan, Director
Department of Planning and Community Development

Implementation Dates
March 2016

Views of responsible officials and planned corrective actions
The City certified the drawdowns knowing program income was not being used first in accordance with communication received from HUD on April 24, 2014. The City and HUD have been working diligently to reconcile the City's HOME Program Income recorded in SAP to that reported in IDIS. HUD requested that we not make any changes until the reconciliation had been completed. A separate review was performed on HOME program income of $4.5M reported inaccurately into IDIS in 2003. The review was submitted to HUD in February 2015 and remaining reconciliation items are anticipated to be resolved by March 2016.

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2014

Finding: 2014-003
Program Income

CFDA #14.239 – HOME Investment Partnerships Program

Responsible Person
John Dugan, Director
Department of Planning and Community Development

Implementation Dates
March 2016

Views of responsible officials and planned corrective actions
The City certified the drawdowns knowing program income was not being used first in accordance with communication received from HUD on April 24, 2014. The City and HUD have been working diligently to reconcile the City's HOME Program Income recorded in SAP to that reported in IDIS. HUD requested that we not make any changes until the reconciliation had been completed. A separate review was performed on HOME program income of $4.5M reported inaccurately into IDIS in 2003. The review was submitted to HUD in February 2015 and remaining reconciliation items are anticipated to be resolved by March 2016.

Once the reconciliation has been completed and approved by HUD, new processes developed will be initiated to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Finding: 2014-004
Procurement and Suspension and Debarment

CFDA #95.001 – High Intensity Drug Trafficking Area

Responsible Persons
Chief Anthony Trevino
San Antonio Police Department

Troy Elliott, CPA, Finance Director
Finance Department

Implementation Date
September 30, 2015

Views of responsible officials and planned corrective actions
In reviewing the lease purchase referenced above, it was determined that while due diligence was performed before entering into a contract, appropriate documentation was not maintained. In the future, the San Antonio Police Department will coordinate with Eastpoint, the City's Real Estate department, to confirm all background checks are completed and include documentation that the search for suspension or debarment occurred for a prospective supplier.

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2014

The Finance Department will coordinate with Eastpoint to draft, release, and train on a Lease Administrative Directive by September 2015. The Administrative Directive and training will include checklists created by the Eastpoint Department to ensure that adherence with all federal procurement regulations are followed, and that proper documentation is retained (to include documentation of sole source cases and searches for suspension and debarment). Specific identification of funding sources of the leases, whether grant or debt, will be required in order to ensure specific adherence to governing regulations.

Finding: 2014-005
Procurement and Suspension and Debarment

Homeland Security Cluster

Responsible Person
Chief Charles Hood
San Antonio Fire Department

Implementation Date
January 2, 2015

Views of responsible officials and planned corrective actions
In 2012, 10 Hazmat detectors were procured utilizing the sole source procurement process. In 2013 this equipment had to be calibrated and maintained in order to remain operational. Field personnel had this equipment serviced by the vendor without notifying the Office of Emergency Management (OEM) and having a purchase order in place. Upon notification, OEM initiated the procurement process for an annual maintenance program by providing Finance's Purchasing Division with an "After the Fact Memo". This memo explained that in order to ensure continuous uninterrupted maintenance, service had to be performed prior to a purchase order. The source sole vendor was researched and validated not to be suspended nor debarred before the purchase order was issued and the invoice was paid. Since the equipment is required to be maintained only by the sole source vendor, the bidding process and contractor selection was not necessary.

OEM has subsequently obtained a sole source letter from the vendor and all required sole source justification documentation has been added to the file. In order to prevent work performance before the issuance of a purchase order, field personnel has been informed that a purchase order must be in place before a vendor can perform maintenance on equipment. This will ensure that suspension and debarment requirements are met prior to the vendor performing any work.

Finding: 2014-006
Program Income

CFDA #14.218 – Community Development Block Grants/Entitlement Grants

Responsible Person
John Dugan, Director
Department of Planning and Community Development

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2014

Implementation Date
March 2016

Views of responsible officials and planned corrective actions
The City and HUD have been working diligently to reconcile the City's CDBG Program Income recorded in SAP to that reported in IDIS. Remaining reconciliation items are anticipated to be resolved by March 2016.

Once the reconciliation has been completed and approved by HUD, new processes developed will be initiated to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2014

Finding: 2013-01
Non-Cash and Multi-Funded Awards Reporting in the Schedule of Expenditures of Federal Awards
Type of Finding – Significant Deficiency

Recommendation:

We recommend the City continue to work with all federal, state and pass-through awarding agencies to strengthen the communication and sharing of information to ensure information on all federal awards is obtained timely in order for the City to accurately record federal expenditures in the proper period on the SEFA. In addition, we recommend the City work with all Department Fiscal Administrators to increase awareness of reporting requirements for non-cash federal awards and specific identification of grant expenditures when multiple funding sources are awarded to cover the same program.

Status:

Corrected

The City of San Antonio's Finance Department developed controls to require communication with the granting entity, at a minimum, upon award and at fiscal year-end specifically requesting the funding allocation for multi-funded grants and expenditure amounts incurred by the granting organization for assets to be titled over to the City. The City will utilize responses in these communications to properly account for and report grant activity in the City's financial reporting system. Communication to departments on the developed controls was sent out on March 5, 2014 and was covered in the grant training sessions scheduled for citywide fiscal staff on April 11 and 22, 2014.

Responsible Person
Troy Elliott, CPA, Director
Finance Department

FY 2014

STATE SECTION

Summary Schedule of State Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2014	Fiscal Year 2013	Variance Increase (Decrease)
State Categorical Grants:			
Public Health	$ 3,470,034	$ 2,006,288	$ 1,463,746
Criminal Justice	1,182,945	1,126,621	56,324
Environmental Quality		52,304	(52,304)
Emergency Management	28,908	27,139	1,769
Social Services	13,727,164	12,202,052	1,525,112
Total State Categorical Grants	$ 18,409,051	$ 15,414,404	$ 2,994,647

The increase in state awards is attributed to an increase in Public Health and Social Services grants. For Social Services, the amount of Child Care Services had an increase of $1.5 million from fiscal year 2013. Public Health received a new TB Medicaid Waiver grant from the Texas Department of State Health Services in the amount of $1.5 million.

Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

Schedule of Expenditures of State Awards
Year-Ended September 30, 2014

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM	GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Commission on Environmental Quality:			
Direct Programs			
Air Monitors:			
Air Monitors Lake Calaveras 2013-2014	582-11-86426-004	26-00836017	$ 36,553
Air Monitors Lake Calaveras 2014-2015	582-15-50028	26-00836020	4,148
Total Air Monitors			$ 40,701
Solid Waste Grant Projects:			
Community Outreach Program 2012	12-18-G01	26-00855009	$ 17,112
Total Texas Commission on Environmental Quality			$ 57,813
Texas Department of State Health Services:			
Direct Programs			
HIV Surveillance & Prevention Programs: *			
HIV Prevention Program 2014	2014-001339-001	26-01636120	$ 143,567
HIV Surveillance Program 2014	2014-001408-001	26-01636118	188,069
HIV Prevention Program 2015	2014-001339-001	26-01636136	10,050
HIV Surveillance Program 2015	2015-001408-00	26-01636134	16,632
Total HIV Surveillance & Prevention Programs			$ 358,318
Healthy Texas Babies Initiative:			
DFCHS Healthy Texas Babies	2012-040626-001	26-01636088	$ 15,000
Emerging and Acute Infectious Disease Branch:			
Foodborne Illness 2014	2014-001105-001	26-01636127	$ 4,493
Foodborne Illness 2015	2015-046165-001	26-01636143	3,816
Total Foodborne Illness			$ 8,309
Milk Sample Lab Tests:			
Milk Group - 2014	2014-044054-001	26-01636123	$ 35,330
Milk Group - 2015	2015-001034-00	26-01636142	3,229
Total Milk Sample Lab Tests Grants			$ 38,559
TB Prevention and Control:			
Infectious Disease Control Unit Flu-Lab 2014	2014-001105-001	26-01636112	$ 3,045
TB Prevention and Control 2012-2013	2013-041143-011	26-01636093	(2,619)
TB Prevention and Control 2013-2014	2014-001439-001	26-01636121	340,162
TB Prevention and Control 2014-2015	2015-001439-00	26-01636139	34,510
TB Medicaid Waiver 2014	2014-045668	26-01636128	107,279
Total TB Prevention and Control			$ 482,377
Preventive Health and Health Services Block Grant:			
RLSS - Local Public Health (Triple O) 2012-2013	2013-041143-005	26-01636090	$ (19)
RLSS - Local Public Health (Triple O) 2013-2014	2014-001066-001	26-01636117	238,293
RLSS - Local Public Health (Triple O) 2014-2015	2015-001066-001	26-01636137	17,964
Total Preventive Health and Health Services Block Grant:			$ 256,238
Immunization Grants:			
Inner-City School Immunization 2014	2014-001034-001	26-01636111	$ 642,300
Inner-City School Immunization 2015	2015-001034-00	26-01636129	26,710
Total Immunization Grants			$ 669,010
STRAC Grant Project:			
STRAC Grant Project FY 2013	N/A	26-01620006	$ 21,463
STRAC Grant Project FY 2014	N/A	26-01620007	28,908
Total STRAC Grant Project			$ 50,371
Total Texas Department of State Health Services			$ 1,878,182
Texas Department of Transportation:			
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:			
Regional Auto Crimes Team 2012-2013	SAT041006313	26-03117004	$ 4,194
Regional Auto Crimes Team 2013-2014	SAT041006314	26-03117005	1,247,163
Regional Auto Crimes Team 2014-2015	SAT041006314	26-03117006	20,514
Total Texas Department of Transportation			$ 1,271,871
Texas Attorney General's Office:			
Direct Program			
State Confiscated Property:			
New State Account	N/A	29-038000	$ 747,066
Vice Seizures	N/A	29-040000	148,619
Salvage Theft Reduction Program Seizures	N/A	29-042000	1,071
Total State Confiscated Property			$ 896,756
Total Texas Attorney General's Office			$ 896,756
Texas Commission on the Arts:			
Direct Program			
Program of the Arts:			
TCA Subgranting Grant 2013-2014	14-35275	26-00528008	$ 31,217
TCA Subgranting Grant 2014-2015	14-35276	26-00528009	14,000
Total Texas Commission on the Arts			$ 45,217
Texas Workforce Commission:			
Pass Through - Alamo Workforce Development, Inc.: *			
CCDS - 2012-2013	CCDS2008001	26-03938007	$ 180,700
CCDS - 2013-2014	CCDS2008001	26-03938008	13,561,522
Total Texas Workforce Commission			$ 13,742,222
TOTAL EXPENDITURES OF STATE AWARDS			$ 17,892,061

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2014

1. The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* ("Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards.

2. Through September 30, 2014, the City did not provide state awards to any subrecipients.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2015. Our report was modified to include a reference to other auditors and also a reference to a restatement of beginning net position/fund balance and implementation of new accounting standards. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund, blended component units, which represent 78%, 84%, and 32%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 67%, 59%, and 79%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, and San Antonio Water System – District Special Project, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards.*

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 24, 2015

Independent Auditor's Report on Compliance For Each Major State Program and on Internal Control over Compliance as Required by the State of Texas Single Audit Circular

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular

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

Report on Compliance for Each Major State Program

We have audited the City of San Antonio, Texas' (the "City") compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2014. The City's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System. Our audit, described below, did not include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with *Government Auditing Standards*, OMB Circular A-133, and the State of Texas Single Audit Circular, as applicable.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1500
HOUSTON, TEXAS 77056
800 879 4966

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major State Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major state programs and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 24, 2015

Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2014

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? __X__ Yes ____ No

Noncompliance material to financial statements noted? ____ Yes __X__ No

State Awards

Internal control over major programs:

Material weakness(es) identified? ____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? ____ Yes __X__ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with the *State of Texas Single Audit Circular?* ____ Yes __X__ No

Identification of major programs:

Grant Numbers:	**Name of State Program or Cluster:**
2014-001339-001, 2014-001408-001, 2015-001408-001	HIV Surveillance and Prevention Programs
CCDS2008001	Child Care Delivery Service

Dollar threshold used to distinguish between Type A and Type B programs: $536,762

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2014

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2014-001
Accounting and Reporting of a Transaction Related to the Convention Center Hotel Finance Corporation
Type of Finding – Significant deficiency

In 2005, the Convention Center Hotel Finance Corporation ("CCHC"), a blended component unit of the City, issued revenue bonds in the amount of $208,145,000 ($195,590,000 outstanding as of 2014) which is recorded as a liability in the City's government-wide financial statements. The proceeds of these bonds were loaned to a partnership for the purpose of constructing a hotel project in downtown San Antonio. The loan is to be paid back to the CCHC, in accordance with the loan agreement, after certain other payments have been made. To date, all required loan payments have been made to the CCHC; however, the loan to the partnership was not recorded in the financial statements of the CCHC or the City.

The CCHC receives trustee statements showing certain receipts and disbursements of the partnership (e.g., payment of property taxes, insurance, return of preferred equity, debt service payments). Currently, CCHC has differing amounts of the balances due to the investor return of preferred equity and basic rentals due to the CCHC. CCHC has currently fully allowed for the basic rental, since no payments have been made.

Additionally, CCHC has recorded all activity from the trustee statements as revenues and expenditures in the City's financial statements, although the majority of these receipts and disbursements do not relate to the CCHC or to the City and, therefore, had initially overstated revenues and expenditures by more than $100,000,000.

We recommend that the City strengthen its procedures over the above transaction and similar transactions to ensure these transactions are appropriately recorded and disclosed in the financial statements.

Views of responsible officials and planned corrective actions:

CCHC is a blended component unit of the City and as such the financial operations and account balances are presented in the City's comprehensive annual financial statements. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the external auditors discovered that the loan receivable between the Grand Hyatt and CCHC's was not previously reported in CCHC's financial statements. It was further noted that operational activity (revenue and expenses) of the hotel was inaccurately running through CCHC operations. The external auditors recommended the City review the agreements in place that formed CCHC and the associated activity generated for its benefit to ensure that CCHC is accurately reporting all of its applicable transactions. The City agreed with the finding, recording of the loan receivable and adjusting the operations to remove transactions that were not applicable to CCHC's operations. It should be noted the adjustments made have no financial or budgetary impact and are merely reporting entries for financial statement purposes. The City will enhance procedures to identify and document significant terms of all future agreements and their accounting triggers to ensure the terms' proper recording and disclosure in the City or its component units' financial statements.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

The results of our procedures disclosed no findings to be reported for the fiscal year-ended September 30, 2014.

Corrective Action Plan

State

Corrective Action Plan
State Grants
Year-Ended September 30, 2014

Finding 2014-001

Accounting and Monitoring a Transaction Related to the Convention Center Hotel Finance Corporation

Responsible Person

Troy Elliott, CPA, Director
Finance Department

Implementation Dates

March 5, 2015

Views of responsible officials and planned corrective actions

CCHC is a blended component unit of the City and as such the financial operations and account balances are presented in the City's comprehensive annual financial statements. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the external auditors discovered that the loan receivable between the Grand Hyatt and CCHC's was not previously reported in CCHC's financial statements. It was further noted that operational activity (revenue and expenses) of the hotel was inaccurately running through CCHC operations. The external auditors recommended the City review the agreements in place that formed CCHC and the associated activity generated for its benefit to ensure that CCHC is accurately reporting all of its applicable transactions. The City agreed with the finding, recording of the loan receivable and adjusting the operations to remove transactions that were not applicable to CCHC's operations. It should be noted the adjustments made have no financial or budgetary impact and are merely reporting entries for financial statement purposes. The City will enhance procedures to identify and document significant terms of all future agreements and their accounting triggers to ensure the terms' proper recording and disclosure in the City or its component units' financial statements.

Summary Status of Prior Year Findings

State

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2014

Finding: 2013-01
Non-Cash and Multi-Funded Awards Reporting in the Schedule of Expenditures of State Awards
Type of Finding – Significant Deficiency

Recommendation:

We recommend the City continue to work with all federal, state and pass-through awarding agencies to strengthen the communication and sharing of information to ensure information on all state awards is obtained timely in order for the City to accurately record federal expenditures in the proper period on the SESA. In addition, we recommend the City work with all Department Fiscal Administrators to increase awareness of reporting requirements for non-cash federal awards and specific identification of grant expenditures when multiple funding sources are awarded to cover the same program.

Status:

Corrected

The City of San Antonio's Finance Department developed controls to require communication with the granting entity, at a minimum, upon award and at fiscal year-end specifically requesting the funding allocation for multi-funded grants and expenditure amounts incurred by the granting organization for assets to be titled over to the City. The City will utilize responses in these communications to properly account for and report grant activity in the City's financial reporting system. Communication to departments on the developed controls was sent out on March 5, 2014 and was covered in the grant training sessions scheduled for citywide fiscal staff on April 11 and 22, 2014.

Responsible Person
Troy Elliott, CPA, Director
Finance Department

CITY OF SAN ANTONIO, TEXAS